

# ENWAVE CORPORATION

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## MANAGEMENT INFORMATION CIRCULAR

(all information is as at February 14, 2023, 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 Tuesday, March 28, 2023 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 thereof. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers, employees or agents of the 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, RRIAs, 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 Holder. Without specific instructions, Intermediaries are prohibited from voting shares held for Non-Registered Holders.

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, 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. The Corporation will pay for the distribution of the Meeting Materials by clearing agencies and intermediaries to OBOs.

Should an OBO wish to attend and vote at the Meeting, 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 or VIF. The shares represented by the proxy or VIF will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. 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, **110,500,055** 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. The close of business on **February 14, 2023**, 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 than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected until all such vacancies have been filled. If the number of nominees for election is equal to the number of vacancies to be filled all such nominees will be declared elected.

#### **RECEIPT OF FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Corporation for the fiscal year ended September 30, 2022 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 *Amended and Restated Share Option Plan* ("**Stock Option Plan**") and its restricted share plan, in light of the corporate goals and objectives. The *Independence Committee* is presently comprised of Stephen Sanford, Mary C. Ritchie, Patrick Turpin and Pablo Cussatti, all of whom are independent. 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 and Mr. Sanford are also members of the Corporation's *Audit Committee* ("**Audit Committee**") and information concerning their skills and 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**") and Chief Financial Officer ("**CFO**") is 50% of their base salary (the "**Target Amount**"), as recommended by the *Independence Committee*. For the CEO and CFO, the *Independence Committee* assesses the individual's performance in conjunction with the Corporation's performance and makes 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. If the executives exceed the performance targets established by the *Independence Committee*, the amount of bonus awarded may exceed the Target Amount. The bonuses are paid at the end of the calendar year.

Mr. Brent Charleton became the Corporation's President and CEO in August 2018. In the case of Mr. Charleton, the *Independence Committee's* assessment includes consideration of key performance indicators ("**KPIs**") established by the *Independence Committee* and corporate achievements in the Corporation's most recently completed financial year. The KPIs established by the *Independence Committee* include annual revenue and EBITDA targets for EnWave and commercialization targets related to Radiant Energy Vacuum ("**REV**") including 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. Mr. Charleton was awarded a bonus of \$159,500 (representing 97% of his proposed target bonus or 48% 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. This bonus was based upon the achievements of Mr. Charleton and the Corporation in the financial year, resulting in the surpassing of certain KPIs established by the *Independence Committee*, including the EnWave business unit EBITDA.

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 \$36,000 per year, 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 Corporation'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 elected not to receive a bonus for the most recently completed financial year.

Mr. Dan Henriques became the Corporation's CFO in September 2015 and the COO of the Corporation's wholly-owned subsidiary, NutraDried Food Company LLC ("**NutraDried**"), in February 2021. Mr. Henriques received compensation on par with that of the Corporation's CEO due to his dual role with EnWave and NutraDried. In the case of Mr. Henriques, the *Independence Committee's* assessment

includes consideration of KPIs established by the Independence Committee and corporate achievements in the Corporation's most recently completed financial year. The KPIs established by the *Independence Committee* include annual revenue and EBITDA targets for EnWave and commercialization targets for REV including 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. Mr. Henriques' bonus was also 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 and the management of the annual audit. Mr. Henriques was awarded a bonus of \$159,500 (representing 97% of his proposed target bonus or 48% of his base annual salary in place at the time of the payment of the bonus) for the most recently completed financial year. This bonus was based upon the achievements of Mr. Henriques and the Corporation in the financial year, resulting in the surpassing of certain KPIs established by the *Independence Committee*, including the EnWave business unit EBITDA. Mr. Henriques ceased to be the CFO of the Corporation and COO of NutraDried on November 30, 2022.

Mr. Brad Lahrman became the Chief Executive Officer of NutraDried in June 2021, and he reported directly to Mr. Charleton, the Corporation's CEO. In the case of Mr. Lahrman, he was eligible to receive an annual bonus in the amount of 10% of NutraDried's EBITDA for the fiscal year ending September 30, 2022. In special circumstances, Mr. Lahrman's annual bonus can be adjusted at the discretion of the Corporation's CEO. Mr. Lahrman was not eligible for a bonus for the most recently completed financial year as NutraDried had negative EBITDA for the fiscal year ending September 30, 2022. Mr. Lahrman ceased to be the Chief Executive Officer of NutraDried on February 10, 2023.

Lane Caputo Consulting Inc. ("**Caputo**") was retained in December 2019, to provide a report to assist the Corporation in the review of compensation arrangements for its executive team and non-executive directors by benchmarking the Corporation's compensation practices at that time against a group of peer companies reflecting the Corporation's size and stage of development. The Caputo report highlighted any changes required to align pay elements and/or strategy with both current market practices and the Corporation's business strategy. Caputo presented the Corporation with market data on executive competitiveness, commented on various incentive design and governance related trends including performance metrics and supported the *Independence Committee* in conducting its compensation program risk assessment. The *Independence Committee* considered the data and advice of Caputo, as well as many other factors. Ultimately, all decisions and recommendations made by the *Independence Committee* to the Board are their own. There has been no defined benchmark of companies that the Corporation referred to in setting its current base salaries and bonuses.

### **Stock Options**

The Corporation provides long-term incentives to its executive officers by way of stock option grants. Stock options ("**Options**" or "**Stock Options**") are granted to reward individuals for current performance, expected future performance and to align the long-term interests of the Corporation's executive officers with those of the Shareholders. The Corporation's Stock Option Plan (summarized under the heading "*Incentive Plan Awards – Stock Option Plan*" below) is administered by the Board 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, 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 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.

Please also refer to the section entitled "*Approval of Amendments to Stock Option Plan and Annual Approval of Stock Option Plan*" under "PARTICULARS OF MATTERS TO BE ACTED UPON" in this Circular for additional details concerning the Stock Option Plan.

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

The Corporation also provides long-term incentives to its executive officers by way of the award of Restricted Share Rights ("**RSRs**" or "**Restricted Share Rights**") under the Corporation's restricted share 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 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 long-term performance of the Corporation, as well as the number of RSRs previously granted to the individual. The *Independence Committee* will take into consideration other forms of long-term incentive compensation for the individual, including Stock Options, when determining the elements of an individual's compensation.

### ***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 and bonus, 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, 2022 and September 30, 2021, 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 (including its subsidiaries), 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> <sup>(4)</sup> <i>Executive Chairman</i>	2022	95,583	27,000	84,720	NIL	NIL	N/A	NIL	207,303
	2021	107,500	NIL	NIL	138,229	NIL	N/A	NIL	245,729
<b>Brent Charleton</b> <sup>(5)</sup> <i>CEO</i>	2022	322,250	45,000	127,080	159,500	NIL	N/A	NIL	653,830
	2021	296,750	NIL	NIL	276,457	NIL	N/A	NIL	573,207
<b>Dan Henriques</b> <sup>(6)</sup> <i>Former CFO</i>	2022	322,250	45,000	127,080	159,500	NIL	N/A	NIL	653,830
	2021	283,333	41,250	103,005	270,938	NIL	N/A	NIL	698,526



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			
Brad Lahrman <sup>(7)</sup> <i>NutraDried CEO</i>	2022	332,072	NIL	NIL	NIL	N/A	N/A	9,962	342,034
	2021	104,718	NIL	406,720	18,963	N/A	N/A	411	530,811

**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 2022 and 2021: **2022** - dividend yield 0.0%, expected stock price volatility 64%, risk-free interest rate 1.46% and expected life of 3.64 years. **2021** - dividend yield 0.0%, expected stock price volatility 63%, risk-free interest rate 0.60% and expected life of 3.60 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.
- (4) Mr. Budreski became the Corporation's Executive Chairman on June 23, 2014 and is an employee of the Corporation. Mr. Budreski does not receive any additional compensation for his role as a director.
- (5) Mr. Charleton became the Corporation's CEO and President on August 28, 2018 and became a director of the Corporation on August 29, 2018. Mr. Charleton is an employee of the Corporation and does not receive any additional compensation for his role as a director.
- (6) Mr. Henriques became the Corporation's CFO (and Corporate Secretary) on September 3, 2015. He was an employee of the Corporation, and he ceased acting as the CFO (and Corporate Secretary) of the Corporation on November 30, 2022 and was replaced by Mr. Dylan Murray as CFO (and Corporate Secretary).
- (7) Mr. Lahrman became NutraDried's Chief Executive Officer on June 7, 2021. The amounts reported for Mr. Lahrman are in Canadian dollars but were paid to him in U.S. dollars. The amounts for 2022 have been converted using an exchange rate of 1.2772 CAD/USD. The amounts for 2021 have been converted using an exchange rate of 1.2642 CAD/USD. The USD amounts have been converted using the Bank of Canada indicative rates for the fiscal year, and this method of conversion is consistent with the method used in the Corporation's annual financial statements. Mr. Lahrman ceased acting as the Chief Executive Officer of NutraDried on February 10, 2023.

**Incentive Plan Awards**

***Stock Option Plan***

The Stock Option Plan dated for reference January 24, 2012, was last approved by Shareholders on March 29, 2022, and, under TSXV policies, must be approved and ratified by the Shareholders on an annual basis.

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**").

***Amendments Requested by TSXV***

By letter dated May 24, 2022, addressed to the Corporation, the TSXV requested that the Corporation make certain amendments to the Stock Option Plan in order to bring the Stock Option Plan into compliance with their *Policy 4.4 Security Based Compensation* ("**TSXV Policy 4.4**"), which amendments are subject to Shareholder and final TSXV approvals being obtained. The Corporation was requested to make, inter alia, these amendments to its Stock Option Plan in advance of seeking Shareholder approval at the Meeting. These requested amendments are discussed under "**PARTICULARS OF MATTERS TO BE ACTED UPON – Approval of Amendments to Stock Option Plan and Annual Approval of Stock Option Plan**" in this Circular.

Accordingly, as requested by the TSXV, appropriate amendments were made to the Stock Option Plan. Effective February 14, 2023, the *Independence Committee* and the full Board reviewed and approved the

TSXV's requested amendments to the Stock Option Plan. Other than these amendments, all of the other provisions of the Stock Option Plan remain substantially unchanged and in full force and effect.

Below is a summary of the Stock Option Plan, **as amended** by the Board effective February 14, 2023, which amendments are subject to Shareholder approval at the Meeting and final TSXV approval. The Stock Option Plan, as amended, was submitted to the TSXV and the TSXV granted its conditional approval on January 31, 2023.

#### *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*

Pursuant to TSXV Policies, amendments to the Stock Option Plan generally require Shareholder approval. Notwithstanding the foregoing, and subject to the requirements of the TSXV Policies and the prior receipt of any necessary regulatory approval, the Board may in its absolute discretion, amend or modify the Stock Option Plan as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) it may amend provisions of the Stock Option Plan relating to the vesting of Options or the termination of Options subject to prior written regulatory approval, if applicable, but no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;

- (c) subject to any necessary regulatory approval, amend, suspend, terminate or discontinue the Stock Option Plan, except that no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (d) it may make amendments as are required to comply with applicable securities laws and TSXV Policies; and
- (e) if the Company 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.

*Terms or Amendments Requiring Disinterested Shareholder Approval*

The Company shall obtain “*Disinterested Shareholder Approval*” prior to any of the following actions becoming effective:

- (a) the Stock Option Plan, together with all of the Company'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 Shares;
  - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares;
  - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares;
- (b) any reduction in the exercise price of an Option previously granted to an Insider; or
- (c) any extension to 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*

Subject to the prior receipt of any necessary regulatory approval, 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 and subject to the prior receipt of any necessary regulatory approval, Options granted to Service Providers 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 the prior receipt of any necessary regulatory approval and notwithstanding any previously existing vesting requirements, 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, 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, such tenth business day to be considered the expiry date for such Option for all purposes under the Stock Option Plan.

#### *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/her employ/office and the date that the Service Provider has been advised by the Corporation that his/her services are no longer required or his/her 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/her 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, unless otherwise determined by the Board in the Option commitment and subject to the prior receipt of any necessary regulatory approval, expire upon the earlier of the original expiry date and 30 days after the Termination 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.

A copy of the version of the Stock Option Plan approved by the Shareholders in 2022 is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). A clean and a blacklined copy of the full text of the Stock Option Plan, as amended, is attached to this Circular as Schedules "B" and "C", respectively. The final version of the Stock Option Plan, as amended, will be made available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) following successful approval by the Shareholders and final approval from the TSXV.

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

On February 13, 2015, the Board approved the adoption of the Restricted Share Plan, which received initial Shareholder approval on March 23, 2015. The Restricted Share Plan was subsequently amended by the Board in 2020, which amendments were approved by Shareholders on March 20, 2020. The Board made certain housekeeping amendments to the Restricted Share Plan in February 2021 which did not require Shareholder approval. These housekeeping amendments are in accordance with TSXV guidelines and received the approval of the TSXV on February 8, 2021.

The purpose of the adoption of the Restricted Share Plan was to have a wide range of incentive plans, including a restricted share rights 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 approved in 2020, the aggregate maximum number of Common Shares reserved for issuance under the Restricted Share Plan from treasury:

- (a) shall not exceed **1,895,000** 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.

Pursuant to TSXV guidelines, any Common Shares subject to a Restricted Share Right which have been awarded under the Restricted Share Plan and which have been cancelled or terminated in accordance with the terms of the Restricted Share Plan without the applicable Restricted Period(s) having expired will again be available for issuance under 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; and
- (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.

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**").

Under the Restricted Share Plan, the Board 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 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 Restricted Share 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).

Subject to the absolute discretion of the Committee, the Committee may determine to pay Participants cash equal to any cash dividends declared on Common Shares that would be payable on Restricted Shares issuable in accordance with the Restricted Share Rights for which the Restricted Period has not expired in the manner and at the time such dividends are ordinarily paid to holders of Common Shares. The Corporation shall pay Participants cash equal to any cash dividends declared and paid on Common Shares that would be payable on Restricted Shares after the applicable Restricted Period, if the Deferred Payment Date has not occurred, in the manner and at the time such dividends are ordinarily paid to holders of Common Shares.

The maximum number of Common Shares which may be made subject to (a) RSRs under the Restricted Share 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). As discussed above, the aggregate maximum number of Common Shares which may be reserved for issuance from treasury pursuant to the Restricted Share Plan, is **1,895,000**, representing approximately **1.7%** of the Corporation's current issued and outstanding Common Shares. The number of RSRs that are awarded pursuant to the Restricted Share Plan from time to time are deducted from this 1,895,000 ceiling, thus reducing the amount of future RSRs eligible for award. It is important to note that, after a RSR vests and is converted into a Common Share, there is no replenishment of the initial limit of RSRs reserved under the 1,895,000 ceiling.

As of the date of this Circular, **695,000** RSRs are outstanding under the Restricted Share Plan (representing approximately **0.63%** of the Corporation's current issued and outstanding Common

Shares). A total of **800,000** Common Shares have been issued upon vesting of RSRs at the end of applicable Restricted Periods and now form part of the issued and outstanding Common Share count of the Corporation. A total of **175,000** RSRs have terminated without having vested (which made such number available for re-grant under the Restricted Share Plan). As a result, the Corporation currently has **400,000** RSRs (representing approximately **0.36%** of the current issued and outstanding Shares) available for the award of new RSRs.

The Corporation uses RSRs as part of its compensation program for the independent directors of the Corporation. Each independent director who chairs a Board committee receives an annual award of 25,000 RSRs as compensation for their services. If an independent director is on the Board but does not chair a Board committee, that director receives an annual award of 20,000 RSRs as compensation for their services. From time to time, the Board may also award additional RSRs to an independent director for leading additional special projects or initiatives.

A copy of the version of the amended Restricted Share Plan approved by the Shareholders in 2020 is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The final version of the Restricted Share Plan amended in early 2021 containing the housekeeping amendments as approved by the TSXV was SEDAR filed on February 16, 2021, and 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, 2022), 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 (#) <sup>(2)</sup>	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) <sup>(3)</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) <sup>(3)(4)</sup>
<b>John P.A. Budreski</b> <i>Executive Chairman</i>	800,000	2.19	Aug 29, 2024	NIL	90,000	43,200	16,800
	200,000	0.90	Dec 16, 2026	NIL			
<b>Brent Charleton</b> <i>CEO</i>	800,000	1.17	Sep 9, 2023	NIL	110,000	52,800	N/A
	250,000	1.25	Jun 17, 2025	NIL			
	300,000	0.90	Dec 16, 2026	NIL			
<b>Dan Henriques</b> <i>Former CFO</i>	657,600	1.17	Sep 10, 2023	NIL	125,000	60,000	N/A
	250,000	1.25	Jun 17, 2025	NIL			
	142,000	1.65	Feb 26, 2026	NIL			
	300,000	0.90	Dec 16, 2026	NIL			
<b>Brad Lahrman</b> <i>NutraDried CEO</i>	800,000	1.10	Jun 7, 2026	NIL	NIL	N/A	N/A

**Notes:**

- (1) Calculated using the closing price of the Corporation's Common Shares on the TSXV on September 30, 2022, of \$0.48 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) This column reflects Restricted Share Rights for which the restricted periods had not yet expired (and had not been deferred) as of September 30, 2022, and, as such, these Restricted Share Rights remain unvested.
- (3) The figures in this column are calculated using the closing price of the Common Shares on the TSXV on September 30, 2022, of \$0.48.
- (4) This column reflects the value of RSRs for which restricted periods were scheduled to expire during 2022 where, in accordance with the terms of the plan, the recipient has irrevocably elected to postpone the expiry of the applicable restricted period and thus defer vesting and receipt of their entitlement to receive such RSRs (and accordingly, the underlying Common Shares) to a later date beyond September 30, 2022, as follows:
  - Mr. Budreski elected to defer receipt of an aggregate of 35,000 RSRs for which the restricted period was scheduled to expire in April 2022 until a date in April 2023.

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

The value vested or earned during the most recently completed financial year (September 30, 2022) of incentive plan awards granted to Named Executive Officers are as follows:



NEO Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)(3)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
<b>John P.A. Budreski</b> <i>Executive Chairman</i>	NIL	NIL	N/A
<b>Brent Charleton</b> <i>CEO</i>	NIL	97,650	N/A
<b>Dan Henriques</b> <i>Former CFO</i>	NIL	NIL	N/A
<b>Brad Lahman</b> <i>NutraDried CEO</i>	NIL	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.
- (2) This column does not include the value of RSRs for which restricted periods were scheduled to expire during the financial year where, in accordance with the terms of the plan, the recipient irrevocably elected to postpone the expiry of the applicable restricted periods and thus deferred receipt of their entitlement to receive such RSRs (and accordingly, the underlying Common Shares) to a later date beyond September 30, 2022. Please refer to footnote (4) to the "Outstanding Share-Based Awards and Option-Based Awards" table above for details of deferral elections by Named Executive Officers during the financial year ended September 30, 2022.
- (3) This amount is the deemed dollar value realized by the NEO upon vesting of RSRs during 2022 (excluding any deferred awards), calculated by multiplying the number of underlying Common Shares received by the NEO by the closing price of the Common Shares on the TSXV on the date of issuance of such Common Shares.

**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 a 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 (as amended) between the Corporation and John P.A. Budreski, the Corporation agreed to pay Mr. Budreski a base salary of \$36,000 during the financial year ended September 30, 2022, 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. 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, 2022, Mr. Budreski would have been entitled to receive \$36,000.

*Agreement with Brent Charleton (Chief Executive Officer and President)*

Pursuant to an employment contract dated August 31, 2018 (as amended) between the Corporation and Brent Charleton, the Corporation agreed to pay Mr. Charleton a base salary of \$330,000 per annum, exclusive of any bonuses, stock-based and other compensation during the financial year ended September 30, 2022. 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 Mr. Charleton 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 the change of control is less than \$100,000,000, or an amount equal to 2% of the Corporation's market capitalization if the market capitalization is greater than \$100,000,000. All equity or equity-based compensation received by Mr. Charleton 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. Charleton following such termination or election, as the case may be, in accordance with their terms. If this triggering event had occurred on September 30, 2022, Mr. Charleton would have been entitled to receive \$979,000.

In addition, if Mr. Charleton's employment contract is terminated for cause, disability or death, or by voluntary termination of Mr. Charleton, Mr. Charleton will not be entitled to any severance payment. If the employment contract is terminated by the Corporation for any other reason, Mr. Charleton will receive a severance payment equivalent to his annual base salary prior to termination plus his prorated bonus for the year. If such a triggering event had occurred on September 30, 2022, Mr. Charleton would have been entitled to receive \$489,500.

*Agreement with Dylan Murray (Chief Financial Officer)*

Pursuant to an employment contract dated November 10, 2022, between the Corporation and Dylan Murray, the Corporation agreed to pay Mr. Murray a base salary of \$250,000 per annum, 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 Mr. Murray an amount equal to twice the annual base salary 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 the change of control is less than \$100,000,000, or an amount equal to 1% of the Corporation's market capitalization if the market capitalization is greater than \$100,000,000. All equity or equity-based compensation received by Mr. Murray 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. Murray following such termination or election, as the case may be, in accordance with their terms.

In addition, if Mr. Murray's employment contract is terminated for cause, disability or death, or by voluntary termination of Mr. Murray, Mr. Murray will not be entitled to any severance payment. If his employment contract is terminated by the Corporation for any other reason, Mr. Murray will receive a severance payment equivalent to his annual base salary prior to termination for the year.

Mr. Murray became the Corporation's CFO on December 1, 2022.

*Agreement with Brad Lahrman (NutraDried Chief Executive Officer)*

Pursuant to an employment contract dated April 28, 2021 between the Corporation and Brad Lahrman, the Corporation agreed to pay Mr. Lahrman a base salary of US\$260,000 per annum, 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 or of NutraDried, the Corporation will pay Mr. Lahrman an amount equal to his annualized base salary paid to him at the time the change of control has occurred. All equity or equity-based compensation received by Mr. Lahrman 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. Lahrman following such termination or election, as the case may be, in accordance with their terms. If this triggering event had occurred on September 30, 2022, Mr. Lahrman would have been entitled to receive US\$260,000.

In addition, if Mr. Lahrman is terminated for cause or by voluntary termination of Mr. Lahrman, Mr. Lahrman will not be entitled to any severance payment. If Mr. Lahrman is terminated due to disability or death, Mr. Lahrman will be entitled to his prorated annual bonus through to the date of termination, provided that Mr. Lahrman was on track to receive such bonus in the year. If the employment contract is terminated by the Corporation for any other reason, Mr. Lahrman will receive a severance payment

equivalent to one-half his annual base salary prior to termination, plus one additional month severance for each year of service to a maximum total severance of nine (9) months. If such a triggering event had occurred on September 30, 2022, Mr. Lahrman would have been entitled to receive US\$151,667.

Mr. Lahrman ceased to be the Chief Executive Officer of NutraDried on February 10, 2023.

### **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.

Director Name	Fees earned (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Mary C. Ritchie	36,667	22,500	NIL	N/A	N/A	NIL	59,167
Stephen Sanford	36,667	22,500	NIL	N/A	N/A	NIL	59,167
Patrick Turpin <sup>(3)</sup>	36,667	22,500	NIL	N/A	N/A	NIL	59,167
Pablo Cussatti <sup>(3)</sup>	36,667	18,000	NIL	N/A	N/A	NIL	54,667
Stewart J. Ritchie <sup>(4)</sup>	33,333	18,000	NIL	N/A	N/A	NIL	51,333

**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 2022: dividend yield 0.0%, expected stock price volatility 64%, risk-free interest rate 1.46% and expected life of 3.64 years.
- (3) The fees earned by Mr. Turpin and Mr. Cussatti are reported in Canadian dollars but were paid to them in U.S. dollars. The amounts reported for 2022 have been converted using an exchange rate of 1.2772 CAD/USD. The USD amounts have been converted using the Bank of Canada indicative rates for the fiscal year, and this method of conversion is consistent with the method used in the Corporation's annual financial statements.
- (4) Mr. Ritchie ceased to be a director of the Corporation on August 2, 2022.

### **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, 2022) 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 (\$) <sup>(2) (3)</sup>
Mary C. Ritchie	150,000	1.74	Dec 11, 2024	NIL	50,000	24,000	12,000
Stephen Sanford	150,000	2.12	Apr 26, 2024	NIL	45,000	21,600	9,600
Patrick Turpin	150,000	1.11	Feb 26, 2025	NIL	45,000	21,600	N/A
Pablo Cussatti	150,000	1.06	Nov 19, 2025	NIL	40,000	19,200	N/A
Stewart J. Ritchie	150,000	2.12	Apr 26, 2024	NIL	NIL	N/A	N/A

**Notes:**

- (1) Calculated using the closing price of the Corporation's Common Shares on the TSXV on September 30, 2022, of \$0.48 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, 2022, of \$0.48.
- (3) This column reflects the value of RSRs for which restricted periods were scheduled to expire during 2022 where, in accordance with the terms of the plan, the recipient has irrevocably elected to postpone the expiry of the applicable restricted period and thus defer vesting and receipt of their entitlement to receive such RSRs (and accordingly, the underlying Common Shares) to a later date beyond September 30, 2022, as follows:
  - Ms. Mary Ritchie elected to defer receipt of an aggregate of 25,000 RSRs for which the restricted period was scheduled to expire in April 2022 until a date in April 2023.
  - Mr. Stephen Sanford elected to defer receipt of an aggregate of 20,000 RSRs for which the restricted period was scheduled to expire in April 2022 until a date in April 2023.
- (4) Mr. Ritchie ceased to be a director of the Corporation on August 2, 2022.

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

The value vested or earned during the most recently completed financial year (September 30, 2022) 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> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Mary C. Ritchie	NIL	23,000	N/A
Stephen Sanford	NIL	N/A	N/A
Patrick Turpin	NIL	N/A	N/A
Pablo Cussatti	NIL	N/A	N/A
Stewart J. Ritchie <sup>(3)</sup>	NIL	55,000	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.
- (2) This amount is the deemed dollar value realized by the director upon vesting of RSRs during 2022 (excluding any deferred awards), calculated by multiplying the number of underlying Common Shares received by the director by the closing price of the Common Shares on the TSXV on the date of issuance of such Common Shares. Please refer to footnote (3) to the "Outstanding Share-Based Awards and Option-Based Awards" table above for details of deferral elections by the directors during the financial year ended September 30, 2022.
- (3) Mr. Ritchie ceased to be a director of the Corporation on August 2, 2022.

**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, 2022).

	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup></i>	<i>Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup></i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(3)</sup></i>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<i>Equity compensation plans approved by security holders</i>	8,328,267 (Stock Options) 755,000 (RSRs)	\$1.33 (Stock Options) \$1.02 (RSRs)	820,739 (Stock Options) 400,000 (RSRs)
<i>Equity compensation plans not approved by security holders</i>	N/A	N/A	N/A
<b>Total</b>	8,328,267 (Stock Options) 755,000 (RSRs)	\$1.33 (Stock Options) \$1.02 (RSRs)	820,739 (Stock Options) 400,000 (RSRs)

- (1) Represents, as at September 30, 2022, 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 Restricted Share Rights.
- (3) Represents, as at September 30, 2022, 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, 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 Stock Option Plan and the Restricted Share Plan. Please also refer to "PARTICULARS OF MATTERS TO BE ACTED UPON – Approval of Amendments to Stock Option Plan and Annual Approval of Stock Option Plan" in this Circular for additional details concerning the Stock Option 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, 2022, 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(s) regarding the amendments to the Stock Option Plan and the annual approval of the Stock Option Plan, as such persons are eligible to participate in the Stock Option Plan.

### **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.

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

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

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

The current members of the *Audit Committee* are Mary C. Ritchie (Chair), Stephen Sanford, Patrick Turpin and Pablo Cussatti. Pursuant to the definitions contained in NI 52-110, Ms. Ritchie, Mr. Sanford, Mr. Turpin and Mr. Cussatti 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 the President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services firm based in Edmonton, Alberta. She has over 30 years of experience in both the public, private and not-for-profit sectors and is a member of CPA Canada and a Fellow of CPA Alberta. Ms. Ritchie is a member of the board of directors and audit committees of Morien Resources Corp (TSXV:MOX), and Nuvo Pharmaceuticals Inc. d.b.a. Miravo Healthcare™ (TSX:MRV). Ms. Ritchie is a former member of RBC Global Asset Management's independent oversight committee and a former member of the board of directors of Industrial Alliance Insurance and Financial Services Inc. Ms. Ritchie holds a B.A. degree from the University of Western Ontario and a Bachelor of Commerce degree from the University of Alberta.

**Stephen Sanford** – Mr. Sanford is a seasoned legal executive with over 30 years of experience as an executive for a Fortune 500 company. He is the former Senior Counsel to Managing General Counsel at Fluor Corporation ("Fluor"), a global engineering and construction company. Mr. Sanford has significant experience structuring major commercial transactions in a variety of legal systems around the world. In his role at Fluor, Mr. Sanford managed a team of legal professionals with a global footprint that addressed intellectual property matters, taxation, insurance and risk management matters. During his tenure at Fluor, Mr. Sanford provided legal expertise and leadership during the structuring of billions of dollars in transactions. He obtained both his Bachelor's Degree and Law Degree from Dalhousie University and holds a MBA from the University of Calgary.

**Patrick Turpin** – Mr. Turpin is a seasoned consumer products executive with 30 years of consumer products experience. He was an investment banker with Donaldson Lufkin and Jenrette before going into industry as an executive with Costco Wholesale Corp where he launched several billion dollar businesses such as Costco's gas station business, executive membership division and its vertically integrated snack food packaging and processing business. Mr. Turpin left Costco to launch a snack food brand called Popchips which he helped grow into a leading snack business North America and the United Kingdom. Today Mr. Turpin serves as a board member and advisor to numerous food and beverage related companies in North America. He holds a BA from Claremont McKenna college in Economics and History.

**Pablo Cussatti** – Mr. Cussatti is the Chief Operating Officer of CH Guenther & Son LLC, a multinational commercial baking company that operates over 25 production facilities across the US, Canada and Europe. Mr. Cussatti has over 25 years of experience holding senior executive roles with major food companies including PepsiCo, Pinnacle Foods, Ventura Foods and Godiva Chocolatier. Mr. Cussatti has developed and executed major capital and operating plans in the food industry and has been responsible for annual operating costs exceeding \$4 billion. Mr. Cussatti holds a B.S. in Mechanical Engineering from Columbia University.

## 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:

Financial Year Ended September 30	Audit Fees	Audit-Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>	Total
2022	\$151,673	nil	nil	\$6,741	\$158,414
2021	\$134,820	nil	nil	\$10,112	\$144,932

**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". The fees for 2022 and 2021 relate to non-audit services provided in the preparation of the Corporation's interim financial statements.

### Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 5 (Reporting Obligations) of NI 52-110.

## 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, four (4) of whom are considered to be independent. Mary C. Ritchie, Stephen Sanford, Patrick Turpin and Pablo Cussatti are independent. Mr. Charleton 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. The independent status of each individual director is reviewed annually by the Board. The Board 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, could reasonably be perceived to materially interfere with the exercise of the director's independent judgment.

The Board examines its size annually to determine whether the number of directors is appropriate while providing a diversity of views and experience and maintaining efficiency. The Board believes that its composition fairly represents the interests of Shareholders, however, the Board considers potential nominees to the Board of Directors from time to time in order to enhance diversity of views and experience relevant to the industry in which it operates while maintaining efficiency.

The Board has established two (2) committees of its directors, being the *Audit Committee* (comprised of Mary C. Ritchie (Chair), Stephen Sanford, Patrick Turpin and Pablo Cussatti) and the *Independence Committee* (comprised of Stephen Sanford (Chair), Mary C. Ritchie, Patrick Turpin and Pablo Cussatti).

### Role of the Board

The duties and responsibilities of the 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 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 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 Board of Directors and committees, having regard to their qualifications, attendance and contribution as members of the 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.

During the years 2020 and 2021 and certain portions of 2022, external continuing education opportunities and in-person interactions were not advisable due to the COVID-19 pandemic, associated travel restrictions and public health advisories. Due to these restrictions, Board and committee meetings held during these years were either by video conference or by hybrid meeting format (in person/virtual), all in compliance with public health orders enacted in response to the COVID-19 pandemic and related safety guidelines.

### **Nomination of Directors**

The nomination of directors is undertaken by the *Independence Committee* whose members are currently Stephen Sanford (Chair), Mary C. Ritchie, Patrick Turpin and Pablo Cussatti. 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 its responsibilities to the 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 of the 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 Corporation'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 Corporation has adopted a *Communications and Corporate Disclosure Policy* which is intended to assist the Corporation 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.

### **Diversity Disclosure Prescribed Pursuant to the *Canada Business Corporations Act* (the "CBCA")**

#### *Board of Directors*

The Corporation has not adopted a written policy specifically relating to the identification and nomination of directors from the four designated "Diversity Groups" (which include women, Indigenous peoples, persons with disabilities and members of visible minorities) nor does the Board or the *Independence Committee* consider the level of representation of Diversity Groups on the Board when nominating candidates for election to the Board, or the level of representation of Diversity Groups in its senior management when appointing members to its senior management team.

The Board and *Independence Committee* evaluate potential nominees to the Board by reviewing the qualifications of the nominee, irrespective of whether the nominee falls under the designated Diversity Groups, and determines their appropriateness by taking into consideration the then current Board composition and the anticipated skills required to round out the capabilities of the Board.

However, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy.

The Corporation has not adopted a target regarding Diversity Groups on its Board and in its senior management. The Corporation considers candidates based on their qualifications, personal qualities, business background and experience, and does not feel that targets necessarily result in the identification or selection of the best candidates.

Currently, the Corporation has one female director representing approximately 17% of the Board.

#### *Senior Management*

In nominating candidates to positions as members of the senior management team, the Corporation does not take into account the representation of Diversity Groups in the senior management team. The Corporation's objective is to identify the person who best possesses the skills required for each senior officer position, regardless of whether the nominee falls under the four designated Diversity Groups. However, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy.

As of the date of this Circular, no individual from the designated Diversity Groups held any executive officer positions within the Corporation. However, the Corporation has several women in various positions in senior roles throughout the organization.

#### **Term Limits**

The Corporation has not adopted term limits for the directors of the Board or other mechanisms of Board renewal because the term limits and other mechanisms reduce continuity and experience on the Board, and force valuable, experienced and knowledgeable directors to leave. The Corporation regularly assesses Board members' effectiveness and annual elections are considered sufficient.

#### **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 Corporation (or one or more of its subsidiaries) has a significant business relationship or with which the Corporation (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.

#### **Advance Notice Requirements**

By-Law No. 2 of the Corporation (the "**Advance Notice By-Law**"), which was originally passed by the Board of Directors on February 7, 2014 and confirmed by Shareholders on February 28, 2014, includes

advance notice provisions (the “**Advance Notice Provisions**”) relating to the nomination of directors. Pursuant to the Advance Notice Provisions, such notice must be delivered prior to the Meeting and in accordance with the timelines and other requirements set forth in the Advance Notice By-Law and in writing and proper form to the Corporation at its chief executive offices, Attention: Secretary. No nominations were received from the Shareholders for consideration at the Meeting. Additional information regarding the Advance Notice By-Law can be found in the Corporation's management information circular dated February 4, 2014, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **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 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.

By-Law No. 2 of the Corporation includes advance notice provisions, setting out requirements for director nominations and elections. See “*Corporate Governance Disclosure – Advance Notice Requirements*”.

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 Board of Directors and each has expressed his/her willingness to serve on the 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:

<b>Name, Jurisdiction of Residence and Position(s)</b>	<b>Principal Occupation or employment and, if not a previously elected Director, occupation during the past five years</b>	<b>Previous Service as a Director</b>	<b>Number of Common Shares Beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup></b>
<b>John P.A. Budreski</b> British Columbia, Canada <i>Executive Chairman and Director</i>	Executive Chairman of the Corporation since June 2014; Executive Chairman of Morien Resources Corp. (TSXV:MOX) since November 2018; President and Chief Executive Officer of Morien Resources Corp. from November 2012 to November 2018.	Since June 23, 2014	2,127,911

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>Brent Charleton</b> British Columbia, Canada <i>Chief Executive Officer, President and Director</i>	Chief Executive Officer of the Corporation since August 2018; Senior Vice President, Sales and Business Development of the Corporation from January 2015 to August 2018; Vice President, Marketing and Corporate Affairs of the Corporation from May 2013 to January 2015.	Since August 29, 2018	166,000
<b>Mary C. Ritchie</b> <sup>(2)(3)</sup> Alberta, Canada <i>Director</i>	President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company.	Since October 6, 2014	187,500
<b>Stephen Sanford</b> <sup>(2)(3)</sup> Washington, U.S.A. <i>Director</i>	Retired senior executive and professional lawyer. Former Senior Vice President and Managing General Counsel, Fluor Corporation (a global engineering and construction company) from 1994 to 2019.	Since February 27, 2019	10,000
<b>Patrick Turpin</b> <sup>(2)(3)</sup> Utah, U.S.A. <i>Director</i>	Current Chairman of the Board at Marathon Ventures, Inc. since February 2020. Former Chief Executive officer of Kona Deep Corporation (a beverage company) from 2014 to 2019; Founder and President of Popchips, Inc (a snack product company) from 2005 to 2014.	Since February 11, 2020	NIL
<b>Pablo Cussatti</b> <sup>(2)(3)</sup> New York, U.S.A. <i>Director</i>	Chief Operating Officer of CH Guenther & Son LLC (a multinational food company). Former Chief Supply Chain Officer of Godiva Chocolatiers from 2021 to 2022. Former Senior Vice President of Manufacturing at Ventura Foods, LLC (a multinational food manufacturer) from 2018 to 2021; Senior Vice President of Operations and Fulfilment at Blue Apron (a U.S. home meal kit delivery company) from 2016 to 2017; Senior Vice President of Manufacturing for Pinnacle Foods from 2012 to 2016.	Since November 19, 2020	NIL

**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) Member of the *Audit Committee*.

(3) Member of the *Independence Committee*.

*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 in effect for a period of more than 30 consecutive days) that was issued while the proposed director was acting in the capacity of director, chief executive officer or chief financial officer of such company; 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 of such company 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 of such company;
- (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 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:

<b>Name of Director</b>	<b>Name of Other Reporting Issuer</b>
John P.A. Budreski	Morien Resources Corp. Sandstorm Gold Ltd. Colossus Minerals Inc. NuLegacy Gold Corp.
Brent Charleton	N/A
Mary C. Ritchie	Morien Resources Corp. Nuvo Pharmaceuticals Inc.
Stephen Sanford	N/A
Patrick Turpin	N/A
Pablo Cussatti	N/A

### **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.

### **Approval of Amendments to Stock Option Plan and Annual Approval of Stock Option Plan**

#### *Background Information*

Effective February 9, 2021, the Board made certain minor housekeeping amendments to the Stock Option Plan which did not require Shareholder approval. These housekeeping amendments were in accordance with TSXV guidelines and did not require TSXV approval. The final version of the amended Stock Option Plan containing the housekeeping amendments made in early 2021 was SEDAR filed on February 16, 2021, and is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Stock Option Plan was most recently approved by the Shareholders at the meeting of Shareholders of the Corporation held on March 29, 2022, and was accepted for filing by the TSXV.

The Corporation currently has **110,500,055** 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 Restricted Share Plan would be 10% of that number (on a rolling basis) or **11,050,006** Common Shares. As of the date of this Circular, the Corporation had **8,458,267** stock options outstanding under the Stock Option Plan (representing **7.7%** of the Corporation's current issued and outstanding Common Shares, on a non-diluted basis) and the Corporation reserved a maximum of **1,895,000** Common Shares for RSRs under its Restricted Share Plan, leaving **696,739** Common Shares currently available pursuant to the future grant of stock options.



*Information Regarding the TSXV Request for Amendments to the Stock Option Plan*

As discussed in this Circular under “*Statement of Executive Compensation – Incentive Plan Awards – Stock Option Plan*”, by letter dated May 24, 2022, addressed to the Corporation, the TSXV requested that the Corporation make certain amendments to the Stock Option Plan in order to bring the Stock Option Plan into compliance with *TSXV Policy 4.4*, which amendments are subject to Shareholder and final TSXV approvals being obtained. The Corporation was requested to make, inter alia, the following changes to its Stock Option Plan in advance of seeking Shareholder approval at the Meeting:

- (a) amend the definition of "Associate" to refer to Policy 1.1 of the Exchange Policies instead of the Securities Act, RSBC 1996, c 418;
- (b) amend the definition of "Black-out Period" and the related provisions in section 3.9 to bring it in line with the current rules and policies of the Exchange;
- (c) amend sections 2.8 and 2.9 to reflect that, subject to the exclusions therein, amendments to the plan generally require Shareholder Approval (as such term is defined in the Stock Option Plan);
- (d) adopt a provision requiring Disinterested Shareholder Approval prior to any extension to an Option previously granted to an Insider (as such terms are defined in the Stock Option Plan);
- (e) amend section 3.7 to broaden its application from Consultants performing Investor Relations Activities to Service Providers performing Investor Relations Activities (as such terms are defined in the Stock Option Plan);
- (f) to require prior TSXV approval for any acceleration of vesting requirements of Options granted to Investor Relations Services Providers (as such term is defined in the Stock Option Plan); and
- (g) to generally require prior TSXV approval for adjustments to Options granted or issued (except in relation to a consolidation or share split),

(collectively, the "**Stock Option Plan Amendments**")

These Stock Option Plan Amendments were adopted by the Board effective February 14, 2023, subject to obtaining Shareholder approval and final acceptance by the TSXV.

Other than the Stock Option Plan Amendments as detailed above, all of the other provisions of the Stock Option Plan remain substantially unchanged and in full force and effect. The TSXV has reviewed and provided their conditional approval to the Stock Option Plan Amendments and accordingly to the text of the amended Stock Option Plan (see attached) that is being submitted to Shareholders for annual approval. A summary of the Stock Option Plan, as amended, is provided under the heading, “*Statement of Executive Compensation – Incentive Plan Awards – Stock Option Plan*” in this Circular.

A clean and a blacklined copy of the full text of the Stock Option Plan, as amended, is attached to this Circular as Schedules “B” and “C”, respectively. The final version of the Stock Option Plan, as amended, will be made available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) following successful approval by the Shareholders and final approval by the TSXV.

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

The 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 (in its entirety) must be approved and ratified by the Shareholders on an annual basis.

### *Shareholder Approval Being Sought at the Meeting*

The Board and management consider the approval of the Stock Option Plan Amendments (the “**Stock Option Plan Amendments Resolution**”), and the annual approval of the Stock Option Plan (as amended and, in its entirety as required under TSXV policies) (the “**Annual Stock Option Plan Approval Resolution**”) 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 Amendments Resolution and FOR the Annual Stock Option Plan Approval Resolution.**

#### Stock Option Plan Amendments Resolution

The text of the ordinary resolution approving the Stock Option Plan Amendments Resolution 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 final acceptance by the TSX Venture Exchange, the Stock Option Plan Amendments (as such term is defined in the management information circular of the Corporation dated February 14, 2023), be and are hereby authorized and approved; and*
- (b) *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.*

#### Annual Stock Option Plan Approval Resolution

The text of the ordinary resolution providing the annual approval of the Stock Option Plan (as amended and, in its entirety as required under TSXV policies), 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 (as amended as detailed in the management information circular of the Corporation dated February 14, 2023), 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, 2022, 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 Dylan Murray, Chief Financial Officer of the Corporation, at the above noted address or by telephoning no. (778) 870-0729.

### **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. 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 who 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 date of the accompanying notice of meeting, subject to the requirements of the CBCA.

### **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, 2023.

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

(signed) Brent Charleton  
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 fulfilment 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.

**SCHEDULE "B"**



**ENWAVE CORPORATION**  
(the "Company")

**AMENDED AND RESTATED SHARE OPTION PLAN**

**Amended February 17, 2016, February 9, 2021 and February 14, 2023**

**To be ratified by shareholders on March 28, 2023**

**ARTICLE 1**  
**PURPOSE AND INTERPRETATION**

**Purpose**

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the TSX Venture Policies (or, if applicable, the NEX Policies) and any inconsistencies between this Plan and the TSX Venture Policies) (or, if applicable, the NEX Policies) will be resolved in favour of the latter.

**Definitions**

1.2 In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (c) **Black-out Period** means an interval of time during which the Company has formally imposed that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);

- (d) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **Change of Control** means the occurrence of any one or more of the following events:
  - (i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the Common Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;
  - (ii) the sale, exchange or other disposition to a person other than an affiliate of the Company of all, or substantially all of the Company's assets;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or
  - (v) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Company's outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect Directors);

For the purposes of the foregoing, "Voting Securities" means Common Shares and any other shares entitled to vote for the election of Directors and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of Directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;

- (f) **Common Shares** means common shares without par value in the capital of the Company provided such class is listed on the TSX Venture (or the NEX, as the case may be);
- (g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (h) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
  - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (i) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (j) **Directors** means the directors of the Company as may be elected from time to time;
- (k) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (l) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;

- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
  - (i) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (p) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (q) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (r) **Insider** has the meaning ascribed thereto in the TSX Venture Policies;
- (s) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (t) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (u) **NEX** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

- (v) **NEX Issuer** means a company listed on the NEX;
- (w) **NEX Policies** means the rules and policies of the NEX as amended from time to time;
- (x) **Officer** means a Board appointed officer of the Company;
- (y) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (z) **Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (aa) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (bb) **Optionee** means the recipient of an Option hereunder;
- (cc) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (dd) **Participant** means a Service Provider that becomes an Optionee;
- (ee) **Person** includes a company, any unincorporated entity, or an individual;
- (ff) **Plan** means this share option plan, the terms of which are set out herein or as may be amended;
- (gg) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;
- (hh) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (ii) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation;
- (jj) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (kk) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

- (ll) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
- (mm) **Take Over Bid** means a take over bid as defined in subsection 92(j) of the Securities Act or the analogous provisions of securities legislation applicable to the Company;
- (nn) **Termination Date** has the meaning ascribed thereto in §3.10;
- (oo) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and
- (pp) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

### **Other Words and Phrases**

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, the NEX Policies).

### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

2.2 Options may be granted in respect of authorized and unissued Common Shares provided that, the maximum aggregate number of Common Shares reserved for issuance and which may be purchased upon the exercise of all Options, together with all of the Company's other previously established or proposed Share Compensation Arrangements, shall not exceed 10% of the outstanding issued Common Shares at the time of grant.



## **Eligibility**

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

## **Options Granted Under the Plan**

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

## **Limitations on Issue**

2.6 Subject to §2.10, the following restrictions on issuances of Options are applicable under the 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 Shares (unless the Company has obtained Disinterested Shareholder Approval to do so);
- (b) no Options can be granted under the Plan if the Company is on notice from the TSX Venture 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 Shares, calculated at the time of grant, without the prior consent of the TSX Venture; and
- (d) the aggregate number of Options granted to any one Consultant in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

## **Options Not Exercised**

2.7 In the event an Option granted under the 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 Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

### **Powers of the Board**

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder; and
- (c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

### **Amendment of the Plan by the Board of Directors**

2.9 Pursuant to the TSX Venture Policies, amendments to the Plan generally require Shareholder Approval. Notwithstanding the foregoing, and subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) it may amend provisions of the Plan relating to the vesting of Options or the termination of Options subject to prior written Regulatory Approval, if applicable, but no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, except that no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (d) it may make amendments as are required to comply with applicable securities laws and TSX Venture Policies; and

- (e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, it may make such amendments as may be required by the policies of such senior stock exchange or stock market.

### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.10 The Company shall obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company'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 Shares;
  - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares;
  - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares;
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider; or
- (c) any extension to an Option previously granted to an Insider.

### **Options Granted Under the Company's Previous Share Option Plans**

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms hereof.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board on the Effective Date of the Option and cannot be less than the Discounted Market Price.

### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date or five years from the Effective Date for a NEX Issuer.

### **Option Amendment**

3.3 Subject to §2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the Effective Date, the date the Common Shares commenced trading on the TSX Venture, and the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

### **Vesting of Options**

3.6 Subject to §3.7 and the prior receipt of any necessary Regulatory Approval, vesting 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 Company 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 Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

### **Vesting of Options Granted to Service Providers Conducting Investor Relations Activities**

3.7 Notwithstanding §3.6 and subject to the prior receipt of any necessary Regulatory Approval, Options granted to Service Providers 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.

### **Effect of Take Over Bid**

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall, immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, subject to the prior receipt of any necessary Regulatory

Approval and notwithstanding §3.6 and §3.7 or any vesting requirements set out in any Option Commitment, be immediately exercised in whole or in part by the Optionee.

### **Extension of Options Expiring During Blackout Period**

3.9 Should the Expiry Date for an Option fall within a Blackout Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth (10<sup>th</sup>) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding §2.8, the tenth Business Day period referred to in this §3.9 may not be extended by the Board.

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

3.10 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 Company 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, unless otherwise determined by the Board in the Option Commitment, 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, unless otherwise determined by the Board in the Option Commitment and subject to the prior receipt of any necessary Regulatory Approval, 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) in 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**

3.11 Subject to §3.10, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **Adjustment of the Number of Optioned Shares**

3.12 Subject to the prior receipt of any necessary Regulatory Approval, the number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.12;

- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.12, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.12, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records. Such determination will be binding upon the Company and all Optionees.

## **ARTICLE 4**

### **COMMITMENT AND EXERCISE PROCEDURES**

#### **Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

#### **Manner of Exercise**

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
  - (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price by the Optioned Shares being acquired.

#### **Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws. Further, if (i) the Exercise Price is set below the then current market price of the Common Shares on the TSX Venture; or

(ii) the Optionee is an Insider, the certificate will also bear a legend stipulating that the Optioned Shares are subject to a four-month TSX Venture hold period commencing the date of the grant of the Option.

## **ARTICLE 5 GENERAL**

### **Employment and Services**

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

### **No Representation or Warranty**

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **Interpretation**

5.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Effective Date of Plan**

5.4 The effective date of the Plan is January 24, 2012.



**SCHEDULE A**  
**SHARE OPTION PLAN**  
**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Effective Date**”) **ENWAVE CORPORATION** (the “**Company**”) has granted to \_\_\_\_\_ (the “**Optionee**”), an Option to acquire \_\_\_\_\_ Common Shares (“**Optioned Shares**”) up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Expiry Date**”) at an Exercise Price of Cdn\$\_\_\_\_\_ per share.

At the date of grant of the Option, the Company is classified as [a Tier \_\_\_\_\_ Issuer under **TSX Venture Policies**].

Tier 2 if Plan Shares greater than 10% only]Optioned Shares will vest and may be exercised as follows:

**[INSERT VESTING SCHEDULE ] [INSERT VESTING TERMS]**

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and forms part hereof

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter **[and will bear a minimum four month non-transferability legend from the date of this Option Commitment, the text of which is as follows.] [The Company may grant stock options without a hold period, provided (i) the exercise price of the options is set at or above the market price of the common shares of the Company; and (ii) the options are not issued to a director, officer or holder of securities carrying more than 10% of the voting rights attached to the common shares of the Company.].**

“WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL **[insert date 4 months from the date of grant]**”.

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Share Option Plan.

**ENWAVE CORPORATION**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
( SIGNATURE OF OPTIONEE)

## Notice of Exercise of Incentive Stock Options

TO: EnWave Corporation (the “**Company**”)

The undersigned wishes to exercise \_\_\_\_\_ of the incentive stock options granted to <\*>him/her/it by the Company at the price of CDN \$\_\_\_\_\_ per share and enclose herewith the amount of \$\_\_\_\_\_ in payment of the total exercise price for such shares.

DATED as of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
*Signature of Optionee*

\_\_\_\_\_  
*Please print name of Signatory*

Please have the share certificate(s) issued as follows:

### Registration Instructions:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Contact Name

### Delivery Instructions:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Contact Name

**SCHEDULE "C"**



**ENWAVE CORPORATION**  
(the "Company")

**AMENDED AND RESTATED SHARE OPTION PLAN**

Amended February 17, 2016, February 9, 2021 and February 9, 202114, 2023

~~Last approved~~To be ratified by shareholders on March 29, 202228, 2023

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**ARTICLE 1**  
**PURPOSE AND INTERPRETATION**

**Purpose**

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the TSX Venture Policies (or, if applicable, the NEX Policies) and any inconsistencies between this Plan and the TSX Venture Policies (or, if applicable, the NEX Policies) will be resolved in favour of the latter.

**Definitions**

1.2 In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning ~~set out in~~ assigned by Policy 1.1 of the Securities Act; TSX Venture Policies;
- (c) **Black-out Period** means an interval of time during which the Company has ~~determined~~ formally imposed that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);

- (d) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **Change of Control** means the occurrence of any one or more of the following events:
  - (i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the Common Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;
  - (ii) the sale, exchange or other disposition to a person other than an affiliate of the Company of all, or substantially all of the Company's assets;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or
  - (v) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Company's outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect Directors);

For the purposes of the foregoing, "Voting Securities" means Common Shares and any other shares entitled to vote for the election of Directors and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of Directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;

- (f) **Common Shares** means common shares without par value in the capital of the Company provided such class is listed on the TSX Venture (or the NEX, as the case may be);
- (g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (h) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
  - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (i) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (j) **Directors** means the directors of the Company as may be elected from time to time;
- (k) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (l) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;

- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
  - (i) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (p) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (q) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (r) **Insider** has the meaning ascribed thereto in the TSX Venture Policies;
- (s) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (t) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (u) **NEX** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;



- (v) **NEX Issuer** means a company listed on the NEX;
- (w) **NEX Policies** means the rules and policies of the NEX as amended from time to time;
- (x) **Officer** means a Board appointed officer of the Company;
- (y) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (z) **Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (aa) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (bb) **Optionee** means the recipient of an Option hereunder;
- (cc) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (dd) **Participant** means a Service Provider that becomes an Optionee;
- (ee) **Person** includes a company, any unincorporated entity, or an individual;
- (ff) **Plan** means this share option plan, the terms of which are set out herein or as may be amended;
- (gg) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;
- (hh) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (ii) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation;
- (jj) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (kk) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

- (ll) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
- (mm) **Take Over Bid** means a take over bid as defined in subsection 92(j) of the Securities Act or the analogous provisions of securities legislation applicable to the Company;
- (nn) **Termination Date** has the meaning ascribed thereto in §3.10;
- (oo) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and
- (pp) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

#### **Other Words and Phrases**

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, the NEX Policies).

#### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

2.2 Options may be granted in respect of authorized and unissued Common Shares provided that, the maximum aggregate number of Common Shares reserved for issuance and which may be purchased upon the exercise of all Options, together with all of the Company's other previously established or proposed Share Compensation Arrangements, shall not exceed 10% of the outstanding issued Common Shares at the time of grant.

## **Eligibility**

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

## **Options Granted Under the Plan**

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

## **Limitations on Issue**

2.6 Subject to §2.10, the following restrictions on issuances of Options are applicable under the 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 Shares (unless the Company has obtained Disinterested Shareholder Approval to do so);
- (b) no Options can be granted under the Plan if the Company is on notice from the TSX Venture 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 Shares, calculated at the time of grant, without the prior consent of the TSX Venture; and
- (d) the aggregate number of Options granted to any one Consultant in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

## **Options Not Exercised**

2.7 In the event an Option granted under the 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 Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

#### **Powers of the Board**

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder; and
- ~~(c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and~~
- ~~(d)~~(c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

#### **Amendment of the Plan by the Board of Directors**

2.9 ~~Subject~~Pursuant to the TSX Venture Policies, amendments to the Plan generally require Shareholder Approval. Notwithstanding the foregoing, and subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the 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 granted hereunder;~~
- ~~(c) it may change the termination provision of an Option granted hereunder which does not entail an extension beyond the original Expiry Date of such Option;~~
- (b) it may amend provisions of the Plan relating to the vesting of Options or the termination of Options subject to prior written Regulatory Approval, if

applicable, but no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;

- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, except that no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (d) it may make amendments necessary as a result in changes in are required to comply with applicable securities laws applicable to the Company; and TSX Venture Policies; and
- ~~(e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and~~
- ~~(f)(e) amend this 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 hereof.~~

#### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.10 The Company shall obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company'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 Shares;
  - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares;
  - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares;  
or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider; or
- (c) any extension to an Option previously granted to an Insider.

### **Options Granted Under the Company's Previous Share Option Plans**

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms hereof.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board on the Effective Date of the Option and cannot be less than the Discounted Market Price.

### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date or five years from the Effective Date for a NEX Issuer.

### **Option Amendment**

3.3 Subject to §2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the Effective Date, the date the Common Shares commenced trading on the TSX Venture, and the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

### **Vesting of Options**

3.6 Subject to §3.7 and the prior receipt of any necessary Regulatory Approval, vesting 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 Company 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 Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

### **Vesting of Options Granted to ~~Consultants~~ Service Providers Conducting Investor Relations Activities**

3.7 Notwithstanding §3.6 and subject to the prior receipt of any necessary Regulatory Approval, Options granted to ~~Consultants~~ Service Providers 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.

### **Effect of Take Over Bid**

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall, immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, subject to the prior receipt of any necessary Regulatory Approval and notwithstanding §3.6 and §3.7 or any vesting requirements set out in any Option Commitment, be immediately exercised in whole or in part by the Optionee.

### **Extension of Options Expiring During Blackout Period**

3.9 Should the Expiry Date for an Option fall within ~~a Blackout Period, or within nine (9) 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 (10<sup>th</sup>) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding §2.8, the tenth Business Day period referred to in this §3.9 may not be extended by the Board.

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

3.10 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 Company 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, unless otherwise determined by the Board in the Option Commitment, 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, unless otherwise determined by the Board in the Option Commitment and subject to the prior receipt of any necessary Regulatory Approval, expire upon the earlier of the original Expiry Date and 30 days after the Termination Date, but only to the extent that such Option has vested as at the Termination Date; and
- (d) in 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**

3.11 Subject to §3.10, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

#### **Adjustment of the Number of Optioned Shares**

3.12 ~~The~~Subject to the prior receipt of any necessary Regulatory Approval, the number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;



- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.12;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.12, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.12, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records. Such determination will be binding upon the Company and all Optionees.

#### **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

##### **Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

### **Manner of Exercise**

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
  - (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price by the Optioned Shares being acquired.

### **Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws. Further, if (i) the Exercise Price is set below the then current market price of the Common Shares on the TSX Venture; or (ii) the Optionee is an Insider, the certificate will also bear a legend stipulating that the Optioned Shares are subject to a four-month TSX Venture hold period commencing the date of the grant of the Option.

## **ARTICLE 5 GENERAL**

### **Employment and Services**

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

### **No Representation or Warranty**

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **Interpretation**

5.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

**Effective Date of Plan**

5.4           The effective date of the Plan is January 24, 2012.

**SCHEDULE A**  
**SHARE OPTION PLAN**  
**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Effective Date**”) **ENWAVE CORPORATION** (the “**Company**”) has granted to \_\_\_\_\_ (the “**Optionee**”), an Option to acquire \_\_\_\_\_ Common Shares (“**Optioned Shares**”) up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Expiry Date**”) at an Exercise Price of Cdn\$ \_\_\_\_\_ per share.

At the date of grant of the Option, the Company is classified as **[a Tier \_\_\_\_\_ Issuer under TSX Venture Policies]**.

Tier 2 if Plan Shares greater than 10% only]Optioned Shares will vest and may be exercised as follows:

**[INSERT VESTING SCHEDULE ] [INSERT VESTING TERMS]**

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and forms part hereof

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter **[and will bear a minimum four month non-transferability legend from the date of this Option Commitment, the text of which is as follows.] [The Company may grant stock options without a hold period, provided (i) the exercise price of the options is set at or above the market price of the common shares of the Company; and (ii) the options are not issued to a director, officer or holder of securities carrying more than 10% of the voting rights attached to the common shares of the Company.]**.

“WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL **[insert date 4 months from the date of grant]**”.

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Share Option Plan.

**ENWAVE CORPORATION**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
( SIGNATURE OF OPTIONEE)

### Notice of Exercise of Incentive Stock Options

TO: EnWave Corporation (the “**Company**”)

The undersigned wishes to exercise \_\_\_\_\_ of the incentive stock options granted to <\*>him/her/it by the Company at the price of CDN \$\_\_\_\_\_ per share and enclose herewith the amount of \$\_\_\_\_\_ in payment of the total exercise price for such shares.

DATED as of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
*Signature of Optionee*

\_\_\_\_\_  
*Please print name of Signatory*

Please have the share certificate(s) issued as follows:

**Registration Instructions:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Contact Name

**Delivery Instructions:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Contact Name