

# ENWAVE CORPORATION

425 – 744 West Hastings Street  
Vancouver, British Columbia, V6C 1A5  
Phone: 604-806-6110

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General and Special Meeting of Shareholders (the “**Meeting**”) of **EnWave Corporation** (the “**Corporation**”) will be held on **Friday, March 23, 2018** in Room 1500 at the Segal Building, 500 Granville Street, Vancouver, British Columbia, V6B 1W6 at **2:00 p.m.** (Vancouver time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for its fiscal year ended September 30, 2017, together with the report of the auditors thereon;
2. to set the number of directors at six (6) for the ensuing year;
3. to elect the directors for the ensuing year;
4. to appoint PricewaterhouseCoopers LLP, Independent Registered Chartered Professional Accountants, as the Corporation’s auditor for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to re-approve the Corporation’s Stock Option Plan, as more fully described in the accompanying Information Circular;
6. to transact such other business as may properly come before the Meeting or any adjournment(s) 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 Corporation’s audited consolidated financial statements and related MD&A for the financial year ended September 30, 2017 have been mailed to those shareholders who have previously requested to receive them. They are available upon request to the Corporation and can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation’s website at [www.enwave.net](http://www.enwave.net).

The Board of Directors of the Corporation has, by resolution, fixed the close of business on **February 14, 2018** as the **record date**, being the date for the determination of the holders of common shares of the Corporation 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 in person, 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 Corporation’s registrar and transfer agent, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) 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 able to attend the Meeting, voting by telephone, by internet or by sending your proxy or VIF will not prevent you from voting in person.

**If you are a non-registered shareholder of the Corporation 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 Corporation 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.**

**DATED** at Vancouver, British Columbia, this 14th day of February, 2018.

**BY ORDER OF THE BOARD**

(signed) Dr. Timothy D. Durance  
Chief Executive Officer

# ENWAVE CORPORATION

425 – 744 West Hastings Street  
Vancouver, British Columbia, V6C 1A5

## MANAGEMENT INFORMATION CIRCULAR

(all information is as at February 14, 2018, unless otherwise noted)

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of EnWave Corporation (the “Corporation”) for use at the annual general and special meeting of shareholders (the “Meeting”) of the Corporation to be held on Friday, March 23, 2018 at the time and place and for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders (the “Notice”) and at any adjournments. 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 Corporation. All costs of this solicitation will be borne by the Corporation. The Corporation is not sending proxy-related materials using notice-and-access.

*All dollar amounts referenced herein are expressed in Canadian dollars unless otherwise stated.*

### APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are directors or officers of the Corporation. A shareholder of the Corporation (a “Shareholder”) wishing to appoint some other person (who need not be a Shareholder) to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting has the right to do so, either by inserting such person’s name in the blank space provided in the form of proxy, or by completing another form of proxy. A proxy will not be valid unless the completed, dated and signed form of proxy is delivered to Computershare Investor Services Inc. (“Computershare”), Proxy Dept., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) 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 itself which contains complete instructions.

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the registered office of the Corporation at 1000 Cathedral Place - 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2 at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) thereof or provided at the Meeting to the Chair of the Meeting. **Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders (as defined below) who wish to change their vote must, in sufficient time before the Meeting, arrange for their respective Intermediaries (as defined below) to revoke the proxy on their behalf.**

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED HOLDERS

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Many Shareholders are “non-registered” Shareholders because the shares of the Corporation they own are not registered in their names but are instead registered in the name of an Intermediary (as defined below) through which they hold the shares.** More particularly, a person is not a registered Shareholder in respect of shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which acts as nominee for many Canadian

brokerage firms. Shares so held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Non-Registered Shareholder. Without specific instructions, Intermediaries are prohibited from voting shares held for Non-Registered Shareholders.

There are two categories of Non-Registered Holders: (a) those who object to their name being made known to the issuer of securities which they own (called “**OBOs**” for Objecting Beneficial Owners), and (b) those who do not object to the issuer of the securities they own knowing who they are (called “**NOBOs**” for Non-Objecting Beneficial Owners).

#### *Non-Objecting Beneficial Owners*

The Corporation has decided to take advantage of those provisions of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (“**NI 54-101**”) that permit it to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“**VIF**”) together with the Notice, this Circular and related documents from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting services as described in the VIF. In that regard, Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. **NOBOs should carefully follow the instructions of Computershare, including those regarding when and where the completed VIFs are to be returned to Computershare.**

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO’s name (or such other person as the NOBO wishes to attend and vote on the NOBO’s behalf) in the blank space provided for that purpose on the VIF and return the completed VIF in line with the instructions provided or the NOBO must submit to the Corporation any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. In such circumstances, with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Corporation must arrange, without expense to the NOBO, to appoint the NOBO or a nominee of the NOBO as a proxyholder in respect of those securities. Under NI 54-101, if the Corporation appoints a NOBO or a nominee of the NOBO as a proxyholder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101, if the Corporation appoints a NOBO or its nominee as proxyholder as aforesaid, the Corporation must deposit the proxy within the timeframe specified above for the deposit of proxies if the Corporation obtains the instructions at least one (1) business day before the termination of that time.

**These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the securities on your behalf.**

**By choosing to send these materials to you directly, the Corporation (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.**

**NOBOs that wish to change their vote must, in sufficient time in advance of the Meeting, contact Computershare to arrange to change their vote.**

#### *Objecting Beneficial Owners*

In accordance with the requirements of NI 54-101, we have distributed copies of the Notice, this Circular and related documents (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries

for onward distribution to OBOs. Intermediaries are required to forward the Meeting Materials to OBOs unless the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to OBOs. With those Meeting Materials, Intermediaries or their service companies should provide OBOs of shares with a “request for voting instruction form” which, when properly completed and signed by such OBO and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs of shares to direct the voting of the shares that they beneficially own.

Should an OBO wish to attend and vote at the Meeting in person, the OBO must insert the OBO’s name (or such other person as the OBO wishes to attend and vote on the OBO’s behalf) in the blank space provided for that purpose on the request for voting instruction form and return the completed request for voting instruction form to the Intermediary or its service provider or the OBO must submit, to their Intermediary, any other document in writing that requests that the OBO or a nominee of the OBO be appointed as proxyholder. In such circumstances, an Intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or a nominee of the OBO as a proxyholder in respect of those securities. Under NI 54-101, if an Intermediary appoints an OBO or the nominee of the OBO as a proxyholder as aforesaid, the OBO or nominee of the OBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the Intermediary, in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101 an Intermediary who appoints an OBO or its nominee as proxyholder as aforesaid is required under NI 54-101 to deposit the proxy within the timeframe specified above for the deposit of proxies if the Intermediary obtains the instructions at least one (1) business day before the termination of that time.

**OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

**OBOs of shares who wish to change their vote must, in sufficient time in advance of the Meeting, arrange with their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

#### **VOTING OF PROXIES AND EXERCISE OF DISCRETION**

A Shareholder may indicate the manner in which the persons named in the accompanying form of proxy or VIF are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy or VIF are certain, the shares represented by the proxy or VIF will be voted or withheld from voting in accordance with the instructions given in the proxy on any ballot that may be called for. If no choice is specified in the proxy or VIF with respect to a matter to be acted upon, the proxy or VIF confers discretionary authority with respect to that matter upon the proxyholder named in the accompanying form of proxy or VIF. It is intended that the proxyholder named by management in the accompanying form of proxy and VIF will vote the shares represented by the proxy and VIF in favour of each matter identified in the proxy and VIF and for the nominees of the Corporation’s Board of Directors (the “Board of Directors” or “Board”) for directors and the auditor.**

The accompanying form of proxy and VIF also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the accompanying Notice and with respect to any other matters which may properly come before the Meeting. As of the date of this Circular, management of the Corporation is not aware of any such amendments or variations, or any other matters that will be presented for action at the Meeting other than those referred to in the accompanying Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the accompanying form of proxy and VIF intend to vote on them in accordance with their best judgment.

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

The authorized share structure of the Corporation consists of an unlimited number of common shares (the “**Common Shares**”) and an unlimited number of preferred shares. As at the date of this Circular,

**100,587,759** Common Shares were issued and outstanding, each such Common Share carrying the right to one vote at the Meeting. No preferred shares were issued and outstanding. The Corporation has no other classes of voting securities. **February 14, 2018** has been fixed by the directors of the Corporation as the record date for the purpose of determining those Shareholders entitled to receive notice of and to vote at the Meeting.

The Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”).

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Corporation’s auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

### **RECEIPT OF FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Corporation for the fiscal year ended September 30, 2017 and accompanying auditor’s report will be presented at the Meeting.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

The Corporation’s *Independence Committee* (“**Independence Committee**”) is mandated to oversee the administration of the Corporation’s compensation plans, including its stock option plan and its restricted share plan, in light of the corporate goals and objectives. The *Independence Committee* is presently comprised of Ms. Mary Ritchie, Dr. Stewart Ritchie and Mr. Hugh McKinnon. The *Independence Committee* meets at least once a year to review compensation policies relating to the Corporation and its subsidiaries and to approve and recommend to the Board specific compensation awards and benefits. The *Independence Committee* monitors levels of executive remuneration to ensure overall compensation reflects the Corporation’s objectives and philosophies and meets the Corporation’s desired relative compensation position. The key components comprising the Corporation’s executive officer compensation may include base salary and bonus (short-term incentives) and participation in the Corporation’s stock option plan and restricted share plan (long-term incentives). The Corporation established these components for its executive compensation package because it believed that a competitive base salary and bonus may be required to retain key executives and participation in the Corporation’s stock option plan and restricted share plan enables the Corporation’s executive officers to participate in the long-term success of the Corporation and aligns their interests with those of the Shareholders. Ms. Ritchie, Dr. Ritchie and Mr. McKinnon are also members of the Corporation’s *Audit Committee* (“**Audit Committee**”) and information concerning their experience relevant to their responsibilities as members of this committee is detailed later in this Circular under “AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR – *Relevant Education and Experience*”.

#### **Base Salary and Bonus**

The base salaries (and bonus, if any) of the Corporation’s executive officers are set by the Board, based on recommendations from the *Independence Committee*. Executive officers who are also directors of the Corporation abstain from voting on their proposed base salaries and/or bonuses. Base salaries (and bonuses, if any) of the Corporation’s executive officers are determined through the annual assessment of each individual’s performance (as described in more detail below) and other factors the *Independence Committee* considers to be relevant, including prevailing industry demand for personnel having comparable skills and performing similar duties, the compensation the individual could reasonably expect to receive from a competitor, the Corporation’s ability to pay and cost of living factors.

The target amount for the annual performance bonus in each financial year for the Chief Executive Officer (“CEO”) is a maximum of between 40% and 50% of the base salary, as recommended by the *Independence Committee*. For the Chief Financial Officer (“CFO”), the *Independence Committee* will assess the individual performance of the CFO in conjunction with the Corporation’s performance and make a bonus recommendation for the year. The actual amount of such bonuses is based on the *Independence Committee*’s assessment of the individual’s contributions, the economic factors pertaining to the Corporation and the performance of the Corporation as a whole. The bonuses are paid at the end of the calendar year.

In the case of Dr. Timothy Durance, the Corporation’s CEO, the *Independence Committee*’s assessment includes consideration for factors and corporate achievements in the Corporation’s most recently completed financial year. The factors considered include the successful commissioning of large-scale Radiant Energy Vacuum (“REV”) machines, advancement of the commercial-scale design of REV™ equipment, the signing of new commercial royalty bearing licenses, execution of manufacturing orders, and advancing the Corporation’s ability to commercially manufacture REV™ machines for sale. Dr. Durance was awarded 93% of the proposed maximum bonus (or 46% of his base annual salary in place at the time of the payment of the bonus) for the Corporation’s most recently completed financial year.

Mr. John Budreski became the Corporation’s Executive Chairman in June 2014. Mr. Budreski is an employee of the Corporation and is paid an annual salary of \$133,000 per year (effective January 1, 2018), exclusive of any bonuses, stock-based or other compensation. In the case of Mr. Budreski, the *Independence Committee*’s assessment includes consideration for factors and corporate achievements in the Corporation’s most recently completed financial year. The factors include development of the company’s short-term and long-term strategies, corporate development, evaluation, staffing and management of executive officers, financing and investor relations. The *Independence Committee* has not established a target bonus percentage for Mr. Budreski based on his base salary, but may award Mr. Budreski a discretionary annual bonus. Mr. Budreski was awarded a bonus of \$93,395 for the most recently completed financial year.

Mr. Dan Henriques became the Corporation’s CFO in September 2015. Mr. Henriques’ bonus was based on the *Independence Committee*’s assessment of his contributions with respect to the timely completion of the Corporation’s annual financial statements and management discussion and analysis, improvements to accounting and administration, financing activities, the management of the annual audit, the preparation of performance reports, the preparation of the annual budget and improved financial analysis. Mr. Henriques was awarded a bonus of \$40,000 (or 31% of his base annual salary in place at the time of the payment of the bonus) for the most recently completed financial year.

Currently, there is no defined benchmark of companies that the Corporation refers to in setting its base salaries and bonuses.

### **Stock Options**

The Corporation provides long-term incentives to its executive officers by way of stock option grants. Stock options are granted to reward individuals for current performance, expected future performance and to align the long-term interest of the Corporation’s executive officers with those of the Corporation’s Shareholders. The Corporation’s stock option plan (“**Stock Option Plan**”) (summarized under the heading “*Incentive Plan Awards – Stock Option Plan*” below) is administered by the Board of Directors based, in part, upon recommendations of the *Independence Committee*. The Stock Option Plan is designed to give to directors, officers, employees and consultants of the Corporation and its affiliates, as additional compensation, the opportunity to participate in the profitability of the Corporation by granting to such individuals options to buy shares of the Corporation. The Stock Option Plan also enables the Corporation to attract and retain individuals with experience and ability, and to reward such individuals for current performance and expected future performance. The Board of Directors, based, in part, upon recommendations of the *Independence Committee*, considers the amount and terms of previously granted stock options when reviewing executive officer compensation packages as a whole and determining any new stock option grants. Executive officers who are also directors of the Corporation abstain from voting on their proposed stock option grants. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter.

The Board of Directors determines, upon the recommendations of the *Independence Committee*, the key employees and service providers to whom grants are to be made and determines the terms and conditions of the options forming part of such grants. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to the Corporation.

The number of stock options granted to executive officers for the Corporation's most recently completed financial year was based on the individual's performance and the number and exercise price of options previously issued to the individual.

The Black-Scholes option pricing model has been used to assess the fair value of the stock options.

### ***Restricted Share Rights***

The Corporation also provides long-term incentives to its executive officers by way of the award of Restricted Share Rights ("**RSRs**") under the Corporation's Restricted Share Rights Plan ("**Restricted Share Plan**"). The Restricted Share Plan (summarized under the heading "*Incentive Plan Awards – Restricted Share Plan*" below) provides that RSRs may be granted to employees, officers, directors, management company employees and consultants of the Corporation as a discretionary payment in consideration of current performance and expected future performance. The purpose of the Restricted Share Plan is to advance the interests of the Corporation through the motivation, attraction and retention of key persons and to secure for the Corporation and the Shareholders the benefits inherent with the retention of such persons. Each RSR entitles the holder to receive one fully paid Common Share without payment of additional consideration upon vesting of the RSR.

The Board of Directors determines, upon the recommendations of the *Independence Committee*, the key employees, officers, directors, management company employees and consultants to whom RSR grants are to be made and determines the terms and conditions of the RSRs granted. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to the Corporation. Consideration is also given to the individual's past impact on or contribution to, and/or the individual's ability in the future to have an impact on or contribute to the longer-term performance of the Corporation.

### ***Compensation Risk Assessment and Governance***

The *Independence Committee* has considered the implications of the risks associated with the Corporation's compensation program and has determined that the compensation program does not encourage the Named Executive Officers or directors of the Corporation to take inappropriate or excessive risks. As discussed above, the committee follows an overall compensation model which ensures that an adequate portion of overall compensation for the Named Executive Officers is "at risk" and only realized through the performance of the Corporation over both the short-term and long-term. Short-term incentive structures (i.e. annual performance based cash incentives) are designed to include multiple elements so as to mitigate the risk of maximizing one component at the expense of another. Long-term components, such as the grant of stock options or RSRs, are subject to vesting periods, thus reducing incentives on the part of executives to engage in any imprudent short-term risks. The realization of value from the long-term incentive component of the executive compensation program is entirely dependent upon long-term appreciation in Shareholder value. There are no risks which have been identified in the Corporation's compensation policies or practices that would reasonably be likely to have a material adverse effect on the Corporation. The *Independence Committee* will continue to monitor compensation governance and risk assessment practices on an ongoing basis to ensure that the Corporation's compensation program is appropriately structured.

The Corporation does not permit its executive officers or directors to hedge any of the equity compensation granted to them.

### ***Other Long-term Incentives***

The Corporation currently does not provide a pension plan to its executive officers, nor does it have any long-term incentives other than those previously described.

## Chief Executive Officer Compensation

For the most recently completed financial year, the compensation of the CEO consisted of an annual base salary, bonus, the grant of RSRs and the grant of stock options, all determined in the manner described above. The CEO participated in discussions and reviews relating to executive compensation for other executive officers, but did not participate in the discussions and reviews relating to his own compensation.

### Summary Compensation Table

The following table sets forth all annual and long-term compensation for services in all capacities to the Corporation for the two most recently completed financial years of the Corporation, being the periods ended September 30, 2017 and September 30, 2016, in respect of each of the following executive officers of the Corporation:

- (a) the CEO;
- (b) the CFO;
- (c) the Corporation's (including any of its subsidiaries) most highly compensated executive officer, other than the CEO and CFO, who was serving as executive officer or acting in a similar capacity and whose total compensation was in excess of \$150,000 as at the end of the most recently completed financial year; and
- (d) each individual for whom disclosure would have been provided under (c) but for the fact that the individual was neither serving as an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year

(collectively the "Named Executive Officers" or "NEOs").

| NEO Name and Principal Position                                     | Year | Salary (\$) | Share-Based Awards (\$) <sup>(1)</sup> | Option-Based Awards (\$) <sup>(2)</sup> | Non-equity incentive plan compensation (\$) |                           | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|---|------|-------------|--|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
|   |      |             |  |   | Annual Incentive Plans <sup>(3)</sup>       | Long-term Incentive Plans |                    |                             |                         |
| <b>John P.A. Budreski</b><br><i>Executive Chairman and Director</i> | 2017 | 100,000     | 43,600                                 | 69,540                                  | 93,395                                      | NIL                       | N/A                | NIL                         | 306,535                 |
|   | 2016 | 100,000     | NIL                                    | 103,117                                 | NIL   | NIL                       | N/A                | NIL                         | 203,117                 |
| <b>Dr. Timothy D. Durance</b><br><i>CEO and Director</i>            | 2017 | 199,388     | 43,600                                 | 69,540                                  | 93,395                                      | NIL                       | N/A                | NIL                         | 405,923                 |
|   | 2016 | 195,000     | NIL                                    | 75,571                                  | 97,500                                      | NIL                       | N/A                | NIL                         | 368,071                 |
| <b>Dan Henriques</b><br><i>CFO</i>                                  | 2017 | 126,563     | 21,800                                 | 69,540                                  | 40,000                                      | NIL                       | N/A                | NIL                         | 257,903                 |
|   | 2016 | 120,000     | NIL                                    | 75,571                                  | 30,000                                      | NIL                       | N/A                | NIL                         | 225,571                 |

#### Notes:

- (1) The amounts in this column are RSRs. The fair value of the RSRs is calculated on the grant date using the closing price of the Corporation's Common Shares on the date the RSRs are granted.
- (2) The Black-Scholes model is used as the methodology to calculate the grant date fair value for stock options and the Corporation relied on the following key assumptions and estimates for 2017 and 2016: **2017** - dividend yield 0.0%, expected stock price volatility 42%, risk-free interest rate 0.99% and expected life of 3.64 years. **2016** - dividend yield 0.0%, expected stock price volatility 42%, risk-free interest rate 0.71% and expected life of 3.65 years. The Corporation chose this methodology as it is the standard for companies in Canada.
- (3) The amounts in this column were paid by the Corporation as annual cash bonuses in respect of the financial year noted.

## **Incentive Plan Awards**

### ***Stock Option Plan***

The Stock Option Plan dated for reference January 24, 2012, was last approved by Shareholders on March 24, 2017 and must be approved and ratified by the Shareholders on an annual basis (please see “*Particulars of Matters to be Acted Upon – Annual Approval of Stock Option Plan*” in this Circular). The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging equity participation in the Corporation through the acquisition of Common Shares by directors, officers, employees and consultants of the Corporation (“**Service Providers**”). Below is a summary of the Stock Option Plan.

#### *Number of Shares Reserved for Issuance*

The maximum aggregate number of Common Shares which may be issuable under the Stock Option Plan, together with all of the Corporation’s other previously established or proposed share compensation arrangements, shall not exceed 10% of the Corporation’s issued and outstanding Common Shares as at the date of grant. In the event an option granted under the Stock Option Plan expires unexercised or is terminated by reason of dismissal of the optionee for cause or is otherwise lawfully cancelled prior to exercise of the option, the Common Shares that were issuable thereunder will be returned to the Stock Option Plan and will be eligible for re-issuance.

#### *Restrictions*

The following restrictions on issuances of options are applicable under the Stock Option Plan:

- (a) no Service Provider can be granted an option if that option would result in the total number of options, together with all other share compensation arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the outstanding number of Common Shares (unless the Corporation has obtained disinterested Shareholder approval to do so);
- (b) no options can be granted under the Plan if the Corporation is on notice from the TSXV to transfer its listed shares to the NEX;
- (c) the aggregate number of options granted to Service Providers conducting investor relations activities in any 12-month period cannot exceed 2% of the outstanding number of Common Shares, calculated at the time of grant, without the prior consent of the TSXV; and
- (d) the aggregate number of options granted to any one consultant in any 12-month period cannot exceed 2% of the outstanding number of Common Shares, calculated at the time of grant, without the prior consent of the TSXV.

#### *Amendments to the Plan*

Subject to the requirements of the policies of the TSXV and the prior receipt of any necessary regulatory approval, the Board may in its absolute discretion, amend or modify the Stock Option Plan or any option granted as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) it may change the vesting provisions of an option;
- (c) it may change the termination provision of an option which does not entail an extension beyond the original expiry date of such option;
- (d) it may make amendments necessary as a result in changes in securities laws applicable to the Corporation;

- (e) if the Corporation becomes listed or quoted on a stock exchange or stock market senior to the TSXV, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (f) amend the Stock Option Plan (except for previously granted and outstanding options) to reduce the benefits that may be granted to Service Providers (before a particular option is granted) subject to the other terms thereof.

#### *Amendments Requiring Disinterested Shareholder Approval*

Under the terms of the Stock Option Plan, the Corporation shall obtain disinterested Shareholder approval prior to any of the following actions becoming effective:

- (a) the Stock Option Plan, together with all of the Corporation's other Share Compensation Arrangements, could result at any time in:
  - (i) the aggregate number of Common Shares reserved for issuance under options granted to insiders exceeding 10% of the outstanding number of Common Shares;
  - (ii) the number of Common Shares issuable upon exercise of options to insiders within a one-year period exceeding 10% of the outstanding number of Common Shares; or
  - (iii) the issuance to any one optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the outstanding number of Common Shares; or
- (b) any reduction in the exercise price of an option previously granted to an insider.

#### *Exercise Price*

The exercise price of an option will be set by the Board on the date of grant and such exercise price cannot be less than the "Discounted Market Price" (within the meaning of the policies of the TSXV).

#### *Term*

An option can be exercisable for a maximum of 10 years from the date of grant or five years from the date of grant where the Corporation is classified as a NEX Issuer.

#### *Vesting*

The vesting period of options shall be at the discretion of the Board, and will generally be subject to: (a) the Service Provider remaining employed by or continuing to provide services to the Corporation or any of its affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Corporation or any of its affiliates during the vesting period; or (b) the Service Provider remaining as a director of the Corporation or any of its affiliates during the vesting period.

Notwithstanding the foregoing, options granted to consultants conducting investor relations activities will vest: (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or (b) such longer vesting period as the Board may determine.

#### *In the Event of a Takeover Bid*

If a takeover bid is made to the Shareholders generally then the Corporation shall, immediately upon receipt of notice of the takeover bid, notify each optionee currently holding an option of the takeover bid, with full particulars thereof whereupon such option may, subject to receipt of regulatory approval, be immediately exercised in whole or in part by the optionee.

### *Blackout Periods*

Should the expiry date for an option fall within a blackout period, or within nine business days following the expiration of a blackout period, such expiry date shall be automatically extended without any further act or formality to that day which is the tenth business day after the end of the blackout period.

### *Optionee ceasing to be Director, Employee or Service Provider*

No option may be exercised after the earlier of the date the Service Provider has left his employ/office and the date that the Service Provider has been advised by the Corporation that his services are no longer required or his service contract has expired (the "**Termination Date**"), except as follows:

- (a) in the case of the death of an optionee, any vested option held by him at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (b) an option granted to any Service Provider (other than a Service Provider conducting investor relations activities) will expire upon the earlier of the original expiry date and 90 days after the Termination Date, but only to the extent that such option has vested as at the Termination Date;
- (c) options granted to a Service Provider conducting investor relations activities will expire upon the earlier of the original expiry date and 30 days after the Terminate Date, but only to the extent that such option has vested as at the Termination Date; and
- (d) the case of an optionee being dismissed from employment or service for cause, such optionee's options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

### *Non Assignable*

All options granted under the Stock Option Plan are exercisable only by the optionee to whom they are granted and are not assignable or transferable.

### *Hold Periods*

Share certificates issued in connection with the exercise of options will bear a legend stipulating that the Common Shares are subject to a four-month TSXV hold period commencing the date of grant of the option if: (i) the exercise price is set below the then current market price of the Common Shares on the TSXV; or (ii) the optionee is an insider.

### ***Restricted Share Plan***

On February 13, 2015, the Board of Directors approved the adoption of the Restricted Share Plan, which received Shareholder approval on March 23, 2015. The Board decided that it was desirable to have a wide range of incentive plans, including a restricted share plan available to attract, retain and motivate officers, directors, employees, management company employees and consultants of the Corporation. The Restricted Share Plan provides that RSRs may be granted by a committee (as defined in the Restricted Share Plan) (the "**Committee**") which administers the Restricted Share Plan to employees, officers, directors, management company employees and consultants of the Corporation as a discretionary payment in consideration of past services to the Corporation.

Pursuant to the terms of the Restricted Share Plan, the aggregate maximum number of Common Shares reserved for issuance under the Restricted Share Plan from treasury:

- (a) shall not exceed **1,000,000** Common Shares; and
- (b) to any one Participant (as defined in the Restricted Share Plan) within a 12 month period shall not exceed **500,000** Common Shares.

Notwithstanding the foregoing, the aggregate maximum number of Common Shares reserved for issuance under the Restricted Share Plan shall be reduced by that number of RSRs which are issued in accordance with the provisions of the Restricted Share Plan.

In addition, the number of Common Shares which may be issuable under the Restricted Share Plan and all of the Corporation's other previously established or proposed share compensation arrangements, within a 12 month period:

- (a) to any one Participant (and companies wholly owned by that Participant) shall not exceed 5% of the total number of issued and outstanding Common Shares on the date of the grant on a non-diluted basis;
- (b) to Insiders (as defined in the Restricted Share Plan) (as a group) shall not exceed 10% of the total number of issued and outstanding Common Shares, calculated on the date of the grant on a non-diluted basis;
- (c) to any one Eligible Contractor (as defined in the Restricted Share Plan) shall not exceed 2% in the aggregate of the total number of issued and outstanding Common Shares, calculated on the date of the grant on a non-diluted basis; and
- (d) to all Eligible Employees or Eligible Contractors (as defined in the Restricted Share Plan) conducting Investor Relations Activities (as defined in the TSXV Policies) shall not exceed 2% in the aggregate of the total number of issued and outstanding Common Shares, calculated on the date of the grant on a non-diluted basis.

Each RSR entitles the holder to receive one fully paid Common Share without payment of additional consideration on the later of: (i) the end of a restricted period of time wherein a RSR cannot be exercised as determined by the Committee ("**Restricted Period**"); and (ii) a date determined by an eligible Participant that is after the Restricted Period and before a Participant's retirement date or termination date (a "**Deferred Payment Date**"). A Participant's entitlement to receive the Common Shares may not, however, be deferred by a Participant to a date which is later than December 31<sup>st</sup> of the third calendar year following the date of grant of the RSRs to the Participant, or such later date as may be expressly permitted by the Corporation and applicable income tax laws.

Under the Restricted Share Plan, the Board of Directors may from time to time amend or revise the terms of the Restricted Share Plan or may discontinue the Restricted Share Plan at any time. Subject to receipt of requisite Shareholder and regulatory approval, the Board of Directors may make amendments to the Restricted Share Plan to (a) materially increase the benefits under the Restricted Share Plan; (b) increase the maximum number of Common Shares issuable under the Restricted Share Plan; and (c) materially modify the requirements as to eligibility for participation in the Restricted Share Plan. All other amendments to the Restricted Share Plan may be made by the Board without obtaining Shareholder approval, such amendments including an amendment to the restricted period of a RSR or an amendment to the termination provisions of a RSR.

Except as otherwise may be expressly provided for under the Restricted Share Plan, or pursuant to a will or by the laws of descent and distribution, no RSR and no other right or interest of a Participant is assignable or transferable.

Canadian Participants seeking to set a Deferred Payment Date (as defined in the RSR Plan) must give the Corporation at least 30 days' written notice prior to the expiration of the applicable Restricted Period in order to effect such a change.

In the event of a Participant's retirement or termination during a Restricted Period, any RSR held by the Participant will automatically immediately terminate, unless otherwise determined by the Committee. In the event of the retirement or termination of a Participant after a Restricted Period and, if applicable, prior to any Deferred Payment Date, the Corporation will forthwith issue the Restricted Shares in accordance with the RSRs held by the Participant and any dividends declared but unpaid to the Participant. In the event of death or total disability of a Participant, the Corporation will forthwith issue the Restricted Shares in

accordance with the RSRs held by the Participant. In the event of a Change of Control (as defined in the Restricted Share Plan), all RSRs held by a Participant will be immediately deemed vested notwithstanding any Restricted Period(s) and any applicable Deferred Payment Date(s).

If a Participant holds RSRs that are subject to a Restricted Period, the Committee will have the discretion to pay a Participant cash equal to any cash dividends declared on the Common Shares at the time such dividends are ordinarily paid to holders of the Common Shares. The Corporation will pay such cash dividends, if any, to those Participants that hold RSRs that are no longer subject to a Restricted Period and are exercisable at a Deferred Payment Date.

The number of Common Shares which may be made subject to (a) RSRs under the RSR Plan, and (b) stock options under the Stock Option Plan, together may not exceed 10% (on a rolling basis) of the Corporation's issued and outstanding Common Shares from time to time (on a non-diluted basis). The aggregate maximum number of Common Shares which may be reserved for issuance from treasury pursuant to the Restricted Share Plan is **1,000,000**, representing approximately 0.99% of the Corporation's current issued and outstanding Common Shares. To the date of this Circular, an aggregate of **380,000** RSRs have been awarded by the Corporation pursuant to which no Common Shares have been issued to date upon vesting of RSRs at the end of applicable Restricted Periods, leaving a balance outstanding under the RSR Plan of **380,000** RSRs (representing approximately 0.37% of the Corporation's current issued and outstanding Common Shares). This leaves a maximum of **620,000** RSRs (representing approximately 0.62% of the current issued and outstanding Shares) available for award under the RSR Plan.

A copy of the Restricted Share Plan is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Outstanding Share-Based Awards and Option-Based Awards**

Share-based awards and option-based awards for NEOs outstanding at the end of the Corporation's most recently completed financial year (September 30, 2017), including awards granted before the most recently completed financial year, are set out in the following table:

| NEO Name  | Option-Based Awards                                     |                            |                        |   | Share-Based Awards   |  |  |
|---|---|----------------------------|------------------------|---|--|--|--|
|   | Number of Securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) <sup>(1)</sup> | Number of Shares or Units of Shares That Have Not Vested (#) | Market or Payout Value of Share-Based Awards That Have Not Vested (\$) <sup>(2)(3)</sup> | Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) |
| <b>John P.A. Budreski</b><br><i>Executive Chairman and Director</i> | 800,000   | 1.35                       | Jun 23, 2019           | NIL   | 40,000   | 44,000   | N/A  |
|   | 100,000   | 0.87                       | Jan 4, 2021            | 23,000  |  |  |  |
|   | 250,000   | 0.94                       | May 31, 2021           | 40,000  |  |  |  |
|   | 200,000   | 1.09                       | Mar 5, 2022            | 2,000   |  |  |  |
| <b>Dr. Timothy D. Durance</b><br><i>CEO and Director</i>            | 150,000   | 1.38                       | Dec 20, 2017           | NIL   | 40,000   | 44,000   | N/A  |
|   | 250,000   | 0.94                       | May 31, 2021           | 40,000  |  |  |  |
|   | 200,000   | 1.09                       | Mar 5, 2022            | 2,000   |  |  |  |
| <b>Dan Henriques</b><br><i>CFO</i>                                  | 10,000  | 1.00                       | Sep 11, 2020           | 1,000   | 35,000   | 38,500   | NIL  |
|   | 250,000   | 0.94                       | May 31, 2021           | 40,000  |  |  |  |
|   | 200,000   | 1.09                       | Mar 5, 2022            | 2,000   |  |  |  |

**Notes:**

- (1) Calculated using the closing price of the Corporation's Common Shares on the TSXV on September 30, 2017 of \$1.10 and subtracting the exercise price of the in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Corporation's Common Shares on the date of exercise.
- (2) The figures in this column are calculated using the closing price of the Common Shares on the TSXV on September 30, 2017 of \$1.10.
- (3) The RSRs granted are not subject to any performance conditions.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The value vested or earned during the most recently completed financial year (September 30, 2017) of incentive plan awards granted to Named Executive Officers are as follows:

| <b>NEO Name</b>   | <b>Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)</b> | <b>Share-Based Awards – Value Vested During the Year (\$)</b> | <b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b> |
|---|---|---|---|
| <b>John P.A. Budreski</b><br><i>Executive Chairman and Director</i> | 43,500  | NIL   | N/A   |
| <b>Dr. Timothy D. Durance</b><br><i>CEO and Director</i>            | 29,166  | NIL   | N/A   |
| <b>Dan Henriques</b><br><i>CFO</i>                                  | 29,166  | NIL   | N/A   |

**Notes:**

(1) This amount is the dollar value that would have been realized if the stock options had been exercised on their respective vesting dates, computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the stock options under the option-based award on the vesting date.

**Pension Plan Benefits**

The Corporation and its subsidiaries do not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement. The Corporation and its subsidiaries have no defined benefit or actuarial plans.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

Other than described below, the Corporation has no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change of control or change in an NEO's responsibilities.

*Agreement with John P.A. Budreski (Executive Chairman)*

Pursuant to an employment contract dated June 23, 2014, between the Corporation and Mr. John P.A. Budreski, the Corporation paid Mr. Budreski a base salary of \$100,000 during the financial year ended September 30, 2017, exclusive of any bonuses, stock-based and other compensation. If Mr. Budreski's employment contract is terminated for cause, disability or death, or by voluntary termination of Mr. Budreski, Mr. Budreski will not be entitled to any severance payment other than compensation earned to the date before the termination. If the employment contract is terminated by the Board for any other reason, Mr. Budreski will receive a severance payment equivalent to his annual base salary from the year before at the current rate. If such a triggering event had occurred on September 30, 2017, Mr. Budreski would have been entitled to receive \$100,000.

*Agreement with Dr. Timothy Durance (Chief Executive Officer)*

Pursuant to an employment contract dated February 9, 2007 (as amended) between the Corporation and Dr. Timothy Durance, the Corporation paid Dr. Durance a base salary of \$200,850 during the financial year ended September 30, 2017, exclusive of any bonuses, stock-based and other compensation. Pursuant to the terms of the contract, in the case of a change of control (as defined in the agreement) of the Corporation, the Corporation will pay Dr. Durance an amount equal to twice the annual base salary and bonus paid to him in the calendar year immediately prior to the calendar year in which a change of control occurred if the market capitalization of the Corporation on the date of change of control is less than \$100,000,000, or an amount equal to 0.75% of the Corporation's market capitalization if the market capitalization is greater than

\$100,000,000, but in no event shall this payment exceed \$1,500,000. If this triggering event had occurred on September 30, 2017, Dr. Durance would have been entitled to receive \$596,700.

In addition, if Dr. Durance's employment contract is terminated for cause, disability or death, or by voluntary termination of Dr. Durance, Dr. Durance will not be entitled to any severance payment other than compensation earned to the date before the termination. If the employment contract is terminated by the Board for any other reason, Dr. Durance will receive a severance payment equivalent to his annual base salary from the year before at the current rate. If such a triggering event had occurred on September 30, 2017, Dr. Durance would have been entitled to receive \$200,850.

*Agreement with Dan Henriques (Chief Financial Officer)*

Pursuant to an employment contract dated July 30, 2015 (as amended) between the Corporation and Mr. Dan Henriques, the Corporation paid Mr. Henriques a base salary of \$128,750 during the financial year ended September 30, 2017, exclusive of any bonuses, stock-based and other compensation. Pursuant to the terms of the contract, in the case of a change of control (as defined in his agreement) of the Corporation, the Corporation will pay Mr. Henriques an amount equal to twice his annualized base salary paid to him at the time which a change of control has occurred. In addition, Mr. Henriques' benefits (as defined in his Agreements) will continue for a period of two (2) years from the date of termination, or, if such is not possible, the Corporation shall pay to Mr. Henriques an amount sufficient to enable him to procure comparable benefits on a private basis for such term. All equity or equity based compensation received by Mr. Henriques and held by him immediately prior to termination or election upon a Change of Control shall fully vest, if not already vested, and shall be exercisable by Mr. Henriques following such termination or election, as the case may be, in accordance with their terms. If this triggering event had occurred on September 30, 2017, Mr. Henriques would have been entitled to receive \$257,500.

In addition, if Mr. Henriques' employment contract is terminated for cause, disability or death, or by voluntary termination of Mr. Henriques, Mr. Henriques will not be entitled to any severance payment other than compensation earned to the date before the termination. If the employment contract is terminated by the Corporation for any other reason, Mr. Henriques will receive a severance payment equivalent to his annual base salary prior to termination. If such a triggering event had occurred on September 30, 2017, Mr. Henriques would have been entitled to receive \$128,750.

**Director Compensation**

In order to align the interests of the non-executive directors with the long-term interests of Shareholders, the Board, in consultation with the *Independence Committee*, determined that the most appropriate form of payment for the services of non-executive directors is through participation in the Stock Option Plan and Restricted Share Plan, as well as an annual cash retainer and fees for meeting attendance. The Board has adopted an internal policy that non-executive directors are granted stock options upon appointment as a director and are eligible for annual grants thereafter.

The following table sets out all amounts of compensation paid to the non-executive directors for their services as directors for the Corporation's most recently completed financial year. Directors who also served as executives of the Corporation received no additional consideration for acting as a director. See the "*Statement of Executive Compensation – Summary Compensation Table*" above for compensation disclosure for executives who are also members of the Board of Directors.

| Director Name   | Fees earned (\$) | Share-Based Awards (\$) <sup>(1)</sup> | Option-Based Awards <sup>(3)</sup> (\$) | Non-Equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------|------------------|--|---|---|--------------------|-----------------------------|------------|
| Hugh McKinnon   | 30,000           | 25,000                                 | NIL                                     | N/A   | N/A                | NIL                         | 55,000     |
| Mary C. Ritchie | 30,000           | 25,000                                 | NIL                                     | N/A   | N/A                | NIL                         | 55,000     |

| Director Name                | Fees earned (\$) | Share-Based Awards (\$) <sup>(1)</sup> | Option-Based Awards <sup>(3)</sup> (\$) | Non-Equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total (\$) |
|------------------------------|------------------|--|---|---|--------------------|-----------------------------|------------|
| Stewart J. Ritchie           | 30,000           | 20,000                                 | NIL                                     | N/A   | N/A                | NIL                         | 50,000     |
| Gary Sandberg <sup>(2)</sup> | NIL              | NIL                                    | 69,540                                  | N/A   | N/A                | 159,063                     | 228,603    |

**Notes:**

- (1) The amounts in this column are RSRs. The fair value of the RSRs is calculated on the grant date using the closing price of the Corporation's Common Shares on the date the RSRs are granted.
- (2) Dr. Sandberg is an employee of the Corporation and received salary payments of \$127,813 and an annual incentive bonus of \$31,250 for his services as Senior Vice President, Technical Services for the financial year ended September 30, 2017. Dr. Sandberg did not receive any additional compensation for his services as a director of the Corporation in the financial year ended September 30, 2017.
- (3) The Black-Scholes model is used as the methodology to calculate the grant date fair value for stock options and the Corporation relied on the following key assumptions and estimates for 2017: dividend yield 0.0%, expected stock price volatility 42%, risk-free interest rate 0.99% and expected life of 3.64 years. The Corporation chose this methodology as it is the standard for companies in Canada.

**Outstanding Share-Based Awards and Option-Based Awards**

Share-based awards and option-based awards for the non-executive directors of the Corporation outstanding at the end of the Corporation's most recently completed financial year (September 30, 2017) are set out in the following table. For similar information relating to the directors who also serve as executive management of the Corporation, please see "Statement of Executive Compensation – Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards" above.

| Director Name      | Option-Based Awards                                     |                              |   |   | Share-Based Awards   |   |  |
|--------------------|---|------------------------------|---|---|--|---|--|
|                    | Number of Securities underlying unexercised options (#) | Option exercise price (\$)   | Option expiration date                                      | Value of unexercised in-the-money options (\$) <sup>(1)</sup> | Number of Shares or Units of Shares That Have Not Vested (#) | Market or Payout Value of Share-Based Awards That Have Not Vested (\$) <sup>(2)</sup> | Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) |
| Hugh McKinnon      | 150,000   | 1.40                         | Jan 24, 2019  | N/A   | 45,000   | 54,000  | N/A  |
| Mary C. Ritchie    | 75,000  | 1.10                         | Oct 6, 2019   | N/A   | 50,000   | 60,000  | N/A  |
| Stewart J. Ritchie | 150,000   | 1.40                         | Jan 24, 2019  | N/A   | 40,000   | 48,000  | N/A  |
| Gary Sandberg      | 75,000<br>10,000<br>250,000<br>200,000                  | 1.38<br>1.40<br>0.94<br>1.09 | Dec 20, 2017<br>Jul 13, 2020<br>May 31, 2021<br>Mar 5, 2022 | N/A<br>N/A<br>40,000<br>2,000                                 | NIL  | NIL   | NIL  |

**Notes:**

- (1) Calculated using the closing price of the Corporation's Common Shares on the TSXV on September 30, 2017 of **\$1.10** and subtracting the exercise price of the in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Corporation's Common Shares on the date of exercise.
- (2) The figures in this column are calculated using the closing price of the Common Shares on the TSXV on September 30, 2017 of **\$1.10**.

**Incentive Plan Awards – Value Vested or Earned During the Year**

The value vested or earned during the most recently completed financial year (September 30, 2017) of incentive plan awards granted to non-executive directors of the Corporation is set forth in the following table. For similar information relating to the directors who also serve as management of the Corporation, please see "Statement of Executive Compensation – Incentive Plan Awards – Incentive Plan Awards – Value Vested or Earned During the Year" above.

| Director Name      | Option-Based Awards – Value Vested During the Year <sup>(1)</sup><br>(\$) | Share-Based Awards – Value Vested During the Year<br>(\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year<br>(\$) |
|--------------------|---|---|---|
| Hugh McKinnon      | NIL   | NIL   | N/A   |
| Mary C. Ritchie    | NIL   | NIL   | N/A   |
| Stewart J. Ritchie | NIL   | NIL   | N/A   |
| Gary Sandberg      | 29,666  | N/A   | N/A   |

**Notes:**

- (1) This amount is the dollar value that would have been realized if the stock options had been exercised on their respective vesting dates, computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the stock options under the option-based award on the vesting date.

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

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year (September 30, 2017).

| Plan Category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup><br>(a) | Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup><br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(3)</sup><br>(c) |
|--|---|---|---|
| Equity compensation plans approved by security holders     | 6,611,000 (Stock Options)<br>380,000 (RSRs)   | \$1.14 (Stock Options)<br>\$1.02 (RSRs)   | 1,472,276 (Stock Options)<br>620,000 (RSRs)   |
| Equity compensation plans not approved by security holders | N/A   | N/A   | N/A   |
| <i>Total</i>   | 6,611,000 (Stock Options)<br>380,000 (RSRs)   | \$1.14 (Stock Options)<br>\$1.02 (RSRs)   | 1,472,276 (Stock Options)<br>620,000 (RSRs)   |

- (1) Represents, as at September 30, 2017, the number of Common Shares available for issuance upon exercise of outstanding stock options and the number of Common Shares subject to issuance upon vesting of outstanding RSRs.
- (2) Represents the weighted-average exercise price in the case of outstanding stock options and the weighted-average grant date fair value in the case of outstanding RSRs.
- (3) Represents, as at September 30, 2017, the number of Common Shares remaining available for future issuance under stock options available for grant under the Stock Option Plan and the number of Common Shares remaining available for future issuance under RSRs which may be awarded under the Restricted Share Plan. Please note that the aggregate maximum number of Common Shares which may be made subject to (a) RSRs under the Restricted Share Plan (fixed at a maximum of 1,000,000), and (b) pursuant to stock options granted under the Stock Option Plan, is 10% of the Corporation's issued and outstanding Common Shares (on a rolling basis) at the time of grant. Please refer to "Stock Option Plan" and "Restricted Share Plan" above for further details concerning the Corporation's Stock Option Plan and its Restricted Share Plan.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OTHERS**

None of the Corporation's directors, nominees for director, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, or has been, during the year ended September 30, 2017, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of any of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Corporation or any of its subsidiaries.

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

Other than as set forth in this Circular and except for the fact that certain directors and officers are Shareholders of the Corporation, no informed person (as defined in National Instrument 51-102, *Continuous Disclosure*) of the Corporation or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

Other than the election of directors or the appointment of auditors, no (a) person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, (b) proposed nominee for election as a director of the Corporation, or (c) associate or affiliate of a person in (a) or (b), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except that the directors and executive officers of the Corporation may have an interest in the resolution regarding the annual approval of the Stock Option Plan, as such persons are eligible to participate in such plans.

## **MANAGEMENT CONTRACTS**

No management functions of the Corporation or any of its subsidiaries are performed to any substantial degree by a person or persons other than the directors or executive officers of the Corporation or its subsidiaries.

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

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Corporation, 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 below. For further information concerning its *Audit Committee*, please see “*Corporate Governance Disclosure – Board Committees – Audit Committee*” below.

### **The Audit Committee's Charter**

A copy of the *Audit Committee* charter (the “**Charter**”) is attached to this Information Circular as **Schedule “A”**.

### **Composition of the Audit Committee**

The current members of the *Audit Committee* are Mary C. Ritchie (Chair), Mr. Hugh McKinnon and Dr. Stewart Ritchie. Pursuant to the definitions contained in NI 52-110, Ms. Ritchie, Mr. McKinnon and Dr. Ritchie are considered “independent” and all of the members of the *Audit Committee* are “financially literate”.

### **Relevant Education and Experience**

**Mary C. Ritchie** – Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. She is a member of the Canadian Institute of Chartered Accountants and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is also a member of the Independent Review Committee for RBC's Global Asset Management Funds. In addition, she is a member of the Board of Directors of Industrial Alliance Ltd. and Alaris Royalty Corporation.

**Hugh McKinnon** - Mr. McKinnon has over 30 years of experience in business administration and fund-raising. He is director and shareholder of Norscot Investments Ltd., a privately held company with extensive interests in media and residential/commercial developments in British Columbia, Alberta, Alaska and Washington State, and he is a Director of Premium Brands Holdings Corporation (since 2007) (TSX:PBH),

which owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses. Mr. McKinnon was a director (1999) and Chairman of the Board (2000-2005) of Rainmaker Entertainment Inc. (TSX:RNK). Mr. McKinnon is also currently a director of Castanet.net, a privately held internet media company based in Kelowna, British Columbia.

**Dr. Stewart Ritchie** - Dr. Ritchie has been a shareholder of a group of companies in the agricultural industry and he has extensive experience with managing the internal and external finances of this group including such transactions as foreign exchange, combined statements, and other balance sheet, income statement, and cash flow statements. Dr. Ritchie holds a B.Sc. from the University of British Columbia (“UBC”), a M.S. from the University of Arkansas and a Doctor of Veterinary Medicine degree from the University of Saskatchewan.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the *Audit Committee* to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation’s most recently completed financial year has the Corporation relied on any exemption from NI 52-110 other than the exemption available in Section 6.1 from the requirements of Part 5 (Reporting Obligations) of NI 52-110, as the Corporation is a venture issuer.

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

The Charter sets out responsibilities regarding the provision of non-audit services by the Corporation’s external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor’s independence and all non-audit related services require *Audit Committee* pre-approval.

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

The aggregate fees billed by the Corporation’s external auditors in each of the last two fiscal years for audit fees are as follows:

| <b>Financial Year Ended<br/>September 30</b> | <b>Audit Fees</b> | <b>Audit-Related<br/>Fees <sup>(1)</sup></b> | <b>Tax Fees <sup>(2)</sup></b> | <b>All Other Fees <sup>(3)</sup></b> | <b>Total</b> |
|--|-------------------|--|--------------------------------|--------------------------------------|--------------|
| 2017   | \$120,113         | \$35,280                                     | \$43,712                       | \$5,688                              | \$204,793    |
| 2016   | \$119,700         | \$40,950                                     | \$32,727                       | \$2,511                              | \$195,888    |

**Notes:**

- (1) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements which are not included under the heading “Audit Fees”.
- (2) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (3) The aggregate fees billed for products and services other than as set out under the headings “Audit Fees”, “Audit Related Fees” and “Tax Fees”.

## **CORPORATE GOVERNANCE DISCLOSURE**

### **Board of Directors**

As of the date of this Circular, the Board of Directors of the Corporation consists of six (6) directors, three (3) of whom are considered to be independent. Hugh McKinnon, Mary C. Ritchie and Dr. Stewart Ritchie are independent. Dr. Durance is not independent because he is the CEO of the Corporation. Mr. Budreski is not independent as he is the Executive Chairman of the Corporation. Dr. Gary Sandberg is not independent due to his employment with the Corporation. The independent status of each individual director is reviewed annually by the Board of Directors. The Board of Directors considers a director to be independent if he has no direct or indirect material relationship with the Corporation which, in the view of

the Board of Directors, could reasonably be perceived to materially interfere with the exercise of the director's independent judgment.

The Board of Directors examines its size annually to determine whether the number of directors is appropriate. In that regard, the Board of Directors is satisfied that its current number of directors is appropriate, providing a diversity of views and experience while maintaining efficiency. The Board of Directors believes that its composition fairly represents the interests of Shareholders.

The Board has established two (2) committees of its directors, being the *Audit Committee* (comprised of Ms. Mary C. Ritchie (Chair), Mr. Hugh McKinnon and Dr. Stewart Ritchie) and the *Independence Committee* (comprised of Mr. Hugh McKinnon (Chair), Dr. Stewart Ritchie and Ms. Mary Ritchie).

### **Role of the Board**

The duties and responsibilities of the Corporation's Board of Directors are to supervise the management of the business and affairs of the Corporation and to act with a view towards the best interests of the Corporation. The Board of Directors is responsible for the oversight and review of the development of, among other things, the following matters:

- the strategic planning process of the Corporation;
- an annual strategic plan for the Corporation which takes into consideration, among other things, the risks and opportunities of the Corporation's business;
- identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- annual capital and operating budgets which support the Corporation's ability to meet its strategic objectives;
- material acquisitions and divestitures;
- succession planning, including appointing, training and monitoring the development of senior management;
- a communications policy for the Corporation to facilitate communications with investors and other interested parties;
- a reporting system which accurately measures the Corporation's performance against its business plan; and
- the integrity of the Corporation's internal control and management information systems.

The operations of the Corporation do not support a large Board and the Board of Directors has determined that the current constitution of the Board of Directors is appropriate for the Corporation's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are able to meet at any time without any members of management including the non-independent directors being present. Further supervision is performed through the *Audit Committee*. The Board of Directors has not adopted a formal mandate.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described below under "**Election of Directors – Other Directorships**" in this Circular. The Board of Directors has determined that the simultaneous service of some of its directors on other Boards and Board committees does not impair the ability of such directors to effectively serve on the Corporation's Board of Directors and committees, having regard to their

qualifications, attendance and contribution as members of the Corporation's Board of Directors and committees.

### **Orientation and Continuing Education**

The Corporation does not have a formal orientation/training program in place for its new directors. Instead, the Corporation has adopted a tailored approach depending on the particular needs and focus of the director being appointed. When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Corporation's businesses, technology and industry. Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current on industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board meetings may also include presentations by the Corporation's management and employees to provide the directors additional insight into the Corporation's businesses.

Directors are expected to attend all scheduled Board and committee meetings in person, although attendance by telephone is permissible. Directors are also expected to prepare thoroughly in advance of each meeting, and to stay for the entire meeting, in order to actively participate in the Board's deliberations and decisions. If there are unforeseen circumstances and a director is unable to attend a meeting, he/she is expected to contact the Chairman/CEO or the Corporate Secretary of the Corporation as soon as possible after the meeting for a briefing on the substantive elements of the meeting.

### **Nomination of Directors**

The nomination of directors is undertaken by the *Independence Committee* whose members are currently Ms. Mary Ritchie, Dr. Stewart Ritchie and Mr. McKinnon. One of the roles of the *Independence Committee* is to evaluate and recommend persons as nominees for the position as a director of the Corporation and to review on an annual basis the qualifications and willingness of the current directors to devote the necessary time and energy to fulfil the duties and responsibilities of a director. The Board of Directors considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number of directors required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

### **Compensation of Directors and Officers**

Compensation matters are one of the roles of the *Independence Committee*, the members of whom are detailed above. The *Independence Committee* formulates and makes recommendations to the Board of Directors in respect of compensation relating to the directors, executive officers and other officers of the Corporation. Please refer to the discussions and tables contained within the "Statement of Executive Compensation" section of this Circular for detailed information concerning compensation of the Corporation's NEOs and directors.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Corporation and to meet responsibilities to Shareholders. On December 15, 2016, the Board adopted a *Code of Business Conduct and Ethics* (the "**Code**") and has instructed its management and employees to abide by the Code. The Board intends that it will review compliance with the Code on an annual basis until the Corporation has grown to a size which warrants more frequent monitoring. A copy of the Code is posted on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and employees to assist them in recognizing and dealing with ethical issues, promoting a culture of open communication, honesty and accountability; promoting a safe work environment; and ensuring awareness of disciplinary action for violations of ethical business conduct. In addition, the Board, through its meetings with management and other informal discussions with management, encourages a culture of ethical business conduct and believes the Corporation's high caliber management team promotes a culture of

ethical business conduct throughout the Corporation's operations and is expected to monitor the activities of the Corporation's employees, consultants and agents in that regard.

It is a requirement of applicable corporate law that directors and senior officers who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and, in the case of directors, abstain from discussions and voting in respect to same if the interest is material. To date, the Corporation has not been required to file a material change report relating to a departure from the Code by any of its directors or executive officers.

### **Whistleblower Policy**

The Corporation has adopted a *Whistleblower Policy* which permits its employees who feel that a violation of the Code has occurred, or who have concerns regarding accounting, audit, internal controls, financial reporting or ethical matters, to report such violation or concerns on a confidential and anonymous basis. Such reporting may be made by e-mail, in writing or by telephone to the Company's 24 hour whistleblower hotline. Once received, complaints are provided to the *Audit Committee* for investigation and, if necessary, appropriate corrective action.

### **Workplace Bullying and Harassment Policy**

The Corporation is committed to creating and maintaining a workplace environment which fosters mutual respect, integrity and professional conduct. In keeping with this commitment, the Corporation has adopted a *Workplace Bullying and Harassment Policy* and a set of related reporting/investigation procedures for all directors, officers and employees relating to this issue. This policy articulates the Corporation's position of non-tolerance with respect to bullying or harassment in the workplace.

### **Communications and Corporate Disclosure Policy**

The Company has adopted a *Communications and Corporate Disclosure Policy* which is intended to assist the Company in fulfilling its obligations to ensure that all information relevant and material to the Shareholders and the market is disclosed in a timely manner, while protecting the Corporation's commercially sensitive information.

### **Diversity Policy**

The Corporation is committed to creating and maintaining a culture of workplace diversity. In keeping with this commitment, the Corporation has adopted a *Diversity Policy* which sets out the guidelines by which the Corporation will endeavour to establish and maintain diversity throughout the Corporation, including at the Board level, and applies to executive and non-executive directors, full-time, part-time and casual employees, contractors, and consultants of the Corporation. The Corporation will benefit from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Management of the Corporation will promote a work environment that values and utilizes the contributions of women and men, equally, with a variety of backgrounds, experiences and perspectives. The Board will consider diversity in the selection criteria of new Board members and senior executive officer appointments. The Board monitors the effectiveness of the *Diversity Policy* through ongoing discussions with management and review of diversity within the Corporation at both the Board and employee level.

### **Policy on Stock Trading and Use of Material Information**

The Corporation has adopted a *Policy on Stock Trading and Use of Material Information*. Canadian and United States securities laws prohibit "insider trading" and impose restrictions on trading securities while in possession of material undisclosed information. The rules and procedures implemented in the Corporation's *Policy on Stock Trading and Use of Material Information* have been implemented in order to prevent improper trading of the Corporation's securities or of companies with which the Company (or one or more of its subsidiaries) has a significant business relationship or with which the Company (or one or

more of its subsidiaries) is proposing to enter into a business transaction. The *Policy on Stock Trading and Use of Material Information* is intended to ensure that the Directors, officers and employees of the Corporation and its subsidiaries act, and are perceived to act, in accordance with applicable laws.

### Assessments

The Board of Directors does not consider that formal assessments would be useful at this stage of the Corporation's development. The Board of Directors conducts informal annual assessments of the Board's effectiveness, the individual directors and its two committees. To assist in its review, the Board of Directors conducts informal surveys of its directors and receives a report from the *Audit Committee* respecting its own effectiveness. As part of the assessments, the Board of Directors and its two committees may review their respective roles/charters and conduct reviews of applicable corporate policies.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

The Board of Directors for the Corporation currently consists of six (6) directors and management of the Corporation is seeking Shareholder approval of an ordinary resolution determining the number of directors of the Corporation at **six (6)** for the ensuing year.

The Articles of the Corporation provide that the number of directors for the Corporation will be a minimum of three (3) and a maximum of nine (9). The term of office of each of the current directors of the Corporation will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act* (the "**CBCA**"), each director elected will hold office until the conclusion of the next annual meeting of the Corporation, or if no director is then elected, until a successor is elected, or if he or she becomes disqualified to act as a director.

At the Meeting, the six (6) persons named hereunder will be proposed for election as directors of the Corporation (the "**Nominees**"). All of the Nominees currently serve on the Corporation's Board of Directors and each has expressed his/her willingness to serve on the Corporation's Board of Directors for the forthcoming term. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the election of each of the Nominees whose names are set forth below.** Management does not contemplate that any of the Nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve.

Management of the Corporation proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual Nominees, is as follows:

| Name, Jurisdiction of Residence and Position(s)  | Principal Occupation or employment and, if not a previously elected Director, occupation during the past five years                                    | Previous Service as a Director | Number of Common Shares Beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup> |
|--|--|--------------------------------|--|
| <b>John P.A. Budreski</b><br>British Columbia, Canada<br><i>Executive Chairman and Director</i>          | Executive Chairman of the Corporation since June 2014; President and Chief Executive Officer of Morien Resources Corp. (TSXV:MOX) since November 2012. | Since June 23, 2014            | 1,666,011 <sup>(2)</sup>   |
| <b>Dr. Timothy D. Durance</b><br>British Columbia, Canada<br><i>Chief Executive Officer and Director</i> | Chief Executive Officer of the Corporation.  | Since January 11, 2001         | 2,919,206 <sup>(3)</sup>   |

| Name, Jurisdiction of Residence and Position(s)   | Principal Occupation or employment and, if not a previously elected Director, occupation during the past five years   | Previous Service as a Director | Number of Common Shares Beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup> |
|---|---|--------------------------------|--|
| <b>Hugh McKinnon</b> <sup>(4)(5)</sup><br>British Columbia, Canada<br><i>Director</i>       | Director, Norscot Investments Ltd. since 1987. Director, Premium Brands Holdings Corporation since 2007.  | Since January 24, 2014         | 110,100  |
| <b>Mary C. Ritchie</b> <sup>(4)(5)</sup><br>Alberta, Canada<br><i>Director</i>              | President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company.  | Since October 6, 2014          | 87,500   |
| <b>Dr. Stewart Ritchie</b> <sup>(4)(5)</sup><br>British Columbia, Canada<br><i>Director</i> | President, Canadian Poultry Consultants since 1989 and S.J. Ritchie Research Farms since 1993. President, American Association of Avian Pathologists from 2010 to 2011. | Since November 25, 2013        | 38,700   |
| <b>Dr. Gary Sandberg</b><br>British Columbia, Canada<br><i>Director</i>                     | Senior Vice President, Technical Services of the Corporation  | Since November 25, 2003        | 228,900 <sup>(6)</sup>   |

**Notes:**

- (1) Common Shares beneficially owned by the Nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- (2) Of the 1,666,011 Common Shares held by Mr. Budreski, 1,638,011 are held directly and 28,000 are held by his spouse.
- (3) Of the 2,919,206 Common Shares held by Dr. Durance, 1,662,738 shares are held directly, 924,468 shares are held by 587665 B.C. Ltd., a private company controlled by Dr. Durance, 124,000 shares are held in the name of his dependent children and 208,000 shares are held by his spouse.
- (4) Member of the *Audit Committee*.
- (5) Member of the *Independence Committee*.
- (6) Of the 228,900 Common Shares held by Dr. Sandberg, 217,700 are held directly and 11,200 are held by his spouse.

**Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Corporation, no proposed director:

- (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 Corporation) that:
  - (i) was subject to an order (being a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation) that was issued while the proposed director was acting in the capacity of 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, 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 Corporation) 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 the assets of that company; or

- (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,

other than John P.A. Budreski, who was a director of EarthFirst Canada Inc. (“**EarthFirst**”) until March 2, 2010. EarthFirst was engaged in the development of wind power and related generation facilities, when it obtained creditor protection under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) on November 4, 2008. The CCAA process has been completed and EarthFirst amalgamated with another entity and no longer exists as a separate entity. In addition, Mr. Budreski became a director of Colossus Minerals Inc. (“**Colossus**”) in late March of 2014 pursuant to the terms of, and upon the completion of, a Court supervised restructuring. Prior to Mr. Budreski joining the Board of Colossus, Colossus had failed to file its requisite disclosure materials with the applicable regulatory bodies and, on April 29, 2014, the Ontario Securities Commission issued a cease trade order against Colossus. As of the date hereof, the cease trade order remains in effect.

*Penalties and Sanctions*

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

*Other Directorships*

The following Directors of the Corporation hold directorships in other reporting issuers as set out below:

| Name of Director   | Name of Other Reporting Issuer   |
|--------------------|--|
| John P.A. Budreski | Morien Resources Corp.<br>Sandstorm Gold Ltd.<br>Alaris Royalty Corp.<br>Colossus Minerals Inc.<br>Input Capital Corp. |
| Hugh McKinnon      | Premium Brands Holdings Corporation  |
| Mary C. Ritchie    | Alaris Royalty Corp.<br>Industrial Alliance Insurance and Financial Services   |

**Appointment of Auditor**

At the Meeting, Shareholders will be asked to approve an ordinary resolution to re-appoint PricewaterhouseCoopers LLP as the auditor of the Corporation to hold office until the next annual meeting of the Shareholders at a remuneration to be fixed by the Board of Directors. **Unless otherwise instructed, proxies given pursuant to this solicitation will be voted FOR this resolution.** PricewaterhouseCoopers LLP was first appointed as auditor of the Corporation on September 25, 2007.

**Annual Approval of Stock Option Plan**

*Background Information*

The Stock Option Plan was most recently approved by the Shareholders at the meeting of Shareholders of the Corporation held on March 24, 2017 and was accepted for filing by the TSXV. Please see

“STATEMENT OF EXECUTIVE COMPENSATION – Incentive Plan Awards – Stock Option Plan” in this Circular for a full summary of the Stock Option Plan.

The Corporation currently has **100,587,759** issued and outstanding Common Shares, meaning that the number of stock options currently available for grant under the Stock Option Plan, together with any RSRs which may be awarded under the Corporation’s Restricted Share Plan would be 10% of that number (on a rolling basis) or **10,058,776** Common Shares. As of the date of this Circular, the Corporation had **6,036,000** stock options outstanding under the Stock Option Plan (representing **6.0%** of the Corporation’s current issued and outstanding Common Shares, on a non-diluted basis) and the Corporation reserved a maximum of **1,000,000** Common Shares for RSRs under its Restricted Share Plan, leaving **3,022,776** Common Shares currently available pursuant to the future grant of stock options.

#### *The TSXV Requires Annual Shareholder Approval for the Stock Option Plan*

The Corporation’s Stock Option Plan is a rolling stock option plan which sets the number of Stock Options available for grant by the Corporation at an amount equal to 10% of the Corporation’s issued and outstanding Common Shares from time to time. Under TSXV policies, the Stock Option Plan must be approved and ratified by the Shareholders on an annual basis.

#### *Shareholder Approval Being Sought*

A copy of the Stock Option Plan is available upon request to any Shareholder at no charge, or may be inspected at the Corporation’s registered office during normal business hours until the date of the Meeting. The Stock Option Plan can also be found under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board and management consider the approval of the Stock Option Plan to be appropriate and in the best interests of the Corporation. **Accordingly, unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the approval of the Stock Option Plan.**

The text of the ordinary resolution approving the Stock Option Plan to be submitted to Shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

#### **“RESOLVED, with or without amendment, THAT:**

- (a) *subject to receipt of annual acceptance by the TSX Venture Exchange, the Corporation’s Stock Option Plan, pursuant to which the directors of the Corporation may, from time to time, authorize the issuance of stock options (pursuant to and subject to the terms and conditions of the Stock Option Plan) to directors, officers, employees, management company employees and consultants of the Corporation and its subsidiaries to a maximum of 10% of the issued and outstanding Common Shares of the Corporation at the time of the grant, be and is hereby approved;*
- (b) *any committee created pursuant to the Stock Option Plan is authorized to make such amendments to the Stock Option Plan from time to time as the Board of Directors may, in its discretion, consider to be appropriate, provided that such amendments may be subject to the approval of applicable regulatory authorities and in certain cases, in accordance with the terms of the Stock Option Plan, the shareholders of the Corporation; and*
- (c) *any director or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution, including the filing of all necessary documentation with regulatory authorities including the TSX Venture Exchange.”*

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation’s name. Financial information is provided in the audited consolidated financial statements and management’s

discussion and analysis (“**MD&A**”) for its most recently completed financial year ended September 30, 2017, which are filed on SEDAR. Copies of the financial statements and MD&A may also be obtained from the Corporation free of charge by writing to Dan Henriques, Chief Financial Officer of the Corporation, at the above noted address or by telephoning no. (604) 806-6110.

#### **OTHER MATTERS**

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

#### **SHAREHOLDER PROPOSALS**

The final date by which the Corporation must receive any proposals for any matter that a person is entitled to vote at an annual meeting of Shareholders of the Corporation proposes to raise at the next annual meeting of Shareholders of the Corporation is 90 days before the anniversary date of the accompanying Notice of Meeting, subject to the requirements of the *Canada Business Corporations Act*.

#### **DIRECTORS’ APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board of Directors of the Corporation.

**DATED** at Vancouver, British Columbia, as of the 14<sup>th</sup> day of February, 2018.

#### **APPROVED BY THE BOARD OF DIRECTORS**

(signed) Timothy D. Durance  
Chief Executive Officer

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

#### 1. **Mandate**

The audit committee will assist the board of directors (the "**Board**") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

#### 2. **Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

##### 2.1 *Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Corporation.

##### 2.2 *Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

#### 3. **Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation's Chief Financial Officer and external auditors in separate executive sessions.

#### 4. **Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

##### 4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;

- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

*Release of Financial Information*

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

**4.4** *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the audit committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

**4.5** *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;

- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### *4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

### **5. Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

### **6. Guidance – Roles & Responsibilities**

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

#### *6.1 Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

## 6.2 *Financial Reporting*

### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them.

### *Annual Financial Statements*

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

### *Interim Financial Statements*

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the company's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;

- (vi) the Corporation's financial and operating controls are functioning effectively;
- (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- (viii) the interim financial statements contain adequate and appropriate disclosures.

**6.3** *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

**6.4** *Other Responsibilities*

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.