

**DANAVATION TECHNOLOGIES CORP.**

21 Roybridge Gate  
Woodbridge, ON, L4H 1E6

**MANAGEMENT INFORMATION CIRCULAR**

**As at February 23, 2022**

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF DANAVATION TECHNOLOGIES CORP.** (the “Company”) of proxies to be used at the annual general and special meeting of shareholders of the Company to be held on Friday, March 25, 2022 at at the hour of 3:00 p.m. (Eastern time), and at any adjournment or postponement thereof (the “Meeting”) for the purposes set out in the accompanying notice of meeting (the “Notice of Meeting”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice of Meeting, this management information circular (the “Management Information Circular”), the annual consolidated financial statements of the Company for the financial year ended July 31, 2021 and related management’s discussion and analysis and other Meeting materials, if applicable (collectively the “Meeting Materials”) to the beneficial owners of the common shares of the Company (the “Common Shares”) held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice of Meeting.

**COVID-19 GUIDANCE**

**In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19 and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out in the Notice of Meeting and this Management Information Circular dated February 23, 2022 of the Company. The Company is offering its shareholders the option to listen to the Meeting via Zoom. Shareholders attending via Zoom will not be able to vote at the Meeting. Please see details on how to listen to the Meeting in this Management Information Circular.**

In order to listen to the Meeting, shareholders will need to call the applicable number listed below, and enter the Meeting ID and password noted below:

<b>To dial using One tap mobile:</b>	+12532158782,,97009909674#,,,,*256777# US (Tacoma) +13017158592,,97009909674#,,,,*256777# US (Maryland) <b>Meeting ID:</b> 956 4870 1360 <b>Password:</b> 874049
<b>To dial by location:</b>	+1 312 626 6799 US (Chicago) +1 346 248 7799 US (Houston) +1 646 558 8656 US (New York) +1 669 900 9128 US (San Jose) +1 253 215 8782 US (Tacoma) +1 301 715 8592 US (Washington DC) 833 548 0276 US Toll-free 833 548 0282 US Toll-free 877 853 5247 US Toll-free 888 788 0099 US Toll-free

	+1 587 328 1099 Canada +1 647 374 4685 Canada +1 647 558 0588 Canada +1 778 907 2071 Canada +1 204 272 7920 Canada +1 438 809 7799 Canada 855 703 8985 Canada Toll-free)
	To find your local number open the following link: <a href="https://zoom.us/j/95648701360?pwd=OVVyMnd2dW1Pc2JielFWbWN1ZWxhZz09">https://zoom.us/j/95648701360?pwd=OVVyMnd2dW1Pc2JielFWbWN1ZWxhZz09</a> <b>Meeting ID:</b> 956 4870 1360 <b>Password:</b> 874049

In order to access the Meeting through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the meeting ID and password below or open the following link: <https://zoom.us/j/95648701360?pwd=OVVyMnd2dW1Pc2JielFWbWN1ZWxhZz09>

**Meeting ID:** 956 4870 1360  
**Password:** 874049

Shareholders will have the option through the application to join the video and audio or simply view and listen. It is the shareholders' responsibility to ensure connectivity during the Meeting and the Company encourages its shareholders to allow sufficient time to dial in to the Meeting before it begins. It is strongly recommended that shareholders access the Meeting at least 5 minutes before the Meeting starts. Shareholders participating via Zoom will not be able to vote at the Meeting.

#### APPOINTMENT AND REVOCATION OF PROXIES

A holder of Common Shares who appears on the records maintained by the Company's registrar and transfer agent as a registered holder of Common Shares (each a "**Registered Shareholder**") may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Management Information Circular, or another proper form of proxy, in the manner specified in the Notice of Meeting.

The purpose of a form of proxy is to designate persons who will vote on the shareholder's behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Company's transfer agent and registrar, Computershare Investor Services Inc., at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 (the "**Transfer Agent**"), not later than 3:00 p.m. (Eastern time) on Wednesday, March 23, 2022 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

<b>By Mail or Hand Delivery:</b>	Computershare Investor Services Inc. 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1
<b>Telephone:</b>	1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America)

	You will need to provide your 15 digit control number (located on the form of proxy accompanying this Management Information Circular)
<b>Facsimile:</b>	1-866-249-7775 or 1-416-263-9524 (if outside North America)  You will need to provide your 15 digit control number (located on the form of proxy accompanying this Management Information Circular)
<b>By Internet:</b>	<a href="http://www.investorvote.com">www.investorvote.com</a>  You will need to provide your 15 digit control number (located on the form of proxy accompanying this Management Information Circular)

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: by (a) depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed by electronic signature, (i) to the registered office of the Company, located at 700 – 595 Burrard Street, Vancouver, British Columbia V7X 1S8, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) any other manner permitted by law.

#### **EXERCISE OF DISCRETION BY PROXIES**

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Management Information Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Management Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### **ADVICE TO NON-REGISTERED SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders of the Company do not hold Common Shares in their own name.** Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a non-registered holder (each a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a “**Clearing Agency**”) of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

### ***Distribution of Meeting Materials to Non-Registered Holders***

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Company’s OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

### ***Voting by Non-Registered Holders***

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

*Voting Instruction Form.* In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a “**VIF**”). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

*Form of Proxy.* Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

### ***Voting by Non-Registered Holders at the Meeting***

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of

proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

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

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of February 18, 2022 (the "**Record Date**"), there were a total of 103,692,850 Common Shares issued and outstanding. Each Common Share outstanding on the Record Date carries the right to one vote at the Meeting.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the Company's directors and executive officers, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares.

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

No director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, or any associate or affiliates of any such directors or officers, 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 other than as disclosed in this Management Information Circular.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the board of directors of the Company (the "**Board**"), the matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. PRESENTATION OF FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended July 31, 2021 and the report of the auditor thereon, which accompany this Circular, will be placed before shareholders at the Meeting. No vote will be taken on the financial statements. The financial statements and additional information concerning the Company are available under the Company's profile at [www.sedar.com](http://www.sedar.com). Receipt at the Meeting of the auditor's report and the Company's audited annual financial statements will not constitute approval or disapproval of any matters referred to therein.

### **2. FIXING NUMBER OF DIRECTORS**

The Board is currently comprised of five directors. Shareholders will be asked at the Meeting to approve an ordinary resolution that the number of directors elected be fixed at five. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), each director elected will hold office until the conclusion of the next annual general meeting of the shareholders of the Company, or if no director is then elected, until a successor is elected.

### **3. ELECTION OF DIRECTORS**

The directors of the Company determined that five directors will be nominated at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Each director elected at the Meeting will hold office until the next annual general meeting of the shareholders of the Company or until his successor is

elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Company or the provisions of the BCBCA.

The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>	Percentage of Voting Shares Owned or Controlled
John Ricci <sup>(2)</sup> Ontario, Canada  President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company	October 24, 2018	20,400,000	19.67%
Frank Borges <sup>(3)(4)</sup> Ontario, Canada  Director	Director of the Company	October 24, 2018	20,400,000	19.67%
Michael Della Fortuna <sup>(4)</sup> Ontario, Canada  Director	Chief Executive Officer of Nexeya Canada and Partner at Compass Capital	January 8, 2021	30,000	0.029%
Riccardo Forno <sup>(5)</sup> Ontario, Canada  Proposed Director	Partner at Irwin Lowy LLP	Nominee	0	0.00%
Daniel Matlow <sup>(4)</sup> Ontario, Canada  Director	President and Chief Executive Officer of Vitalhub	February 12, 2021	0	0.00%

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Held by K Iccir Holdings Inc., a corporation controlled by Mr. Ricci.
- (3) Held by Segrob Holdings Inc., a corporation controlled by Mr. Borges
- (4) Members of the Audit Committee. Frank Borges is the Chair of the Audit Committee. Each member is financially literate as is defined under National Instrument 52-110 - Audit Committees.
- (5) The principal occupation of Mr. Forno, a director nominee who was not previously elected by the shareholders of the Company, is as follows:
  - Mr. Forno has a general corporate/commercial and securities law practice with an emphasis on corporate finance, private equity, stock exchange listings, initial public offerings, Capital Pool Company formations, qualifying transactions, and mergers and acquisitions. Mr. Forno received his Bachelor of Laws in 2008 from the University of Ottawa and a Bachelor of Business Administration in International Business and Finance from The George Washington University in 2003 (Magna Cum Laude).

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

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

No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the proposed directors of the Company, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### ***Personal Bankruptcies***

None of the directors of the Company have, within the 10 years before the date of this Management Information 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 such person.

#### ***Penalties and Sanctions***

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

#### **4. APPOINTMENT OF AUDITORS**

BDO Canada LLP, the former auditors of the Company, resigned as the auditors of the Company effective December 17, 2020. The Board appointed Kreston GTA LLP, as auditors of the Company effective October 27, 2021, to fill the vacancy created thereby. Shareholders are being asked to confirm the actions of the Board and appoint Kreston GTA LLP as auditors of the Company to hold office until the next annual meeting of shareholders. BDO Canada LLP were first appointed as the auditors of the Company on January 12, 2021.

**UNLESS THE SHAREHOLDER DIRECTS THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN CONNECTION WITH THE CONFIRMATION AND APPOINTMENT OF AUDITORS, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE APPOINTMENT OF KRESTON GTA LLP AS THE AUDITORS OF THE COMPANY UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION.**

In accordance with the provisions of National Instrument 51-102 – *Continuous Disclosure Obligations*, attached to this Management Information Circular as Appendix “D”, is the requisite reporting package, including the notice of the Company to BDO Canada LLP and Kreston GTA LLP stating that there are no reportable events and the letters of each of BDO Canada LLP and Kreston GTA LLP to the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission.

#### **5. APPROVAL OF STOCK OPTION PLAN**

The Company is seeking shareholder approval of the stock option plan (the “**Stock Option Plan**”) at the Meeting. Although shareholder approval of the Stock Option Plan is not required pursuant to the policies of the Canadian Securities Exchange (the “**CSE**”), the Board wishes to seek approval in order to confirm, ratify and approve the plan following the recent listing of the Company on the CSE.

A copy of the Stock Option Plan is attached as Appendix “C” to this Management Information Circular.

The Board is requesting that shareholders, affirm, ratify and approve the Stock Option Plan. Accordingly, at the Meeting, disinterested shareholders will be asked to approve the following ordinary resolution (the “**Stock Option Plan Resolution**”):

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the Company’s Stock Option Plan in the form attached as Appendix C to the Management Information Circular of the Company dated as of February 23, 2022, be and is hereby affirmed, ratified and approved; and
2. the Board be authorized in its absolute discretion to administer the Stock Option Plan and amend or modify the Stock Option Plan in accordance with its terms and conditions and with the policies of the CSE.

**Management of the Company recommends that shareholders vote in favour of the Stock Option Plan Resolution at the Meeting. It is the intention of the designated persons named in the enclosed form of proxy, if not expressly directed otherwise in such form of proxy, to vote such proxy FOR the Stock Option Plan Resolution.**

## **6. APPROVAL OF CONTINUANCE FROM BRITISH COLUMBIA**

The Company was incorporated under the BCBCA on June 4, 2007. Management wishes to effect the continuance (the “**Continuance**”) of the Company from the province of British Columbia to the Province of Ontario. As a result of the Continuance, the Company will cease to be governed by the BCBCA and instead the Company will be governed by *Business Corporations Act* (Ontario) (the “**OBCA**”).

As management and the head office of the Company are now located in Ontario, management believes that it will be more efficient and cost effective for the Company to be governed by the laws of Ontario.

If the Continuance is approved by shareholders and implemented by the Board, the Company shall apply to and file all necessary documentation with the Registrar of Companies under the BCBCA for an authorization to continue into the Province of Ontario. Immediately following the receipt of the Registrar of Companies for British Columbia’s authorization, the Company shall apply for a certificate of continuance and file articles of continuance under the OBCA to continue the Company into Ontario. The articles of continuance will constitute the governing instrument of the continued Company under the OBCA and the certificate of continuance issued by the Director under the OBCA will be deemed to be the certificate of incorporation of the continued Company.

Subject to, and conditional on, completion of the Continuance, the Company will adopt articles and by-laws which are suitable for an Ontario corporation, but which in all material respects are similar to the current constating documents of the Company. A copy of the by-law is attached hereto as Appendix “B”.

The Continuance will not result in any change in the business of the Company or its assets, liabilities or net worth, nor in the persons who constitute the Board and management. The Continuance is not a reorganization, an amalgamation or a merger.

### **Comparison of Rights under the OBCA and the BCBCA**

The provisions of the OBCA dealing with shareholder rights and protections are generally comparable to those contained in the BCBCA. Shareholders of the Company will not lose any significant rights or protection as a result of the Continuance.

The following is a summary comparison of the provisions of the OBCA and the BCBCA which pertain to the rights of shareholders. This summary is not intended to be exhaustive and does not cover all of the differences between the OBCA and the BCBCA affecting corporations and their shareholders and is qualified in its entirety by the complete text of the relevant provisions of the BCBCA and the OBCA.



Upon completion of the Continuance, the rights of the shareholders of the Company will also be subject to the articles and by-laws of the Company, as set forth in further detail below. Shareholders should consult their legal advisors regarding all of the implications of the Continuance. Notwithstanding the alteration of shareholders' rights and obligations under the OBCA and the articles of incorporation and by-laws for the Company, the Company will still be bound by the rules and policies of the TSXV as well as the applicable securities legislation.

#### *Charter Documents*

Under the BCBCA, the charter documents consist of a "notice of articles", which sets forth the name of a company and the amount and type of authorized capital, and "articles" which govern the management of the company. The notice of articles is filed with the Registrar of Companies and the articles are filed only with the company's records office.

Under the OBCA, a corporation has "articles", which set forth the name of the corporation and the amount and type of authorized capital, and "by-laws" which govern the management of the Company. The articles are filed with the Director under the OBCA and the by-laws are filed with the Company's registered and records office.

Therefore, the current articles of the Company, which are suitable for a company governed by the BCBCA, but not for a corporation governed by the OBCA, will have to be changed to new by-laws that are suitable for an Ontario corporation. Upon the Continuance becoming effective, the former articles of the Company will be repealed and replaced with the articles of continuance of the Company.

#### *Sale of a Company's Undertaking*

The OBCA requires approval of the holders of two-thirds of the shares of a corporation represented at a duly called meeting to approve a sale, lease or exchange of all or substantially all of the property of the corporation. Holders of shares of a class or series can vote separately only if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

Under the BCBCA, the directors of a company may dispose of all or substantially all of the undertaking of the company only if it is in the ordinary course of the company's business or with shareholder approval authorized by special resolution. Under the BCBCA, a special resolution requires the approval of a "special majority", which means either:

- (a) the majority specified in a company's articles of at least two-thirds and not more than by three-quarters of the votes cast by those shareholders voting in person or by proxy at a general meeting of the company, or
- (b) if the company's articles do not contain a provision contemplated by paragraph (a) above, two-thirds of the votes cast on the resolution or, if the company is a pre-existing company that has not complied with certain provisions related to a transition application under the BCBA or that has a notice of articles that reflects pre-existing company provisions, three quarters of the votes cast on the resolution.

#### *Amendments to the Charter Documents of a Company*

Under the OBCA, substantive changes to the charter documents of a corporation require a resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration and, where certain specified rights of the holders of a class of shares are affected differently by the alteration than the rights of the holders of other classes of shares, a resolution passed by not less than two-thirds of the votes cast by the holders of all of the shares of a corporation, whether or not they carry the right to vote, and a special resolution of each such class, or series, as the case may be, even if such class or series is not otherwise entitled to vote. A resolution to amalgamate an OBCA corporation requires a special resolution passed by the holders of each class of shares or series of shares, whether or not such shares otherwise carry the right to vote, if such class or series of shares are affected differently.

Changes to the articles of a company under the BCBCA will be affected by the type of resolution specified in the BCBA. If the BCBA does not specify the type of resolution, changes to the articles of the company will be affected by the type of resolution specified in the articles, which, for many alterations, including change of name or alterations to the articles, could provide for approval solely by a resolution of the directors. In the absence of anything in the

articles, most corporate alterations will require a special resolution. A right or special right attached to issued shares must not be prejudiced or interfered with unless, in addition to any resolution provided for by the BCBA or the articles, shareholders holding shares of the class or series to which the right or special rights is attached consent by a special separate resolution of those shareholders. A resolution authorizing a company to apply for continuation into another jurisdiction must be approved by a special resolution. A resolution approving an amalgamation of a BCBCA company generally requires adoption or approval of the amalgamation by a special majority of all of the shareholders, whether or not the shares held carry the right to vote, and, if any shares of the company would be prejudiced or interfered with by the amalgamation, approved by special separate resolution of that class of shares.

#### *Rights of Dissent and Appraisal*

The BCBCA provides that shareholders, including shareholders on behalf of beneficial owners, who dissent from certain actions being taken by a company, may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where the company proposes to:

- alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- adopt an amalgamation agreement;
- approve an amalgamation under Division 4 of Part 9 of the BCBCA;
- approve an arrangement, the terms of which arrangement permit dissent;
- authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking; and
- authorize the continuation of the company into a jurisdiction other than British Columbia.

The OBCA contains a similar dissent remedy, although the procedure for exercising this remedy is different from that contained in the BCBCA.

#### *Oppression Remedies*

Under the OBCA, a shareholder, beneficial shareholder, former shareholder or beneficial shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of an offering corporation, the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates, any act or omission of a corporation or its affiliates effects a result, the business or affairs of a corporation or its affiliates are or have been exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer.

The oppression remedy under the BCBCA is similar to the remedy found in the OBCA, with a few differences. Under the OBCA, the applicant can complain not only about acts of the corporation and its directors but also acts of an affiliate of the corporation and the affiliate's directors, whereas under the BCBCA, the shareholder can only complain of actual or threatened oppressive conduct of the company. In addition, under the BCBCA the applicant must bring the application in a "timely manner", which is not required under the OBCA.

#### *Shareholder Derivative Actions*

Under the BCBCA, a shareholder, including a beneficial shareholder or a director of a company, and any other person whom the court considers to be an appropriate person to make an application, may, with leave of the court, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such a right, duty or obligation. With leave of the court, an applicant may also, in the name and on behalf of a company, defend a legal proceeding brought against a company.

A broader right to bring a derivative action is contained in the OBCA and this right extends to officers, former shareholders, directors or officers of a corporation or its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, the OBCA permits derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries.

### *Requisition of Meetings*

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of the shareholders of the corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that shareholders of a company holding at least 5% of the issued voting shares of the company may requisition a general meeting for the purpose of transacting any business that may be transacted at a general meeting. The directors are required to call a general meeting to be held within 4 months after the receipt of the requisition. If the directors do not, within 21 days of receipt of the requisition, send notice of a general meeting, the requisitioning shareholders holding more than 2.5% of the issued voting shares may send notice of a general meeting to be held to transact the business stated in the requisition.

### *Form of Proxy and Information Circular*

The OBCA contains provisions which require the mandatory solicitation of proxies and delivery of a management proxy circular. The BCBCA does not contain provisions relating to mandatory solicitation of proxies and delivery of a management proxy circular. However, public companies such as the Company, are subject to applicable securities law requirements regarding proxy solicitation and management information circulars.

### *Place of Meetings*

The OBCA provides that meetings of shareholders may be held either inside or outside Ontario as the directors may determine.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless a location outside British Columbia is provided for in the company's articles, the articles do not restrict meetings outside British Columbia and the location is approved by an ordinary resolution or by such other resolution as required by the articles or the location is approved in writing by the Registrar under the BCBCA before the meeting is held.

### *Board Composition*

The OBCA does not have any residency requirements for a Company's directors. The BCBCA provides that a public company must have at least three directors but does not have any residency requirements for a company's directors.

### **Continuance Resolution**

At the Meeting, shareholders will be asked to pass a special resolution authorizing the Board to implement the Continuance, substantially in the form of the following resolution:

#### **“BE IT RESOLVED, AS A SPECIAL RESOLUTION OF SHAREHOLDERS THAT:**

1. The continuance of the Company out of British Columbia pursuant to Section 308 of the *Business Corporations Act* (British Columbia) (“**BCBCA**”) and into Ontario be and the same is hereby authorized and approved subject to the right of the directors to abandon the application without further approval of the shareholders;
2. The Company is hereby authorized to apply to the Director under the *Business Corporations Act* (Ontario) (“**OBCA**”) for a certificate of continuance continuing the Company as if it had been incorporated under the laws of the Province of Ontario in accordance with the OBCA;
3. The Company is hereby authorized to submit an application pursuant to the BCBCA to the Registrar of Companies to authorize the Company to continue into Ontario;

4. Subject to, and conditional on, completion of the Continuance, by-law no. 1, being a general by-law in the form attached to the Management Information Circular dated February 23, 2022 of the Company as Appendix “B”, be and is hereby approved, ratified and confirmed as a by-law of the Company; and
5. Any one (1) director or officer of the Company be and he the same is hereby authorized to take all such acts and proceedings and to execute and deliver all such applications, authorizations, certificates, documents and instruments, as in their opinion may be reasonably necessary or desirable for the implementation of this resolution.”

Management recommends that shareholders vote in favour of the Continuance Resolution. In order to be effective, the Continuance Resolution must be passed by two-thirds (66.66%) of the votes of the holders of Common Shares of the Company cast on the matter at the Meeting. In the absence of contrary instructions, the persons named in the enclosed Form of Proxy intend to vote for the passage of the Continuance Resolution.

### **Rights of Dissenting Shareholders**

The proposed Continuance gives rise to a right of dissent under Section 238 of the BCBCA, the text of which is set forth in Schedule C to this Information Circular. If the Company completes the Continuance and the right of dissent is properly exercised by any of the shareholders entitled to do so, the Company may be required to purchase for cash the Common Shares held by the dissenting Shareholder, at the fair value of those Common Shares immediately prior to the passing of the Continuance Resolution. The procedure for exercising the right of dissent is set forth in Schedule C and should be reviewed carefully.

The procedure to be followed by a shareholder who intends to dissent from approval of the proposed Continuance is set out in Division 2 of Part 8 of the BCBCA. A dissenting shareholder can require the Company to pay the fair value of the shareholder’s Common Shares, determined as the fair value that such common shares had immediately before the passing of the special resolution approving the Continuance. The following description of the rights of shareholders to dissent is not a comprehensive statement of the procedures and is qualified in its entirety by reference to the full text of Sections 237 to 247 of Division 2 of Part 8 of the BCBCA, attached as Schedule C.

**The following is only a summary of the dissenting shareholder provisions of the BCBCA, which are technical and complex. Persons who are Non-Registered Holders should contact the registered holder of such shares for assistance with exercising the dissent right. Shareholders wishing to exercise rights of dissent should seek their own legal advice since they may be prejudiced by failure to strictly comply with the applicable provisions of the BCBCA.**

A shareholder who wishes to invoke the provisions of Division 2 of Part 8 of the BCBCA must send the Company a written notice of dissent to the Continuance Resolution (the “**Notice of Dissent**”). The Notice of Dissent must be sent at least two days before the Meeting at which the Continuance is to be voted on. A shareholder who wishes to dissent must set out in the Notice of Dissent whether the Notice of Dissent is being given in respect of Common Shares beneficially owned by: (i) the shareholder, or (ii) other persons who beneficially own Common Shares held by the shareholder on whose behalf the shareholder is dissenting. Each Notice of Dissent must comply with the requirements set out in Division 2 of Part 8 of the BCBCA.

The sending of a Notice of Dissent does not deprive a shareholder of the right to vote on the Continuance at the Meeting, but a vote either in person or by proxy against the Continuance does not constitute a Notice of Dissent. A vote in favour of the Continuance will deprive the shareholder of further rights under Division 2 of Part 8 of the BCBCA. A dissenting shareholder, however, may vote as a proxy for a shareholder whose proxy required an affirmative vote, without affecting his or her right to exercise dissent rights.

If the Company receives a Notice of Dissent and intends to or has acted on the authority of the Continuance Resolution, the Company will promptly send a notice (the “**Notice of Intention to Proceed**”) to the dissenting shareholder. To complete the dissent, the dissenting Shareholder must send the specified statements, as applicable, and the share certificates representing the subject Common Shares (the “**Notice Shares**”) in accordance with Section 244 of the BCBCA within one month of the date of the Notice of Intention to Proceed, following which the dissenting shareholder may not vote, or exercise or assert any rights of a shareholder in respect of the Notice Shares, except as otherwise provided by the BCBCA. The Company and the dissenting shareholder may agree on the payout value of the Notice

Shares or, if no agreement is made, either the Company or the dissenting shareholder may make an application to the Supreme Court of British Columbia (the “**Court**”) to fix the payout value of the Notice Shares. In connection with the application, the Court may join in the application each dissenting shareholder who has not agreed with the Company on the amount of the payout value of the Notice Shares and make consequential orders and give directions as it considers appropriate.

Promptly after a determination of the payout value of the Notice Shares has been made by the Court or by agreement, the Company must either pay that amount to the dissenting shareholder or send a notice to the dissenting shareholder that the Company is unable lawfully to pay dissenting shareholders for their Common Shares if the Company is insolvent or if the payment would render the Company insolvent. If the dissenting shareholder receives a notice that the Company is unable to lawfully pay dissenting shareholders for their shares, the dissenting shareholder may, within 30 days after receipt, withdraw his or her Notice of Dissent. If the Notice of Dissent is not withdrawn, the dissenting shareholder remains a claimant against the Company to be paid as soon as the Company is lawfully able to do so or, in a liquidation to be ranked subordinate to the rights of creditors of the Company but in priority to its shareholders.

A dissenting shareholder who properly exercises the dissent rights by strictly complying with all of the procedures (“**Dissent Procedures**”) required to be complied with by a dissenting shareholder, will cease to have any rights as a shareholder other than the right to be paid the fair value of the Common Shares by the Company in accordance with the Dissent Procedures. However, if a dissenting shareholder seeks to exercise the dissent rights under the BCBCA but does not properly comply with each of the Dissent Procedures required to be complied with by a dissenting shareholder that shareholder loses the right to dissent.

A dissenting shareholder may, with the written consent of the Company, at any time prior to the payment to the dissenting shareholder of the full amount of money to which the dissenting shareholder is entitled, abandon such dissenting shareholder’s dissent to the Continuance by giving written notice to the Company, withdrawing the Notice of Dissent not later than two days before the Meeting.

**Shareholders who intend to exercise Dissent Rights should seek legal advice and carefully consider and comply with the provisions of the Dissent Rights. Failure to comply with the applicable Dissent Rights provisions and to adhere to the procedures established therein may result in the loss of the Dissent Rights in respect of the Continuance Resolution.** Shareholders should be aware that simply voting against the Continuance Resolution at the Meeting does not constitute the exercise of Dissent Rights.

## STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company as at July 31, 2021 whose total compensation was more than \$150,000 for the financial year of the Company ended July 31, 2021 (collectively the “**Named Executive Officers**”) and for the directors of the Company.

### Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Company:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
John Ricci President, Chief Executive Officer and Director	2021	187,192	nil	nil	nil	nil	187,192
	2020	68,654	nil	nil	nil	nil	68,654

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Michael Emslie <sup>(2)</sup> Chief Financial Officer	2021 2020	nil n/a	nil n/a	nil n/a	nil n/a	nil n/a	nil n/a
Tom Loberto <sup>(5)</sup> Former Corporate Secretary and Director	2021 2020	4,000 4,958	nil nil	nil nil	nil nil	nil nil	4,000 4,958
Robert Suttie <sup>(2)(3)</sup> Former Chief Financial Officer	2021 2020	39,526 nil	nil nil	nil nil	nil nil	nil nil	39,526 nil
Michael Della Fortuna Director	2021 2020	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
Frank Borges Director	2021 2020	267,000 60,577	10,000 Nil	nil nil	nil nil	nil nil	277,000 60,577
Daniel Matlow <sup>(4)</sup> Director	2021 2020	nil n/a	nil n/a	nil n/a	nil n/a	nil n/a	nil n/a
Mark Di Vito <sup>(4)</sup> Former Director	2021 2020	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) Mr. Suttie resigned as Chief Financial Officer on July 30, 2021 and Mr. Emslie was appointed in his stead.
- (3) Mr. Emslie does not officially have a Chief Financial Officer contract, but receives an annual salary of \$150,000 per year pursuant to the Emslie Agreement, as defined hereunder.
- (4) Mr. Di Vito resigned as a director of the Company on February 18, 2021 and Mr. Matlow was appointed in his stead.
- (5) Mr. Loberto resigned as corporate secretary and director of the Company effective January 11, 2022.

### Stock Options and Other Compensation Securities

The following table provides a summary of all compensation securities granted or issued to each Named Executive Officer and to each director of the Company during the Company's most recently completed financial year of the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and % <sup>(1)</sup> of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$) <sup>(2)(3)</sup>	Expiry date
John Ricci President, Chief Executive Officer and Director	stock options	600,000 stock options representing 600,000 Common Shares representing 0.58% of the outstanding number of Common Shares	January 14, 2021	0.35	0.27	0.34	January 14, 2026

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and % <sup>(1)</sup> of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$) <sup>(2) (3)</sup>	Expiry date
Tom Loberto <sup>(6)</sup> Former Corporate Secretary and Director	stock options	400,000 stock options representing 400,000 Common Shares representing 0.39% of the outstanding number of Common Shares	January 14, 2021	0.35	0.27	0.34	January 14, 2026
Robert Suttie <sup>(4)</sup> Former Chief Financial Officer	stock options	250,000 stock options representing 250,000 Common Shares representing 0.24% of the outstanding number of Common Shares	January 14, 2021	0.35	0.27	0.34	January 14, 2026
Michael Della Fortuna Director	stock options	400,000 stock options representing 400,000 Common Shares representing 0.39% of the outstanding number of Common Shares	January 14, 2021	0.35	0.27	0.34	January 14, 2026
Frank Borges Director	stock options	600,000 stock options representing 600,000 Common Shares representing 0.58% of the outstanding number of Common Shares	January 14, 2021	0.35	0.27	0.34	January 14, 2022
Daniel Matlow <sup>(5)</sup> Director	stock options	300,000 stock options representing 300,000 Common Shares representing 0.29% of the outstanding number of Common Shares	May 4, 2021	0.40	0.39	0.34	November 9, 2025
Mark Di Vito <sup>(5)</sup> Former Director	stock options	400,000 stock options representing 400,000 Common Shares representing 0.38% of the outstanding number of Common Shares	January 14, 2021	0.35	0.27	0.34	January 14, 2026

Notes:

- (1) Calculated on a partially diluted basis as at July 31, 2021.
- (2) For each stock option, as at the date of grant, value was estimated using the Black-Scholes option pricing model to be consistent with the audited financial statements and included the following assumptions: share price \$0.27, dividend yield 0%, expected volatility 100% (based on the historical price history of the Common Shares), risk-free interest rate of 0.46% and an expected life of 5 years.
- (3) For each stock option, as at the date of grant, value was estimated using the Black-Scholes option pricing model to be consistent with the audited financial statements and included the following assumptions: share price \$0.38, dividend yield 0%, expected volatility 100% (based on the historical price history of the Common Shares), risk-free interest rate of 0.93% and an expected life of 5 years.
- (4) Mr. Suttie resigned as a Chief Financial Officer on July 30, 2021 and Mr. Emslie was appointed in his stead.
- (5) Mr. Di Vito resigned as a director on February 18, 2021 and Mr. Matlow was appointed in his stead.
- (6) Mr. Loberto resigned as corporate secretary and director of the Company effective January 11, 2022.
- (7) As at July 31, 2021, the officers and directors of the Company who had such positions with the Company as at such date held options as follows.
  - Mr. Ricci, Director and Chief Executive Officer of the Company, held 600,000 options to purchase 600,000 Common Shares.

- *Mr. Emslie, Chief Financial Officer of the Company, nil options to purchase nil Common Shares.*
- *Mr. Borges, Director of the Company, held 600,000 options to purchase 600,000 Common Shares.*
- *Mr. Della Fortuna, Director of the Company, held 400,000 options to purchase 400,000 Common Shares.*
- *Mr. Loberto, Director of the Company, held 400,000 options to purchase 400,000 Common Shares.*
- *Mr. Matlow, Director of the Company, held 300,000 options to purchase 300,000 Common Shares.*

The following table provides a summary of all compensation securities exercised by each Named Executive Officer and each director of the Company during the most recently completed financial year:

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NAMED EXECUTIVES OFFICERS							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise and closing price on date of exercise (\$)	Total value on exercise date (\$)
Mark Di Vito Former Director	stock options	200,000	0.35	October 20, 2021	0.45	0.10	90,000
	stock options	200,000	0.35	November 9, 2021	0.49	0.14	98,000

### Stock Option Plan

The Company has in place a stock option plan (the “**Stock Option Plan**”). The Board adopted the Stock Option Plan on January 4, 2021.

The number of Common Shares which may be reserved for issue under the Stock Option Plan is limited to 10% of the issued and outstanding number of Common Shares as at the date of the grant of stock options. As of the date of the circular, 10,369,285 stock options were reserved for issue pursuant to the Stock Option Plan, 6,590,000 stock options had been issued and 3,779,285 stock options were still available for issue.

The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees, management company employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company’s Common Shares issued and outstanding at the time such options are granted.

The Plan shall be administered by the Board of the Company or by a special committee of the directors appointed from time to time by the Board of the Company pursuant to rules of procedure fixed by the Board (such committee or, if no such committee is appointed, the Board of the Company). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of the Plan.



Each option granted by the Company prior to the date of the approval of the Plan by the shareholders of the Company, including options granted under previously approved stock option plans of the Company, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Company

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

Subject to adjustment as provided in Section 16, the shares to be offered under the Plan shall consist of Common Shares of the Company’s authorized but unissued Common Shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan, together with any Shares issuable pursuant to any Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares on each grant date. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan. Any number of Shares which have been issued on the exercise of an option will again be available for grants under this Plan, and will be considered to be part of the pool of Shares available for options under the Plan

Directors, officers, consultants, employees and Investor Relations Providers of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees, Investor Relations Providers or Consultants of the Company or Management Company Employees, the option agreements to which they are party must contain a representation of the Company that such employee, Investor Relations Provider, Consultant or Management Company Employee, as the case may be, is a bona fide employee, Investor Relations Provider, Consultant or Management Company Employee of the Company or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine

The exercise price (the “**Exercise Price**”) of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

Unless prohibited under the policies of the Exchange, once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by Insiders of the Company, the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option under this Plan if the aggregate number of Shares reserved for issuance to such Participant under this Plan, together with any Shares reserved for issuance to such Participant under all other Security Based Compensation Arrangements, would exceed the maximum number permitted by the Exchange.

Unless the Company has received disinterested shareholder approval to do so, the number of Shares reserved for issuance to any one Participant, other than a Consultant, under all Security Based Compensation Arrangements in any twelve-month period will not exceed 5.0% of the issued and outstanding Shares.

The number of Shares reserved for issuance to any one Consultant or Investor Relations Provider under all Security Based Compensation Arrangements in any twelve-month period will not exceed 2.0% of the issued and outstanding Shares. Options granted to an Investor Relations Provider will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.

Unless the Company has received disinterested shareholder approval to do so and satisfies any applicable Exchange requirements, the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares.

Unless the Company has received disinterested shareholder approval to do so and satisfies any applicable Exchange requirements, the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement (the “**Expiry Date**”) and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the first to occur of: (i) ten (10) years from the date of the grant; or (ii) any maximum term permitted by the Exchange. Notwithstanding anything contained herein or in any option agreement, if the Expiry Date occurs during a blackout period formally imposed by the Company or within two business days of a blackout period formally imposed by the Company, the Expiry Date for such option shall be automatically extended to 10 days from the end of the blackout period. Such automatic extension of the expiry of options will not be permitted where the Participant or the Company is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Company’s securities

The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, Consultant, Investor Relations Provider, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.

Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.

Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, Consultant, Investor Relations Provider, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.

The exercise of any option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Common Shares of the Company unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan

If a Participant shall cease to be a director, officer, Consultant, Investor Relations Provider, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, Consultant, Investor Relations Provider, employee or a Management Company Employee, unless otherwise extended by the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, Consultant, Investor Relations Provider, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates

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

Other than as set forth below, the Company does not, and did not during the most recently completed financial year, have in place any employment agreements between the Company or any subsidiary or affiliate thereof and any of its Named Executive Officers or directors.

### ***John Ricci – President, Chief Executive Officer and Director***

Pursuant to an executive employment agreement entered into effective December 1, 2020, the Company retained John Ricci to act as the President and Chief Executive Officer of the Company (the “**Ricci Agreement**”). Under the Ricci Agreement, Mr. Ricci receives an annual salary of \$235,000 (the “**Salary**”). The Salary is subject to annual review and may be increased from time to time at the sole discretion of the Company. Mr. Ricci is also eligible to participate in the Stock Option Plan and to receive a discretionary annual cash bonus as determined by the Board. Mr. Ricci is also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the services performed under the Ricci Agreement.

If the Ricci Agreement is terminated without cause within 24 months, Mr. Ricci is entitled to a payment equal to 24 months of Salary and all stock options held by Mr. Ricci become vested.

### ***Michael Emslie – Chief Financial Officer***

Pursuant to an employment agreement entered into effective May 20, 2021, the Company retained Michael Emslie to act as the Controller of the Company (the “**Emslie Agreement**”). Following the resignation of Robert Suttie as Chief Financial Officer on July 30, 2021, Mr. Emslie was appointed as Chief Financial Officer in his stead. Under the Emslie Agreement, Mr. Emslie receives an annual salary of \$150,000 (the “**Salary**”). The Salary is subject to annual review and may be increased from time to time at the sole discretion of the Company. Mr. Emslie is also eligible to participate in the Stock Option Plan. Mr. Emslie is also entitled to be reimbursed for all eligible expenses that are pre-approved in accordance with the Company’s expense policy.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Compensation of Directors***

Compensation paid to the officers and directors of the Company is determined by the Board. Compensation paid by the Company to the executive officers is based on, and consistent with, recommendations of the Board. In addition, the Board recommends the compensation, if any, to be paid to directors for services rendered in that capacity. Directors are entitled to participate in the stock option plan of the Company.

### ***Compensation of Named Executive Officers***

#### **Principles of Executive Compensation**

The Company believes in linking an individual’s compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company’s executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Company’s executive compensation program:

1. align the interests of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company’s long term value; and
5. connect, if possible, the Company’s employees into principles 1 through 4 above.

The Board is responsible for the Company's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Company and the Named Executive Officers within the constraints of the agreements described under "*Employment, Consulting and Management Agreements*" above. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board also reviews and approves the hiring of executive officers.

#### Base Salary

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

#### Annual Incentives

The Company, in its discretion, may award annual bonuses in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officer's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

#### Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

#### Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

#### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

#### **Termination and Change of Control Benefits**

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Company in connection with or related to the retirement, termination or

resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates. Except as set forth under “*Employment, Consulting and Management Agreements*”, the Company is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Company resulting from the resignation, retirement or the termination of employment of such person.

#### SECURITIES AUTHORIZED FOR ISSUE UNDER EQUITY COMPENSATION PLAN

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of July 31, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	4,995,000	\$0.35	5,325,098
Equity compensation plans not approved by securityholders	nil	nil	nil
<b>Total</b>	4,995,000	\$0.35	5,325,098

Note:

(1) *The Stock Option Plan is a “rolling” stock option plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the Stock Option Plan will not exceed 10% of the outstanding Common Shares at the time of the stock option grant. As at the date of this Management Information Circular, 10,369,285 stock options may be reserved for issue pursuant to the Stock Option Plan, 6,590,000 stock options have been issued and 3,779,285 stock options are still available for issue under the Stock Option Plan.*

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as otherwise disclosed in this Management Information Circular, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year end or in any proposed transaction that has materially affected or will materially affect the Company.

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

#### AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

National Instrument 52-110 – *Audit Committees* (“NI 52-110”) requires that certain information regarding the Audit Committee of a “venture issuer” (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the annual meeting of shareholders. The Company is a “venture issuer” for the purposes of NI 52-110.

#### **Audit Committee Charter**

The full text of the charter of the Company’s Audit Committee is attached hereto as Appendix A (the “**Audit Committee Charter**”).

## **Composition of the Audit Committee**

The Audit Committee currently consists of Frank Borges (Chair), Michael Della Fortuna and Daniel Matlow. Each of whom is a director and financially literate. Michael Della Fortuna and Daniel Matlow are independent in accordance with NI 52-110.

## **Relevant Education and Experience of Audit Committee Members**

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

### ***Frank Borges – Director and Chair of the Audit Committee***

Mr. Borges is the co-founder and was Vice President of Dana Industries Inc. Inspired by his clients' needs and perspectives, Mr. Borges is focused on relationships, innovation, and leadership in the shelf signage industry. Mr. Borges' 27+ years in the industry helps him connect and build trusted relationships with many of the world's largest retailers. Mr. Borges received a Business Administration degree from Humber College (1984).

### ***Michael Della Fortuna – Director***

Mr. Della Fortuna is the Chief Executive Officer of Nexeya Canada – a provider of mission critical products and solutions for space, aviation and transportation applications. Prior to joining Nexeya Mr. Della Fortuna held VP and Director level roles in engineering, operations and sales and marketing for General Electric, SPAR Aerospace, Husky Injection Molding and Mircom. He was partner in Compass Capital which launched and supported a number of ventures including PowerSure Technologies, Platinum Coachworks, ShipForLess and EnviroBlue / ZipBinz. A licensed Professional Engineer and Accredited Risk Manager Mr. Della Fortuna received his degree from the Royal Military College of Canada and served in the Royal Canadian Air Force as an Aerospace Engineering Officer. Mr. Della Fortuna received a Bachelor of Engineering degree from Royal Military College of Canada in 1994

### ***Daniel Matlow – Director***

Mr. Matlow brings more than 30 years of expertise in software vendor management combined with an entrepreneurial vision. Currently, he serves as the President & CEO of publicly-traded Vitalhub, and has previously led several software sales teams that successfully drove substantial increases in revenue. Early in his career, Dan also established and built an IT training and education business. Mr. Matlow received a Bachelor of Arts degree from York University in 1987.

## **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, there has not been an Audit Committee recommendation to nominate or compensate an external auditor which was not adopted by the Board.

## Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member's reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

The Company is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## Pre-Approval Policies and Procedures

The Audit Committee's charter provides that that Audit Committee must approve all non-audit services to be provided by the Company's external auditor to the Company or a subsidiary of the Company.

## External Auditor Service Fees (By Category)

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended July 31, 2021 and July 31, 2020:

Year ended	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
July 31, 2021	\$155,700	\$46,940	\$15,765	\$0
July 31, 2020	\$53,000	\$0	\$7,950	\$0

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

## REPORT ON CORPORATE GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the “**Governance Guidelines**”) of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company’s approach to governance and outlines the procedures, policies and practices that the Company and the Board have implemented.

### Board of Directors

The Board is currently composed of five directors. At the Meeting, shareholders will be asked to elect five directors. Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**Form 58-101F2**”) requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a “material relationship” with the issuer. Accordingly, of the proposed nominees, John Ricci, the President and Chief Executive Officer of the Company and Frank Borges, by virtue of his compensation from the Company, are not considered “independent”. The remaining three proposed directors, are considered by the Board to be “independent”, within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

### Directorships

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
Michael Della Fortuna	Drone Delivery Canada Corp.
Daniel Matlow	Vitalhub Corp.

### Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board’s continuing education is typically derived from correspondence with the Company’s legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically Board members have been nominated who are familiar with the Company and the nature of its business.

### Ethical Business Conduct

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

The Board is responsible for monitoring compliance with the Code, for regularly assessing its adequacy, for interpreting the Code in any particular situation and for approving changes to the Code as required from time to time.



### **Nomination of Directors**

The recruitment of new directors has generally resulted from recommendations made by the directors. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

### **Other Board Committees**

The Board has established an Audit Committee and has no other committees.

#### *Audit Committee*

The operation of the Audit Committee is described in the section entitled “*Audit Committee Information Required in The Information Circular of a Venture Issuer*” in this Management Information Circular.

### **Assessments**

The Board monitors but does not formally assess the effectiveness and contribution of the Board, its committees and individual Board members. To date, the Board has satisfied itself, through informal discussions that the Board, its committees and individual Board members are performing effectively.

### **OTHER MATTERS**

**The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice of Meeting.** However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company in order to request copies of: (i) this Management Information Circular; and (ii) the Company’s consolidated financial statements and the related management’s discussion and analysis (the “**MD&A**”) which will be sent to the shareholder without charge upon request. Financial information is provided in the Company’s consolidated financial statements and MD&A for its financial year ended July 31, 2021.

### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Management Information Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies, has been authorized by the Board.

**DATED** at Toronto, Ontario, on the 23<sup>rd</sup> day of February, 2022.

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

*“John Ricci” (signed)*

President, Chief Executive Officer and Director

## APPENDIX "A"

### DANAVATION TECHNOLOGIES CORP. (the "Company")

#### AUDIT COMMITTEE CHARTER

##### **Mandate**

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, the fairness of transactions between the Company and related parties and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditor;
- provide an open avenue of communication among the Company's auditor, financial and senior management, the Committee and the Board of Directors;
- report regularly to the Board of Directors the results of its activities; and
- such other matters as the Board of Directors may delegate to the Committee.

##### **Composition**

The Committee shall be comprised of a minimum of three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110 Audit Committees), then all of the members of the Committee shall be free from any material relationship with the Company that, in the opinion of the Board of Directors, would interfere with the exercise of their independent judgment as a member of the Committee.

If the Company ceases to be a venture issuer then all members of the Committee shall also have accounting or related financial management expertise. All members of the Committee should have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting or until their successors are duly elected. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

##### **Meetings**

The Committee shall meet at least once quarterly, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. The meetings will take place as the Committee or the Chair of the Committee shall determine, upon 48 hours' notice to each of its members. The notice period may be waived by a quorum of the Committee. The Committee may ask members of management or others to attend meetings or to provide information as necessary.

The quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or subcommittee present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. Decisions by the Committee will be by the affirmative vote of a majority of the members of the Committee, or by consent resolutions in writing signed by each member of the Committee.

The Committee shall prepare and maintain minutes of its meetings, and periodically report to the Board of Directors regarding such matters as are relevant to the Committee's discharge of its responsibilities, and shall report in writing on request of the Chairman of the Board of Directors. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

### **Subcommittees**

The Committee may form and delegate authority to one or more subcommittees, which may consist of one or more members, as it deems necessary or appropriate from time to time under the circumstances. The quorum for the transaction of business at any meeting of the subcommittee shall be a majority of the members of the subcommittee.

### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### **A. Documents/Reports Review**

1. review and update this Audit Committee Charter annually;
2. review and recommend to the Board of Directors for approval the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, stock exchange or to the public, including any certification, report, opinion, or review rendered by the external auditor;
3. review regular summary reports of directors and officers expense account claims at least annually; and
4. establish and review approval policies for expense reports and, as required, request audits of expense claims and policies for expense approval and reimbursements. The Chairman of the Committee or of the Compensation Committee is to approve expense reports of the President and the CEO, and the CEO to approve those of the directors and other officers.

#### **B. External Auditor**

1. review annually, the performance of the external auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company;
2. obtain annually, a formal written statement of the external auditor setting forth all relationships between the external auditor and the Company, consistent with Independence Standards Board Standard 1, and confirming that the external auditor is registered and in good standing with the Canadian Public Accounting Board;
3. review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
4. take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
5. recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval;
6. recommend to the Board of Directors the compensation to be paid to the external auditor;
7. at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
8. review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

9. review with management and the external auditor the audit plan for the year-end financial statements; and
10. review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor and the fees and other compensation related thereto in excess of \$50,000. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - a) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the non-audit services are provided;
  - b) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - c) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

C. Financial Reporting Processes

1. ensure that the Company has the proper systems and procedures, internal controls over financial reporting, information technology systems, and disclosure controls and procedures in place so that the Company's financial statements, MD&A, and other financial reports, other financial information, including all Company disclosure of financial information extracted or derived from the Company's financial statements and other reports, satisfy all legal and regulatory requirements. The Committee shall periodically assess the adequacy of such systems, procedures and controls;
2. in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
3. in connection with the annual audit, review material written matters between the external auditor and management, such as management letters, schedules of unadjusted differences and analyses of alternative assumptions, estimates or generally accepted accounting methods;
4. consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles, practices and internal controls as applied in its financial reporting;
5. consider and approve, if appropriate, changes to the Company's auditing and accounting principles, practices and internal controls over financial reporting as suggested by the external auditor and management;
6. review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
7. following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
8. review and assist in the resolution of any significant disagreement between management and the external auditor in connection with the preparation of the financial statements and financial reporting generally;
9. review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
10. review certification processes relating to preparation and filing of reports and financial information;

11. establish procedures for the receipt, retention and treatment of complaints or concerns received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
12. review with management financial and earnings guidance provided to analysts and rating agencies.

D. Authority

The Committee will have the authority to:

1. review with management the Company's major financial risk exposure, including a regular review of the top risks identified by management, and the policies and practices adopted by the Company;
2. review any related-party transactions;
3. engage independent counsel and other advisors as it determines necessary to carry out its duties;
4. to set and pay compensation for any independent counsel and other advisors employed by the Committee;
5. communicate directly with the auditors; and
6. conduct and authorize investigations into any matter within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.

## APPENDIX "B"

### BY-LAW NO. 1

A by-law relating generally to the conduct of the affairs of

#### DANAVATION TECHNOLOGIES CORP.

(hereinafter called the "Company")

**BE IT ENACTED** as a by-law of the Company as follows:

### INTERPRETATION

#### 1.1 Definitions.

In this By-law No.1, unless the context otherwise requires:

"**Act**" means the *Business Companies Act*, R.S.O. 1990, c. B.16 and the regulations made thereunder, as from time to time amended, and every statute or regulation that may be substituted therefor;

"**appointed**" includes "**elected**" and vice versa;

"**articles**" means the articles of the Company as from time to time amended or restated;

"**board**" means the board of directors of the Company and "**director**" means a member of the board;

"**by-laws**" means this By-law No.1 and all other by-laws of the Company from time to time in force and effect;

"**By-law No 1**" means this by-law;

"**meeting of shareholders**" includes an annual meeting of shareholders and a special meeting of shareholders;

"**non-business day**" means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act (Ontario)*, 2006, S.O. 2006, c. 21, Sched. F, as from time to time amended, and every statute or regulation that may be substituted therefor;

"**offering Company**" means a Company as defined in the Act;

"**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com);

"**special meeting of shareholders**" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"**recorded address**" means, in the case of a shareholder, the shareholder's address as recorded in the securities register; and in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and, in the case of a director, officer, auditor or member of a committee of the board, the latest address of such person as shown in the records of the Company or in the most recent notice filed under the *Companies Information Act (Ontario)* or any statute that may be substituted for it, whichever, to the knowledge of the Company, is the more current; and

"**signing officer**" means, in relation to any instrument, any person authorized to sign on behalf of the Company by section 2.4 of this By-law No.1 or by a resolution passed pursuant thereto;

## **1.2 Interpretation.**

Unless defined in section 1.1, words and expressions defined in the Act have the same meanings when used herein. Words importing the singular number include the plural and vice versa. Words importing gender include the feminine, masculine and neuter genders. Words importing a person include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, trust, unincorporated organization, body corporate and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative.

## **BUSINESS OF THE COMPANY**

### **2.1 Registered Office.**

The registered office of the Company shall be at the location in Ontario initially specified in the articles of the Company, and thereafter, provided same is permitted under the Act, from time to time the Company may (i) by resolution of the directors change the location of the registered office of the Company within a municipality or geographic township, and (ii) by special resolution, change the municipality or geographic township in which its registered office is located to another place in Ontario.

### **2.2 Corporate Seal.**

The Company may, but need not, have a corporate seal and if one is adopted it shall be in a form approved from time to time by the board.

### **2.3 Financial Year.**

The board may, by resolution, fix the financial year end of the Company, and the board may from time to time, by resolution, change the financial year of the Company.

### **2.4 Execution of Instruments.**

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Company by any one of the following: by any one person who holds the office of chair of the board, chief executive officer, president, chief financial officer, executive vice-president, senior vice-president, secretary, treasurer, assistant secretary or the holder of any other office created from time to time by by-law or the board. In addition, the board may from time to time direct by resolution the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

### **2.5 Banking Arrangements.**

The banking business of the Company including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

### **2.6 Voting Rights in Other Bodies Corporate.**

The signing officers of the Company under section 2.4 hereof may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Company. Such instruments shall be in favour of such person or persons as may be determined by the officers executing or arranging for them. In addition, the board may from time to time direct the manner in which and the person by whom any particular voting rights or class of voting rights may or shall be exercised.

## **BORROWING AND SECURITY**

### **3.1 Borrowing Power.**

Without limiting the borrowing powers of the Company as set forth in the Act, but subject to the articles, the board may from time to time on behalf of the Company, without authorization of the shareholders:

- (a) borrow money upon the credit of the Company;
- (b) issue, reissue, sell or pledge debt obligations of the Company;
- (c) give a guarantee on behalf of the Company to secure performance of any obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

Nothing in this section limits or restricts the borrowing of money by the Company on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Company.

### **3.2 Delegation.**

Subject to the Act and the articles, the board may from time to time delegate to a committee of the board, a director or an officer of the Company or any other person as may be designated by the board all or any of the powers conferred on the board by section 3.1 hereof or by the Act to such extent and in such manner as the board may determine at the time of each such delegation.

## **DIRECTORS**

### **4.1 Number of Directors.**

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles, provided, however, that for so long as the Company is an offering Company, the board shall consist of not fewer than three directors.

### **4.2 Qualification.**

A person shall be disqualified from being a director of the Company if such person is less than 18 years of age, has been found under the *Substitute Decisions Act* (Ontario) or under the *Mental Health Act* (Ontario) to be incapable of managing property, has been found to be incapable by a court in Canada or elsewhere, is not an individual, or has the status of a bankrupt. A director need not be a shareholder. The board shall be comprised of the number of Canadian residents as may be prescribed from time to time by the Act.

### **4.3 Election and Term.**

The election of directors shall take place at each annual meeting of shareholders. Subject to the Act, each director shall cease to hold office at the close of the first annual meeting of shareholders following his or her election, but, if qualified, shall be eligible for re-election at such annual meeting. Subject to the Act and section 4.1 hereof, the number of directors to be elected at any such meeting shall be the number of directors determined from time to time by special resolution or, if the special resolution empowers the directors to determine the number, by resolution of the board. The election shall be by ordinary resolution. If directors are not elected at a meeting of shareholders, the incumbent directors shall continue in office until their successors are elected.

### **4.4 Advanced Notice.**

- (a) Subject to the provisions of the Act and the articles, a nominee will not be eligible for election as director of the Company unless such nomination is made in accordance with the following procedures. Nominations



of a person for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (a) by or at the director of the board or an authorized officer of the Company, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a "**Nominating Shareholder**") (i) who, at the close of business on the date of the giving of the notice provided for below in this section 4.4 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this section 4.4.

- (b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company at the registered office of the Company in accordance with this section 4.4.
- (c) To be timely, a Nominating Shareholder's notice to the secretary of the Company must be made (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and (ii) in the case of a special meeting (other than an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (d) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Company must set forth (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person (B) the principal occupation or employment of the person (C) the class or series and number of shares in the share capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities legislation; and (ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities legislation. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (e) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this section 4.4; provided, however, that nothing in this section 4.4 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (f) Notwithstanding any other provision of the by-laws, notice given to the secretary of the Company pursuant to this section 4.4 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Company for purposes of this notice), and

shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary of the Company at the address of the registered office of the Company; provided that if such delivery or electronic communication is made on a non-business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

- (g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 4.4.

#### **4.5 Removal of Directors.**

Subject to the Act, the shareholders may by ordinary resolution passed at an annual or special meeting of shareholders remove any director from office and the vacancy created by such removal may be filled by the election of any qualified individual at the same meeting, failing which it may be filled by the board.

#### **4.6 Vacation of Office.**

A director ceases to hold office when he or she dies; he or she is removed from office by the shareholders; he or she ceases to be qualified for election as a director, or his or her written resignation is received by the Company, or, if a time is specified in such resignation, at the time so specified, whichever is later.

#### **4.7 Vacancies.**

Subject to the Act, a quorum of the board may appoint a qualified individual to fill a vacancy in the board.

#### **4.8 Action by the Board.**

The board shall manage or supervise the management of the business and affairs of the Company. The powers of the board may be exercised at a meeting (subject to sections 4.9 and 4.10 hereof) at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy or vacancies in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

#### **4.9 Meetings by Telephone.**

If all the directors of the Company consent thereto generally or if all the directors of the Company present at or participating in the meeting consent, a director may participate in a meeting of the board or a committee of the board by means of telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other, simultaneously and instantaneously, and a director participating in such meeting by such means shall be deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board. If a majority of the directors participating in a meeting held pursuant to this section are then in Canada, the meeting shall be deemed to have been held in Canada.

#### **4.10 Place of Meeting.**

Meetings of the board shall be held at any place within or outside Ontario.

#### **4.11 Calling of Meetings.**

Meetings of the board shall be held from time to time at such place (subject to section 4.10 hereof), at such time and on such day as the board, the chair of the board, the president or any two directors may determine.

#### **4.12 Notice of Meeting.**

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11 hereof to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time when the meeting is to be held if the notice is given personally or is delivered or sent by any means

of transmitted or recorded communication; provided that no notice of a meeting shall be necessary if all the directors in office are present or if those absent waive notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business or the general nature thereof to be specified.

**4.13 Attendance of Auditors.**

The auditors of the Company shall be entitled to attend and be heard at meetings of the board on matters relating to their duties as auditors.

**4.14 First Meeting of New Board.**

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

**4.15 Adjourned Meeting.**

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

**4.16 Regular Meetings.**

The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing the place and time of regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act required the purpose thereof or the business to be transacted thereat to be specified.

**4.17 Chair.**

The chair of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the chair of the board, the chief executive officer, the president, an executive vice-president or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chair.

**4.18 Quorum.**

The quorum for the transaction of business at any meeting of the board shall be two-fifths of the number of directors then in office or such greater number of directors as the board may from time to time determine.

**4.19 Votes to Govern.**

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meeting shall be entitled to a second or casting vote.

**4.20 Conflict of Interest.**

A director who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Company shall disclose to the Company the nature and extent of that interest at the time and in the manner provided by the Act. Such a director shall not attend any part of a meeting of directors during which the contract or transaction is discussed and shall not vote on any resolution to approve the same except as permitted by the Act. If no quorum exists for the purpose of voting on such a resolution only because a director is not permitted to be present at the meeting, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution.

#### **4.21 Remuneration and Expenses.**

The directors shall be paid such remuneration for their services as directors as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Company in any other capacity and receiving remuneration therefor.

#### **4.22 Resolution in Lieu of Meeting.**

A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of the board is as valid as if it had been passed at a meeting of the board or committee of the board. A resolution in writing takes effect on the day on which the last director who is entitled and required to sign the resolution signs it. A resolution in writing may be signed in one or more counterparts and such counterparts taken together shall constitute the same resolution. A counterpart signed by a director and transmitted by facsimile or other device capable of transmitting a printed message is as valid as an originally signed counterpart.

### **COMMITTEES**

#### **5.1 Committees of the Board.**

The board may appoint from its number one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise.

#### **5.2 Transaction of Business.**

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Ontario.

#### **5.3 Audit Committee.**

If the Company is an offering Company the board shall elect annually from among its number an audit committee to be composed of not fewer than three directors, each of whom shall be eligible to serve as a member of an audit committee under the Act, applicable securities legislation and applicable stock exchange rules. The audit committee shall have the powers and duties provided in the Act and in any committee charter as may be adopted by the board from time to time.

#### **5.4 Advisory Bodies.**

The board may from time to time appoint such advisory bodies as it may deem advisable.

#### **5.5 Procedure.**

Unless otherwise determined by the board, each committee of the board and each advisory board shall have power to fix its quorum at not less than two-fifths of its members, to elect its chair and to regulate its procedure.

### **OFFICERS**

#### **6.1 Appointment.**

The board may from time to time appoint a chief executive officer, president, one or more senior or executive vice-presidents (to which title may be added words indicating function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The board may specify the duties of and, in accordance with this By-law No.1 and subject to the Act, delegate to such officers powers to manage the business and affairs of the Company. Subject to section 6.4 hereof, an officer of the Company may but need not be a director.

**6.2 Chief Executive Officer.**

The board may designate one of its officers of the Company as chief executive officer of the Company and may from time to time revoke any such designation and designate another officer of the Company as chief executive officer of the Company. The officer designated as chief executive officer shall, subject to the authority of the board, have general supervision and control of the affairs of the Company.

**6.3 Chief Financial Officer.**

The board may designate one of the officers of the Company as chief financial officer of the Company and may from time to time revoke any such designation and designate another officer of the Company as chief financial officer of the Company. The officer designated as chief financial officer shall have such duties and exercise such powers as the board may from time to time prescribe.

**6.4 Chair of the Board.**

The board may from time to time also appoint a chair of the board who shall be a director. If appointed, the chair of the board shall, if present, preside at all meetings of the board and shareholders. In addition, he or she shall have such other powers and duties as the board may specify by resolution or as are incident to his or her office.

**6.5 Vice Chair of the Board.**

The board may from time to time also appoint a vice chair of the board who shall be a director. If appointed, he or she shall have such powers and duties as the board may specify by resolution or as are incident to his or her office.

**6.6 President.**

Unless otherwise designated by the board in accordance with section 6.2 hereof, the president shall be the chief executive officer of the Company and, subject to the authority of the board and the powers designated to the chief executive officer (if the chief executive officer is not also the president), shall have general supervision of the affairs and business of the Company. During the absence or disability of the president, his or her duties shall be performed and his or her powers exercised by the officer or officers of the Company designated from time to time by the board.

**6.7 Executive or Senior Vice-President.**

An executive or senior vice-president shall have such powers and duties as the board or the president may prescribe.

**6.8 Secretary.**

Unless otherwise determined by the board, the secretary shall attend, and be the secretary of, all meetings of the board, shareholders and committees of the board. The secretary shall enter or cause to be entered in records kept for that purpose minutes of all proceedings at meetings of the board, the shareholders and committees of the board, whether or not he or she attends such meetings. He or she shall give or cause to be given, as and when instructed, all notices to directors, shareholders, auditors and members of committees of the board. He or she shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Company and of all books, papers, records, documents and instruments belonging to the Company, except when some other officer or agent has been appointed for that purpose, and he shall have such other powers and duties as otherwise may be specified.

**6.9 Treasurer.**

The board may designate a treasurer who, subject to any resolution of the board and under the direction of the board, shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Company. Subject to any resolution of the board, he or she shall render to the board whenever required an account of all his or her transactions as treasurer and of the financial position of the Company and he or she shall have such other powers and duties as otherwise may be specified.

#### **6.10 Powers and Duties of Officers.**

The powers and duties of all officers shall be such as the terms of their engagement call for or as the board or (except for those whose powers and duties are to be specified only by the board) the chief executive officer may specify. The board and (except as aforesaid) the chief executive officer may, from time to time and subject to the Act, vary, add to or limit the powers and duties of an officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

#### **6.11 Term of Office.**

The board, in its discretion, or the president may remove any officer of the Company without prejudice to any officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his or her successor is appointed or until his or her earlier resignation.

#### **6.12 Terms of Employment and Remuneration.**

The terms of employment and the remuneration of officers elected or appointed by the board shall be settled by it from time to time.

#### **6.13 Agents and Attorneys.**

The board shall have power from time to time to appoint agents or attorneys for the Company within or outside of Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

#### **6.14 Fidelity Bonds.**

The board may require such officers, employees and agents of the Company as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

### **PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

#### **7.1 Limitation of Liability.**

Every director and officer of the Company in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Company shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his or her office or in relation thereto, unless the same are occasioned by his or her own willful neglect or default, provided that nothing herein shall relieve any director or officer of any liability imposed upon him or her by the Act.

#### **7.2 Indemnity.**

Subject to the Act, the Company shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and his or her heirs, executors, administrators and other legal personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of the Company or body corporate of which the Company is or was a shareholder or creditor, if (a) he or she acted honestly and in good faith with a view to the best interests of the Company; and (b) in the case of a criminal or administrative action or proceeding enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful. The Company may also indemnify that person in such other circumstances as the Act or law

permits or requires. Nothing in this By-law No.1 shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this By-law No.1.

**7.3 Advance of Costs.**

The Company shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.2 hereof. The individual shall repay the moneys if the individual does not fulfil the conditions of section 7.2 hereof.

**7.4 Insurance.**

Subject to the Act, the Company may purchase and maintain such insurance for the benefit of its directors and officers as the board may from time to time determine.

**SHARES**

**8.1 Allotment of Shares.**

Subject to the Act and the articles, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Company in such manner and to such persons or class of persons as the board shall by resolution determine, provided that no share shall be issued until it is fully paid as provided by the Act.

**8.2 Commissions.**

The board may from time to time authorize the Company to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase shares of the Company, whether from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares.

**8.3 Transfer Agents and Registrars.**

The board may from time to time by resolution appoint a registrar to keep the register of security holders and a transfer agent to keep the register of transfers and may also appoint one or more branch registrars to keep branch registers of security holders and one or more branch transfer agents to keep branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

**8.4 Registration of Transfer.**

Subject to the Act, no transfer of shares shall be registered in a register of transfers or branch register of transfers except upon presentation of the certificate representing the share endorsement made on or delivered with it which complies with the Act, duly executed by the appropriate person as provided by the Act, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, and on payment of all applicable taxes and any reasonable fees prescribed by the board, and compliance with such restrictions on transfer as are authorized by the articles, if any, and on satisfaction of any lien referred to in section 8.5 hereof.

**8.5 Lien for Indebtedness.**

The Company shall have a lien on the shares registered in the name of a shareholder who is indebted to the Company except where such class or series of shares of the Company is listed on a stock exchange, and the lien may be enforced, subject to the articles, by the sale of the shares affected by it or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending enforcement, the Company may refuse to register a transfer of the whole or any part of those shares.

**8.6 Non-Recognition of Trusts.**

Subject to the Act, the Company may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

## **8.7 Share Certificates.**

Every holder of one or more fully paid shares of the Company shall be entitled, at his or her option, to a share certificate, or to a non-transferable written certificate of acknowledgement of his or her right to obtain a share certificate, stating the number and class or series of shares held by him or her as shown on the securities register, and stating that such shares are fully paid. Share certificates shall be in such form as the board shall from time to time approve and shall be signed in accordance with section 2.4 hereof and need not be under the corporate seal; provided that, unless the board otherwise orders, certificates representing shares in respect of which a transfer agent, registrar, or both has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent or registrar, the signatures of both signing officers may be mechanically reproduced upon share certificates and every such signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Company. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose signature appears thereon no longer holds office at the date of issue or delivery of the certificate.

## **8.8 Replacement of Share Certificates.**

The board or any officer or agent designated by the board may in its or his or her discretion direct the issue of a new share certificate or other such certificate in lieu of and on cancellation of a share certificate that has been mutilated or in substitution for a certificate claimed to have been lost, apparently destroyed or wrongfully taken, on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

## **8.9 Joint Shareholders.**

If two or more persons are registered as joint holders of any share, the Company shall not be bound to issue more than one certificate in respect of that share, and delivery of the certificate to one of those persons shall be sufficient delivery to all of them. Any one of those persons may give effectual receipts for the certificate issued in respect of it or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of that share.

## **8.10 Deceased Shareholders.**

In the event of the death of a holder, or of one of the joint holders, of any share, the Company shall not be required to make any entry in the register of shareholders in respect of the death or to make any dividend or other payments in respect of the share except on production of all such documents as may be required by law and on compliance with the reasonable requirements of the Company and its transfer agents.

# **DIVIDENDS AND RIGHTS**

## **9.1 Dividends.**

Subject to the Act and the articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Company. Dividends may be paid in money or property or by the issue of fully paid shares of the Company or options or rights to acquire fully paid shares of the Company. Any dividend unclaimed after a period of two years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Company.

## **9.2 Dividend Cheques.**

A dividend payable in money shall be paid by cheque drawn on the Company's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his or her address appearing on the securities register, unless such holder otherwise directs. In the case of joint holders, the cheque shall, unless such joint holders otherwise jointly direct, be made payable to the order of all the joint holders and mailed to them at the address appearing on the register of shareholders in respect of such joint holding, or to the first address so appearing if there are more than one. The mailing of such cheque, unless it is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented by it plus the amount of any tax which the Company is required to and does withhold.



### **9.3 Non-Receipt of Cheques.**

In the event of non-receipt of any dividend cheque by the person to whom it is sent, the Company shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

### **9.4 Record Date for Dividends and Rights.**

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Company, as a record date for the determination of the persons entitled to receive payment of the dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before the record date in the manner provided by the Act. In every such case, only persons who are shareholders of record at the close of business on the record date so fixed shall be entitled to receive payment of such dividend or to exercise the right to subscribe for such securities and to receive the warrant or other evidence in respect of such right, notwithstanding the transfer or issue of any shares after the record date is fixed.

## **MEETINGS OF SHAREHOLDERS**

### **10.1 Annual Meetings.**

The annual meeting of shareholders shall be held at such time in each year and, subject to section 10.3 hereof, at such place as the board, the chair of the board may from time to time determine, for the purpose of receiving the reports and statements required by the Act to be laid before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix the remuneration of the auditors, and for the transaction of such other business as may properly be brought before the meeting.

### **10.2 Special Meetings.**

The board or the chair of the board shall have power to call a special meeting of shareholders at any time.

### **10.3 Place of Meetings.**

Meetings of shareholders shall be held at such place within or outside Ontario as the directors determine or, in the absence of such determination, at the place where the registered office of the Company is located.

### **10.4 Participation in Meeting by Electronic Means.**

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Company makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

### **10.5 Meeting held by Electronic Means.**

If the directors or the shareholders of the Company call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

## **10.6 Notice of Meetings.**

Notice of the time and place of each meeting of shareholders shall be sent in the manner provided in section 11 hereof not less than 10 days, or if the Company is an offering Company not less than 21 days, but in either case not more than 50 days before the date of the meeting to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a special meeting of shareholders shall state the nature of the business in sufficient detail to permit the shareholder to form a reasoned judgement on it and shall give the text of any ordinary resolution, special resolution, or by-law to be submitted to the special meeting.

## **10.7 List of Shareholders Entitled to Notice.**

For every meeting of shareholders, the Company shall prepare a list of shareholders entitled to receive notice of the meeting. The list shall be arranged in alphabetical order and show the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to section 10.8 hereof, the shareholders listed shall be those registered at the close of business on that record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Company or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

## **10.8 Record Date for Notice.**

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada on which the shares of the Company are listed for trading. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

## **10.9 Meetings Without Notice.**

A meeting of shareholders may be held without notice at any time and at any place permitted by the Act or the articles (a) if all the shareholders entitled to vote thereat are present in person or duly represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice, or otherwise consent to the meeting being held; so long as the shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting, any business may be transacted which the Company may transact at a meeting of shareholders.

## **10.10 Chair, Secretary and Scrutineers.**

The chair of the board, if such an officer has been elected or appointed and is present, otherwise another director of the Company who is a shareholder of the Company, shall be chair of any meeting of shareholders. If no such person is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Company is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

## **10.11 Persons Entitled to be Present.**

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditors of the Company and others who, although not entitled to vote, are entitled or required under the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

#### **10.12 Quorum.**

A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting even if a quorum is not present throughout the meeting.

If a quorum is not present at the time appointed for the meeting or within a reasonable time after that which the shareholders may determine, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

#### **10.13 Right to Vote.**

Every person named in the list referred to in section 10.7 hereof shall be entitled to vote the shares shown on the list opposite his or her name at the meeting to which the list relates.

#### **10.14 Proxyholders and Representatives.**

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, as his or her nominee to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his or her attorney and shall conform to the requirements of the Act. Alternatively, every shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and that individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Company a certified copy of the resolution, or in such other manner as may be satisfactory to the secretary of the Company or the chair of the meeting. Any such proxyholder or representative need not be a shareholder.

#### **10.15 Time for Deposit of Proxies.**

The board may fix a time, not exceeding 48 hours, excluding non-business days, preceeding any meeting or adjourned meeting of shareholders before which time proxies to be used at the meeting must be deposited with the Company or its agent, and any time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted on only if, prior to the time so fixed and specified in the notice calling the meeting, it has been deposited with the Company or its agent or, if no such time is specified in the notice, it has been received by the secretary of the Company or by the chair of the meeting or any adjournment thereof before the time of voting.

#### **10.16 Personal Representative.**

If the shareholder of record is deceased, his or her personal representative, upon filing with the secretary of the meeting sufficient proof of his or her appointment, shall be entitled to exercise the same voting rights at any meeting of shareholders as the shareholder of record would have been entitled to exercise if he or she were living, and for the purposes of the meeting shall be considered a shareholder. If there is more than one personal representative, the provisions of section 10.17 hereof shall apply.

#### **10.17 Joint Shareholders.**

If two or more persons hold shares jointly, any one of them present in person or duly represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if more than one of them are present in person or represented by proxy and vote, they shall vote together as one on the shares jointly held by them.

#### **10.18 Votes to Govern.**

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by applicable law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

### **10.19 Show of Hands.**

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided, and upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

### **10.20 Ballots.**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chair may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

### **10.21 Adjournment.**

The chair at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it will not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

## **NOTICES**

### **11.1 Method of Giving Notices.**

Any notice (which term includes any communication or document) to be given (which term includes sent, transmitted, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given, if mailed to such person at the person's recorded address by prepaid mail, or if transmitted by telephone, facsimile or other electronic means in accordance with the *Electronic Commerce Act* (Ontario). A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered by dispatch. A notice so delivered shall be deemed to have been received when it is delivered personally, a notice so mailed shall be deemed to have been received at the time it would be delivered in the ordinary course of mail, and a notice so transmitted shall be deemed to have been received on the day it is transmitted. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by the secretary to be reliable.

### **11.2 Notice to Joint Shareholders.**

If two or more persons are registered as joint holders of any share, notice to one of such persons shall be sufficient notice to all of them. Any notice shall be addressed to all of such joint holders and the address to be used for the purposes of section 11.1 hereof shall be the address appearing on the securities register in respect of such joint holding, or the first address so appearing if there are more than one.

### **11.3 Computation of Time.**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

### **11.4 Undelivered Notices.**

If any notice given to a shareholder pursuant to section 11.1 hereof is returned on three consecutive occasions because he or she cannot be found, the Company shall not be required to give any further notices to that shareholder until he or she informs the Company in writing of his or her new address.

### **11.5 Omissions and Errors.**

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board, or the non-receipt of any notice by any such person, or any error in any notice not affecting the substance of the notice, shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded on it.

### **11.6 Persons Entitled by Death or Operation of Law.**

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of the share which has been duly given to the shareholder from whom he or she derives his or her title to the share before his or her name and address were entered on the securities register (whether the notice was given before or after the happening of the event upon which he or she became so entitled) and before he or she furnished the Company with the proof of authority or evidence of his or her entitlement prescribed by the Act.

### **11.7 Waiver of Notice.**

Any shareholder, proxyholder or other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice required to be given to him or her under the Act, the regulations, the articles, the by-laws or otherwise, and that waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of the notice, as the case may be. Any such waiver or abridgement shall be in writing, except a waiver of notice of a meeting of shareholders or of the board or a committee of the board, which may be given in any manner.

### **11.8 Electronic Documents.**

A requirement under these by-laws that a notice, document or other information be provided in writing may be satisfied by providing an electronic document and a requirement under these by-laws for a signature or that a document be executed, in relation to an electronic document, may be satisfied, in each case, if the requirements in the Act in respect thereof are met.

## **EFFECTIVE DATE**

### **12.1 Amendment and Restatement.**

This By-law No. 1 amends, restates and supercedes all of the previous by-laws of the Company. The amendment and restatement shall not affect the previous operation of any by-law so amended and restated or repealed, or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles or predecessor charter documents of the Company obtained pursuant to, any such by-law before its amendment and restatement or repeal. All officers and persons acting under any by-law so amended and restated or repealed shall continue to act as if appointed under the provisions of this By-law No.1 and all resolutions of the board, the shareholders or committees of the board with continuing effect passed under any amended and restated or repealed by-law shall continue to be good and valid except to the extent inconsistent with this By-law No.1 and until amended or repealed.

**12.2 Effective Date.**

This By-law No.1 shall come into force upon being passed by the board except with respect to those provisions, if any, which may require the prior approval of shareholders in which event those portions of this By-law No.1 shall come into effect upon having been approved by the shareholders.

**ENACTED** this ● day of ●, ●.

**WITNESS** the corporate seal of the Company.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

**CONFIRMED** by the shareholders in accordance with the Act the ● day of ●, ●.

\_\_\_\_\_  
Secretary

3. engage independent counsel and other advisors as it determines necessary to carry out its duties;
4. to set and pay compensation for any independent counsel and other advisors employed by the Committee;
5. communicate directly with the auditors; and
6. conduct and authorize investigations into any matter within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.

## APPENDIX “C”

### DANAVATION TECHNOLOGIES CORP.

#### STOCK OPTION PLAN

#### 1. Definitions

In this Plan, in addition to terms defined elsewhere in the Plan:

- (a) “**Consultant**” means a natural person that provides *bona fide* services to the Corporation, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the Corporation’s parent and such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer’s securities;
- (b) “**Insider**” has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended from time to time;
- (c) “**Investor Relations Activities**” means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation,
    - (A) to promote the sale of products or services of the Corporation, or
    - (B) to raise public awareness of the Corporation,that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
  - (ii) activities or communications necessary to comply with the requirements of:
    - (A) applicable securities laws;
    - (B) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Corporation;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
    - (A) the communication is only through the newspaper, magazine or publication, and
    - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Exchange.
- (d) “**Investor Relations Provider**” means a person or company that provides Investor Relations Activities to the Corporation; and
- (e) “**Security Based Compensation Arrangements**” means any incentive plan of the Corporation (other than this Plan) and any incentive options granted by the Corporation outside of this Plan.

## **2. Purpose**

The purpose of the Stock Option Plan (the “**Plan**”) of **DANAVATION TECHNOLOGIES CORP.**, a corporation under the *Business Corporations Act* (British Columbia) (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees, Investor Relations Providers and Consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the “**Shares**”), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

## **3. Administration**

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

## **4. Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

## **5. Shares Subject to Plan**

Subject to adjustment as provided in Section 16 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan, together with any Shares issuable pursuant to any Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares on each grant date. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan. Any number of Shares which have been issued on the exercise of an option will again be available for grants under this Plan, and will be considered to be part of the pool of Shares available for options under this Plan.

## **6. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **7. Eligibility and Participation**

Directors, officers, Consultants, employees and Investor Relations Providers of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter



collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees, Investor Relations Providers or Consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, Investor Relations Provider, Consultant or Management Company Employee, as the case may be, is a bona fide employee, Investor Relations Provider, Consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

## **8. Exercise Price**

- (a) The exercise price (the “**Exercise Price**”) of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Unless prohibited under the policies of the Exchange, once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by Insiders of the Corporation, the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

## **9. Number of Optioned Shares**

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option under this Plan if the aggregate number of Shares reserved for issuance to such Participant under this Plan, together with any Shares reserved for issuance to such Participant under all other Security Based Compensation Arrangements, would exceed the maximum number permitted by the Exchange.
- (b) Unless the Corporation has received disinterested shareholder approval to do so, the number of Shares reserved for issuance to any one Participant, other than a Consultant, under all Security Based Compensation Arrangements in any twelve-month period will not exceed 5.0% of the issued and outstanding Shares.
- (c) The number of Shares reserved for issuance to any one Consultant or Investor Relations Provider under all Security Based Compensation Arrangements in any twelve-month period will not exceed 2.0% of the issued and outstanding Shares. Options granted to an Investor Relations Provider will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.
- (d) Unless the Corporation has received disinterested shareholder approval to do so and satisfies any applicable Exchange requirements, the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares.
- (e) Unless the Corporation has received disinterested shareholder approval to do so and satisfies any applicable Exchange requirements, the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares;

## **10. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement (the “**Expiry Date**”) and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances

shall the duration of an option exceed the first to occur of: (i) ten (10) years from the date of the grant; or (ii) any maximum term permitted by the Exchange. Notwithstanding anything contained herein or in any option agreement, if the Expiry Date occurs during a blackout period formally imposed by the Corporation or within two business days of a blackout period formally imposed by the Corporation, the Expiry Date for such option shall be automatically extended to 10 days from the end of the blackout period. Such automatic extension of the expiry of options will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

#### **11. Option Period, Consideration and Payment**

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, Consultant, Investor Relations Provider, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, Consultant, Investor Relations Provider, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

#### **12. Ceasing To Be a Director, Officer, Consultant, Investor Relations Provider or Employee**

If a Participant shall cease to be a director, officer, Consultant, Investor Relations Provider, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, Consultant, Investor Relations Provider, employee or a Management Company Employee, unless otherwise extended by the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, Consultant, Investor Relations Provider, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

#### **13. Death of Participant**

Notwithstanding Section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the 12 months after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

#### **14. Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

#### **15. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

#### **16. Adjustments**

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through reorganization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

#### **17. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

#### **18. Amendment and Termination of Plan**

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

#### **19. Necessary Approvals**

- (a) The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals, which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

The types of amendments that do not require shareholder approval include but are not limited to:

- (i) amendments of a “housekeeping” nature, including those required to clarify any ambiguity or rectify any inconsistency in the Plan;
- (ii) amendments required to comply with mandatory provisions of applicable law, including the rules and regulations of the Exchange;
- (iii) amendments which are advisable to accommodate changes in tax laws;
- (iv) extension of accelerated expiry dates to, but not beyond, the expiry date originally set at the time of the option grant;

- (v) amendments to the vesting provisions of any grant under the Plan; and
  - (vi) amendments to the terms of options in order to maintain option value in connection with a conversion, change, reclassification, redesignation, subdivision or consolidation of Shares or a reorganization, amalgamation, consolidation, merger or takeover bid or similar type of transaction involving the Corporation.
- (b) Notwithstanding the provisions of 19(a), the Board may not, without the prior approval of the shareholders of the Corporation, make amendments to the Plan for any of the following purposes:
- (i) to increase in the maximum number of Shares issuable under the Plan as set out in Section 5;
  - (ii) to reduce the Exercise Price of outstanding options,
  - (iii) to cancel an Option for the purpose of exchange for reissuance at a lower Exercise Price to the same person;
  - (iv) to extend the Expiry Date of an outstanding option, except where the Expiry Date is extended because it would have occurred during a Black Out Period;
  - (v) to extend the Expiry Date of an outstanding option, except where the Expiry date has been accelerated due to the death, termination upon retirement, termination by reason of disability or otherwise of the Optionee, provided however, that the option cannot be extended beyond the Expiry Date originally set at the time of the option grant;
  - (vi) to amend the Plan to permit the grant of an option with an Expiry Date of more than 10 years from the date on which the Board grants and announces a particular option;
  - (vii) to amend the transferability provision of the Plan, other than to permitted assigns or for estate planning or estate settlement purposes;
  - (viii) to amend this Section 19(b); and
  - (ix) to expand the class of participants to whom options may be granted under the Plan.

## **20. Withholding Taxes**

The exercise of each option granted under this Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is required under applicable law in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an optionholder pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the option. Any such additional payment is due no later than the date as of which any amount with respect to the option exercised first becomes includable in the gross income of the Option Holder for tax purposes.

## **21. Compliance with Laws**

The Corporation shall not be obliged to issue any Shares upon exercise of options if the issue would violate any law or regulation or any rule of any governmental authority or stock exchange. The Corporation shall not be required to issue, register or qualify for resale any shares issuable upon exercise of options pursuant to the provisions of a prospectus or similar document, provided that the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the issuance and exercise of options. The optionholder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Corporation any information, report and/or undertakings required to comply with and to fully cooperate with the Corporation in complying with such laws, rules and regulations.

**22. Effective Date of Plan**

The Plan has been adopted by the Board of Directors of the Corporation.

**23. Applicable Law**

The Plan will be governed by and construed in accordance with the laws of Ontario, Canada.

**SCHEDULE A TO STOCK OPTION PLAN**

**OPTION CERTIFICATE**

This certificate is issued pursuant to the provisions of the Danavation Technologies Corp. (the “**Corporation**”) Stock Option Plan (the “**Plan**”) and evidences that \_\_\_\_\_ (*Name of Optionee*) is the holder of an option (the “**Option**”) to purchase up to \_\_\_\_\_ (*Number of Shares*) common shares (the “**Shares**”) in the capital stock of the Corporation at a purchase price of \$ \_\_\_\_\_ per Share. Subject to the provisions of the Plan:

- (A) the Award Date of this Option is \_\_\_\_\_ (*insert date of grant*); and
- (B) the Expiry Date of this Option is \_\_\_\_\_ (*insert date of expiry*).

Additional Vesting or Other Restrictions: (insert as applicable)

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Toronto time) on the Expiry Date, by delivering to the Corporation an Exercise Notice, in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This certificate and the Option evidenced hereby is not assignable, transferable or negotiable, except in limited circumstances, and is subject to the detailed terms and conditions contained in the Plan. This certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

Signed this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**DANAVATION TECHNOLOGIES CORP.**  
by its Authorized Signatory:

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Name:

Title:

**SCHEDULE B TO STOCK OPTION PLAN**

**EXERCISE NOTICE**

To: The Administrator, Stock Option Plan  
Danavation Technologies Corp. (the “**Corporation**”)

The undersigned hereby irrevocably gives notice, pursuant to the Corporation’s Stock Option Plan (the “**Plan**”), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (A) all of the Shares; or
- (B) \_\_\_\_\_ of the Shares, which are the subject of the Option Certificate attached hereto, subject to the deduction of any applicable Canadian withholding taxes.

Calculation of total Exercise Price:

(i) number of Shares to be acquired on exercise: \_\_\_\_\_ Shares

(ii) multiplied by the Exercise Price per Share: \$ \_\_\_\_\_

TOTAL EXERCISE PRICE, enclosed herewith: \$ \_\_\_\_\_

The undersigned tenders herewith: (1) a certified cheque or bank draft in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above; and (2) a certified cheque or bank draft in an amount equal to any applicable Canadian withholding taxes, and directs the Corporation to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Option Holder (please print)

**APPENDIX “D”**

**DANAVATION TECHNOLOGIES CORP.**

**REORTING PACKAGE**

**TO FOLLOW**



**DANAVATION TECHNOLOGIES CORP.  
NOTICE OF CHANGE OF AUDITORS  
PURSUANT TO NATIONAL INSTRUMENT 51-102 (“NI 51-102”)**

**TO: BDO CANADA LLP**

**AND TO: KRESTON GTA LLP**

**AND TO: BRITISH COLUMBIA SECURITIES COMMISSION  
ALBERTA SECURITIES COMMISSION  
ONTARIO SECURITIES COMMISSION**

**RE: NOTICE REGARDING PROPOSED CHANGE OF AUDITOR PURSUANT TO  
NI 51-102**

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Notice is hereby given that the board of directors of Danavation Technologies Corp. (the “**Company**”) determined:

1. to accept the resignation, on its own initiative, dated October 19, 2021, of BDO Canada LLP (the “**Former Auditor**”), as auditor of the Company;
2. to appoint Kreston GTA LLP (the “**Successor Auditor**”), as auditor of the Company, effective October 21, 2021;
3. there have been no modified opinions in the Former Auditor’s reports on any of the Company’s financial statements for the two most recently completed fiscal years nor for any period subsequent to the most recently completed fiscal year; and
4. in the opinion of the Company, prior to the resignation, and as at the date hereof, there were no reportable events as defined in NI 51-102 (Part 4.11).

The contents of this Notice and the termination of the Former Auditor and the proposed appointment of the Successor Auditor were approved by the Audit Committee and the Board of Directors of the Company.

**DATED** at Toronto, Ontario this 27<sup>th</sup> day of October, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
DANAVATION TECHNOLOGIES CORP.**

*“John Ricci” (signed)*

John Ricci  
Chief Executive Officer



Tel: 289 881 1111  
Fax: 905 845 8615  
www.bdo.ca

BDO Canada LLP  
360 Oakville Place Drive, Suite 500  
Oakville ON L6H 6K8 Canada

October 27, 2021

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

Dear Sirs:

**Re: Danavation Technologies Corp.  
Notice of Change of Auditor dated October 27, 2021**

Pursuant to National Instrument 51-102 (Section 4.11) we have read the above noted Notice of Change of Auditor of Danavation Technologies Corp. dated October 27, 2021 ("Notice"). We confirm our agreement with statements made in Notice pertaining to our firm.

Yours very truly,

*BDO Canada LLP*

BDO Canada LLP  
Chartered Professional Accountants

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October 27, 2021

To: Ontario Securities Commission  
Alberta Securities Commission  
British Columbia Securities Commission

Dear Sirs/Mesdames:

**Re: Danavation Technologies Corp. (the "Company")  
Change of Auditor Pursuant to National Instrument 51-102 (Part 4.11)**

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We acknowledge receipt of a Notice of Change of Auditor (the "**Notice**") dated October 27, 2021 delivered to us by the Company in respect of the change of auditor of the Company.

Pursuant to National Instrument 51-102 (Part 4.11) of the Canadian Securities Administrators, please accept this letter as confirmation by Kreston GTA LLP that we have reviewed the Notice and, based on our knowledge as at the time of receipt of the Notice, we agree with each of the statements therein.

We trust the foregoing is satisfactory.

Very truly yours,

*Kreston GTA LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Markham, Ontario

cc: *Board of Directors of Danavation Technologies Corp.*