

# Current Water Technologies, Inc.

## INFORMATION CIRCULAR SOLICITATION OF PROXIES

This information is given as of November 20, 2024

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the Management of Current Water Technologies Inc. (the "Corporation") for use at the Annual General and Special Meeting of Shareholders of the Corporation to be held at the Headquarters of the Corporation, 70 Southgate Dr., Unit 4, Guelph, Ontario, N1G 4P5 on Friday the 20<sup>th</sup> of December, 2024 at the hour of 10:00 o'clock in the morning (EST) for the purposes set out in the accompanying Notice of Meeting and at any adjournment thereof. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally by directors, officers or employees of the Corporation. The cost of solicitation will be borne by the Corporation.

### APPOINTMENT AND REVOCATION of PROXIES

The persons named in the enclosed form of proxy are officers or directors of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT HIM AT THE MEETING MAY DO SO BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND DEPOSITING THE COMPLETED PROXY WITH THE TRANSFER AGENT OF THE CORPORATION, TSX TRUST COMPANY, 301-100 ADELAIDE STREET WEST, TORONTO, ONTARIO, M5H 4H1, ATTN: PROXY DEPARTMENT.**

The instrument of proxy must be signed by the shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies which do not strictly conform to the foregoing requirements.

A shareholder who has given the enclosed form of proxy has the right under subsection 110(4) of the Business Corporations Act (Ontario) (the "OBCA") to revoke the proxy (i) by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and deposited at the registered office of the Corporation at any time prior to 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or, (ii) a Registered Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either: by delivering another properly executed form of proxy bearing a later date or depositing it as aforesaid, (iii) in any other manner permitted by law. The registered office of the Corporation is located at 70 Southgate Drive, Unit 4, Guelph, Ontario, N1G 4P5.

A shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares of the Corporation (the "Common Shares") represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

### DEPOSIT OF PROXY

**BY RESOLUTION OF THE DIRECTORS DULY PASSED, ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 48 HOURS, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS, PRIOR TO THE MEETING OR ANY ADJOURNMENT THEREOF, WITH THE CORPORATION OR ITS AGENT, TSX TRUST COMPANY. LATE PROXIES MAY BE ACCEPTED OR REJECTED BY THE CHAIRMAN OF THE MEETING IN HIS DISCRETION, AND THE CHAIRMAN IS UNDER NO OBLIGATION TO ACCEPT OR REJECT ANY PARTICULAR LATE PROXY.**

### VOTING OF SHARES AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy for use at the meeting will vote the shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED "FOR":**

- a) to receive and consider the financial statements of the Corporations for the period ended December 31, 2023;
- b) election of directors;
- c) to re-appoint CAN Partners LLP, Mississauga, Ontario as the auditors of the Corporation and authorizing the directors to fix the remuneration to be paid to the auditors;
- d) to approve an amendment to the existing Stock Option Plan; and,

- e) to transact such further or other business as may properly come before the said meeting or any adjournment or adjournments thereof.

The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matter to come before the meeting other than the matters referred to in the Notice of Meeting. At the time of printing of this Information circular, the management of the Corporation is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

#### **VOTING BY NON-REGISTERED SHAREHOLDERS**

Only registered shareholders or duly appointed proxy holders as at the close of business on November 20, 2024 are permitted to vote at the Meeting. However, in many cases, common shares owned by a person (a "non-registered holder") are registered either (a) in the name of an intermediary (an "Intermediary") that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS") of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Management Information Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to non-registered holders of common shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

- a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "Voting Instruction Form") which the Intermediary must follow. Typically, the non-registered holder will also be given a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the common shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder's name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

There are two kinds of non-registered holders – those who object to their identity being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not (called "**NOBOs**" for Non-Objecting Beneficial Owners).

#### *Non-Objecting Beneficial Owners*

The Company is relying on the provisions of NI 54-101 that permit it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form ("**VIF**") from TSX Trust Company. The VIF is to be completed and returned to TSX Trust Company as set out in the instructions provided on the VIF. TSX Trust Company will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. These security holder materials are being sent to both registered and non-registered owners of the shares. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address, and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) carrying out your voting instructions. Please return your VIF as specified in the request for voting instructions sent to you.

### *Objecting Beneficial Owners*

Management of the Corporation has requested intermediaries to forward to objecting Beneficial Shareholders the proxy-related materials and request for voting instructions. In the case of objecting Beneficial Shareholders, the objecting Beneficial Shareholder will receive the materials and the Corporation will assume the cost of delivery. Non-registered holders who are OBOs should follow the instructions of their intermediary carefully to ensure that their shares are voted at the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Corporation presently consists of an unlimited number of common shares, of which 228,941,704 are currently issued and outstanding as fully paid and non-assessable.

Each shareholder of record will be entitled to one (1) vote for each common share held at the Annual General and Special Meeting of Shareholders.

Only shareholders of record at the close of business on the 20<sup>th</sup> day of November 2024, who either personally attend the Meeting or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Corporation, no individual or corporation beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than ten per cent (10%) of the voting rights attached to all outstanding shares of the Corporation.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as disclosed below or elsewhere in this Information Circular, none of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

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

For the purposes of this Information Circular, "informed person" means:

- a) a director or executive officer of the Corporation;
- b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation;
- c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- d) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than disclosed below or elsewhere herein, no informed person, no proposed director of the Corporation and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries:

- Agreement with Dr. Gene Shelp, the President, CEO, and director of the Corporation (refer to "Compensation of Directors"); and,
- Directors' Fees paid to certain directors and officers of the Corporation (refer to "Compensation of Directors").

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **A. Executive Officers of the Corporation**

For the purposes of the Information Circular:

"CEO" of the Corporation means each individual who served as Chief Executive Officer of the Corporation or acted in a similar capacity during the most recently completed financial year;

"CFO" of the Corporation means each individual who served as Chief Financial Officer of the Corporation or acted in a similar capacity during the most recently completed financial year;

"Named Executive Officers" means the following individuals:

- a) Each CEO;
- b) Each CFO;
- c) Each of the Corporation's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000; and
- d) Any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year-end.

## B. Summary Compensation Table

### Named Executive Officer Compensation

| Name and Principal Position                                       | Year         | Salary (\$) | Option-based awards <sup>1</sup> (\$) | Pension value (\$) | Other Annual Compensation (\$) | Total Compensation (\$) |
|-------------------------------------------------------------------|--------------|-------------|---------------------------------------|--------------------|--------------------------------|-------------------------|
| Gene S. Shelp, Ph.D.,<br>P.Geo.<br>President and CEO,<br>Director | Dec 31, 2023 | \$80,079    | NIL                                   | NIL                | NIL                            | \$80,079                |
|                                                                   | Dec 31, 2022 | \$83,135    | NIL                                   | NIL                | NIL                            | \$83,135                |
|                                                                   | Dec 31, 2021 | \$98,938    | NIL                                   | NIL                | NIL                            | \$98,938                |
| Edward Tsang<br>CFO                                               | Dec 31, 2023 | \$2,000     | NIL                                   | NIL                | NIL                            | \$2,000                 |
|                                                                   | Dec 31, 2022 | \$1,000     | NIL                                   | NIL                | NIL                            | \$1,000                 |
|                                                                   | Dec 31, 2021 | \$6,000     | NIL                                   | NIL                | NIL                            | \$6,000                 |

<sup>1</sup> The Black Scholes methodology was used to calculate the fair value of the award based on the grant date.

## C. Incentive Plan Awards and Value Vested during the Year

The following table shows all option awards outstanding at the end of the 2023 fiscal year to each Named Executive Officer and Director. Option-based awards include all unexercised stock options that are outstanding as at December 31, 2023. The value of unexercised in-the-money options as at December 31, 2023 is the difference between the exercise price of the options and \$0.06, the closing price of the Company's Common Shares on the TSX Venture Exchange on December 31, 2023, the last trading day of the fiscal year. The Company did not issue options to the Named Executive Officers during the period January 1, 2023 to December 31, 2023.

The Corporation had 22,050,000 stock options outstanding of the 29,000,000 as at December 31, 2023 pursuant to the Stock Option Plan (the "Plan") approved by the shareholders. Reference is made to the heading "Stock Option Plan" for particulars.

**The following table shows all option awards outstanding at the end of the 2023 fiscal year to executive directors. The value of unexercised in-the-money options at fiscal year-end is the difference between the exercise price of the options and the fair market value of the Company's common shares on December 31, 2023, which was \$0.06 per share.**

### OUTSTANDING OPTION-BASED AWARDS AND VALUE VESTED

| NAME                      | Number Of Securities Underlying Unexercised Options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Value vested during the year <sup>1</sup> (January 1, 2023 to December 31, 2023) (\$) |
|---------------------------|---------------------------------------------------------|----------------------------|------------------------|------------------------------------------------|---------------------------------------------------------------------------------------|
| Gene Shelp, CEO, Director | 875,000                                                 | \$0.10                     | April 21, 2027         | NIL                                            | NIL                                                                                   |
| Gene Shelp, CEO, Director | 1,000,000                                               | \$0.05                     | September 6, 2029      | NIL                                            | NIL                                                                                   |
| Gene Shelp, CEO, Director | 1,050,000                                               | \$0.05                     | October 15, 2030       | NIL                                            | NIL                                                                                   |
| Gene Shelp, CEO, Director | 1,325,000                                               | \$0.05                     | January 13, 2032       | NIL                                            | NIL                                                                                   |
| Gene Shelp, CEO, Director | 750,000                                                 | \$0.05                     | February 22, 2033      | NIL                                            | NIL                                                                                   |
| Edward Tsang, CFO         | 750,000                                                 | \$0.10                     | April 21, 2027         | NIL                                            | NIL                                                                                   |
| Edward Tsang, CFO         | 500,000                                                 | \$0.05                     | September 6, 2029      | NIL                                            | NIL                                                                                   |
| Edward Tsang, CFO         | 750,000                                                 | \$0.05                     | October 15, 2030       | NIL                                            | NIL                                                                                   |

|                   |         |        |                  |     |     |
|-------------------|---------|--------|------------------|-----|-----|
| Edward Tsang, CFO | 500,000 | \$0.05 | January 13, 2032 | NIL | NIL |
|-------------------|---------|--------|------------------|-----|-----|

<sup>1</sup> Aggregate dollar value that would have been realized if the options had been exercised on the vesting date.

#### D. Termination of Employment, Change in Responsibilities and Employment Contracts

There are no compensatory plans or arrangements between the Corporation and a Named Executive Officer with respect to the resignation, retirement or other termination of employment of the Named Executive Officer, a change in control of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control of the Corporation involving an amount, including all periodic payments or installments, exceeding \$150,000. The Directors entered into a written employment agreement with Dr. Gene S. Shelp, Chief Executive Officer of the Corporation effective September 29, 2003 and updated on March 24, 2019. The terms of the agreement are in compliance with the requirements of the TSX Venture Exchange.

#### E. Compensation of Directors

The following table shows the amounts earned by individual non-management directors in the fiscal year ended December 31, 2023 in respect of membership on the Board of Directors. Directors who are also officers of the Company received no remuneration as directors.

The by-laws of the Corporation provide that the remuneration paid to directors shall be determined from time to time by the Board of Directors. Directors of the Corporation received no remuneration for the 2022 fiscal year.

| Name                  | Fees earned (\$)                 | All other compensation (\$)      | Total (\$)                       |
|-----------------------|----------------------------------|----------------------------------|----------------------------------|
| Dr. Barry Shelp       | NIL                              | NIL                              | NIL                              |
| Dr. Gene S. Shelp     | N/A (See Executive Compensation) | N/A (See Executive Compensation) | N/A (See Executive Compensation) |
| Mr. Nizar Kammourie   | NIL                              | NIL                              | NIL                              |
| Mr. Alexander Kaszuba | NIL                              | NIL                              | NIL                              |

#### G. Compensation Discussion and Analysis

The Corporation has established a compensation program for its named Executive Officers which is designed to achieve the following key objectives:

- attract the most qualified and experienced executives available to create shareholder value and drive the continued development of the Corporation; and
- retain qualified executives and provide appropriate short-term and long-term financial incentives with the goals of increasing the Corporation's performance.

Compensation for the Corporation's Named Executive Officers consists of the following three components:

- Base cash salary; and
- Incentive stock options granted pursuant to the Corporation's Stock Option Plan.

The Corporation does not provide its Named Executive Officers with any other perquisites or personal benefits. The Corporation does not provide any additional compensation to its CEO for serving as a director of the Corporation.

With respect to the base compensation for the Chief Executive Officer during the year ended December 31, 2023, the Corporation was contractually obligated to pay the CEO a salary of \$150,000 per annum; however, due to fiscal restraints the CEO salary was \$80,079 for 2023. The CEO salary of \$150,000 was agreed upon by taking into account his professional status as a geoscientist and his extensive experience in mining and water treatment, with emphasis on water quality issues associated with development, operation and decommissioning of mine sites. Over the past twenty-five years, Dr. Shelp spearheaded the development of the company's electrochemical water treatment technologies for remediating surface waters, groundwater, and municipal and industrial process and waste waters contaminated with metals, ammonia and nitrate. He earned undergraduate degrees in Biology and Earth Sciences, and a PhD in Environmental Geochemistry from the University of Guelph, as well as a M.Sc. degree in Geology from Queen's University. He was a NSERC Canada Industry Post-doctoral Fellow at the University of Guelph.

The granting of options to the Named Executive Officers under the Corporation's Stock Option Plan provides an appropriate long-term incentive to management to create shareholder value. Options are granted to the Named Executive Officers in numbers which recognize, on a reasonable basis, their specific contribution to the Corporation in their capacities as executive officers of the Corporation. Previous grants of options are taken into consideration by the Compensation Committee when considering grants of additional, new options.

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

The following table sets forth details of the Company's compensation plans under which equity securities of the Corporation are authorized for issuance at the end of the Corporation's most recently completed financial year.

| <b>Plan Category</b>                                       | <b>Number of securities to be issued upon exercise of outstanding options (a)</b> | <b>Weighted-average exercise price of outstanding options (b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)</b> |
|------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders     | 29,000,000                                                                        | \$0.06                                                            | 6,950,000                                                                                                                                             |
| Equity compensation plans not approved by security holders | NIL                                                                               | NIL                                                               | NIL                                                                                                                                                   |

The directors of the Corporation adopted a Stock Option Plan (the "Plan"), see Schedule B, to encourage common share ownership in the Corporation by directors, officers, employees and consultants of the Corporation or its subsidiaries from time to time which was approved by the shareholders on December 23, 2022 and as amended on September 25, 2000, June 5, 2008, November 29, 2013, November 28, 2014, November 27, 2015, and December 17, 2021. Pursuant to the Plan, the maximum number of common shares in the capital of the Corporation reserved for issuance will be 29,000,000 common shares as at December 31, 2023. The Plan stipulates the following restrictions. The number of shares reserved for issuance and granted to insiders shall not exceed 20% of the outstanding issue; the issuance to insiders within a one-year period shall not exceed 20% of the outstanding issue; the issuance to any one insider and such insider's associates within a one-year period shall not exceed 5% of the outstanding issue. Stock options which have been cancelled or terminated by the Board of Directors for any reason shall become available for grant under the Plan.

The Plan provides that eligible persons there under include any director, employee, officer or consultant of the Corporation or any subsidiary thereof.

The Plan is administered by the Board of Directors of the Corporation. The Board of Directors has the authority to determine, among other things, subject to the terms and conditions of the Plan, the terms, limitations, restrictions and conditions respecting the grant of stock options under the Plan. The Board has the authority under the Plan to establish the option price at the time each stock option is granted which shall in all cases be not less than the closing price of the common shares on the trading day immediately preceding the date of the grant less applicable discounts.

Options granted under the Plan must be exercised no later than ten (10) years after the date of grant and options are not transferable other than by last will and testament of the holder or the laws of descent and distribution. If an optionee ceases to be an eligible person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable in a period not exceeding ninety (90) days following the termination of the optionee's position with the Corporation. If an optionee dies, the legal representative of the optionee may exercise the optionee's options for a period not exceeding one (1) year after the date of the optionee's death, but only up to and including the original option expiry date. All options granted under the Plan vest over a minimum period of eighteen months.

The Corporation will not provide any optionee with financial assistance in order to enable such optionee to exercise stock options granted under the Plan.

Stock Options allocated under the plan as at December 31, 2023.

| <b>Number of Stock Options Granted</b> | <b>Exercise Price</b> | <b>Expiry Date</b> | <b>Type of Owner</b> |
|----------------------------------------|-----------------------|--------------------|----------------------|
| 750,000                                | 0.10                  | 21-Apr-27          | Consultant           |
| 2,075,000                              | 0.10                  | 21-Apr-27          | Director             |
| 500,000                                | 0.10                  | 21-Apr-27          | Employee             |
| 500,000                                | 0.05                  | 6-Sep-29           | Consultant           |
| 2,200,000                              | 0.05                  | 6-Sep-29           | Director             |
| 750,000                                | 0.05                  | 6-Sep-29           | Employee             |
| 3,100,000                              | 0.05                  | 15-Oct-30          | Director             |
| 1,200,000                              | 0.05                  | 15-Oct-30          | Employee             |
| 1,250,000                              | 0.05                  | 15-Oct-30          | Consultant           |
| 500,000                                | 0.06                  | 21-May-31          | Employee             |
| 500,000                                | 0.05                  | 4-Oct-31           | Employee             |
| 500,000                                | 0.05                  | 4-Oct-31           | Consultant           |
| 500,000                                | 0.05                  | 13-Jan-32          | Consultant           |
| 2,825,000                              | 0.05                  | 13-Jan-32          | Director             |
| 2,900,000                              | 0.05                  | 13-Jan-32          | Employee             |
| 20,050,000                             | Total Options Granted |                    |                      |

As of December 31, 2023 there were 6,950,000 common shares reserved for issuance on the exercise of outstanding stock options. As of November 14, 2024 there are 6,950,000 common shares reserved for issuance on the exercise of outstanding stock options.



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

No executive officer, director, former executive officer, former director, proposed nominee for election as a director, or associate of any such person has been indebted to the Corporation or its subsidiaries at any time since the commencement of the Corporation's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Corporation or its subsidiaries at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

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

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Corporation, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

The Corporation's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this Information Circular.

The Corporation's current audit committee is comprised of three (3) directors, Mr. Nizar Kammourie, Mr. Alexander Kaszuba and Dr. Barry Shelp. As defined in NI 52-110, Mr. Alexander Kaszuba and Mr. Nizar Kammourie are "independent". Barry Shelp is considered to have a "material relationship". Also, as defined in NI 52-110, all of the audit committee members are "financially literate". Each member of the audit committee has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

Since the commencement of the Corporation's most recently completed financial year, the Corporation's Board of Directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirement of NI 52-110, in whole or in part.

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's Board of Directors, and where applicable the audit committee, on a case-by-case basis.

In the following table, "audit fees" are billed by the Company's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed by the Corporation's auditor in each of the last two fiscal years, by category, are as follows:

| <b>Financial Year Ending</b> | <b>Audit Fees</b> | <b>Audit Related Fees</b> | <b>Tax Fees<sup>1</sup></b> | <b>All Other Fees</b> |
|------------------------------|-------------------|---------------------------|-----------------------------|-----------------------|
| December 31, 2023            | \$38,812          | NIL                       | \$5,350                     | NIL                   |
| December 31, 2022            | \$32,960          | NIL                       | \$3,210                     | NIL                   |
|                              |                   |                           |                             |                       |

<sup>1</sup>Fees related to the preparation of the Company's T-2 corporate income tax return and the general Index of Financial Information required by CCRA

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to and hereby discloses its corporate governance practices as follows.

### **1. Board of Directors**

The Board of Directors of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

Mr. Nizar Kammourie indirectly controls a number of securities and Mr. Nizar Kammourie has a business relationship with CWTI. Mr. Kammourie abstains where there is a conflict of interest. Alexander Kaszuba is independent. Dr. Gene Shelp is the President and CEO, Dr. Barry Shelp is an original founder and an executive officer and are therefore, not independent.

**2. Directorships**

Please refer the heading "Election of Directors" which discloses the directorships in other issuers held by the Corporation's directors.

**3. Orientation and Continuing Education**

The Board of Directors of the Corporation briefs all new directors with respect to the policies of the Board of Directors, and other relevant corporate and business information. The board does not provide any continuing education.

**4. Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

**5. Nomination of Directors**

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a record of achievement in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, show support for the Corporation's mission and strategic objectives, and a willingness to serve.

**6. Compensation**

In particular, the Board believes that directors should be provided with incentives to focus on long-term shareholder value. The Board believes that including equity options as part of director compensation helps align the interest of directors with those of the Company's shareholders.

The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate directors competitively relative to comparable companies. The Board believes that it is appropriate for the Chairman of the Board and the chairman of any committee of the Board, excluding officers and / or management personnel, to receive additional compensation for their additional duties in these positions. Directors who are also employees of the Company may receive additional compensation for Board or committee service if they are not already compensated at full industry rates in their capacities as employees. The form and amount of compensation for the directors and Chief Executive Officer will be approved by the Board in accordance with the general principles set forth in the Policy.

The Board encourages each director to acquire and hold shares in the capital of the Company in an amount that is meaningful to shareholders and appropriate to the director.

**7. Other Board Committees**

At present, the Audit and Compensation Committees are the only standing committees of the Board of Directors.

**8. Assessments**

The Board of Directors monitors, assesses and evaluates the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and its committees on a regular basis.

**PARTICULAR MATTERS TO BE ACTED UPON**

**A. PRESENTATION OF FINANCIAL STATEMENTS**

The Audited Financial Statements of the Corporation for the fiscal year ended December 31, 2023 and the Report of the Auditors thereon was presented and made available on April 29th, 2024 and may be accessed through the System for Electronic Document analysis and Retrieval (SEDAR+) at [sedarplus.ca](https://www.sedarplus.ca).

**B. ELECTION OF DIRECTORS**

The Board of Directors of the Corporation presently consists of four (4) directors. The directors have passed a resolution fixing the number of directors to be elected at this meeting at four (4). The persons named in the enclosed form of proxy intend to vote for the election as directors of the Corporation, the four (4) nominees whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should



occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual General Meeting of Shareholders or until his successor is duly elected, unless his office is vacated earlier in accordance with the by-laws of the Corporation. The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all of the positions and offices with the Corporation now held by them, their present and past principal occupations or employments and the approximate number of shares of the Corporation beneficially owned, directly, or indirectly, or over which control or direction is exercised by each of them as of November 20, 2024. The information as to shares beneficially owned has been furnished to the Board of Directors by the respective nominees.

| <b>Name and Municipality of Residence</b>                          | <b>Position</b>             | <b>Principal Occupation and Positions During Last Five (5) Years</b>                                                                                                           | <b>Director From</b> | <b>Number of Securities Beneficially Owned or Controlled</b> |
|--------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------------------------------------------|
| Edward Tsang<br>Richmond Hill, ON, Canada<br><b>(1) (2) (3)</b>    | Director                    | Former President and CEO of Zephyr Alternative Power Inc.<br><br>Former Managing Director, CEO of a joint venture for the H.J. Heinz Company in The People's Republic of China | December 20, 2024    | 196,000 common shares                                        |
| Barry J. Shelp, Ph.D.<br>Guelph, ON, Canada<br><b>(1)</b>          | Director, Secretary         | Professor Emeritus of Plant Physiology/Biochemistry at the University of Guelph                                                                                                | January 5, 2000      | 7,457,334 common shares                                      |
| Gene S. Shelp, Ph.D., P.Geo.<br>Guelph, ON, Canada                 | Director, President and CEO | President and CEO of the Corporation                                                                                                                                           | February 15, 1996    | 11,276,407 common shares                                     |
| Alexander Kaszuba<br>Mississauga, ON, Canada<br><b>(1) (2) (4)</b> | Director                    | Director and CEO of Fiberlight Design Solutions Inc.                                                                                                                           | December 13, 2019    | 14,338,000 common shares                                     |

**(1)** Member of the Audit Committee of the Corporation.

**(2)** Member of the Compensation Committee of the Corporation.

**(3)** Chair of the Audit Committee.

**(4)** Chair of the Compensation Committee.

**(5)** Independent refers to the standards of independence established under National Instrument NI 52-110 – Audit Committees.

The terms of office of those nominees who are presently Directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next Annual General and Special Meeting of the Corporation.

No proposed director of the Corporation is, or within the 10 years before the date of this Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the proposed directors of the Corporation has, within the 10 years before the date of this 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 the proposed director.

## **The Shareholders are urged to elect the nominees as directors of the Corporation.**

### **C. APPOINTMENT OF AUDITOR**

The persons named in the enclosed Form of Proxy intend to vote for the re-appointment of CAN Partners LLP, Mississauga, Ontario as auditors of the Corporation to hold office until the next Annual General and Special Meeting of Shareholders and to authorize the directors of the Corporation to fix the auditors' remuneration.

**Management recommends that Shareholders approve the appointment of CAN Partners LLP as the Corporation's auditors and authorize the Board of Directors to fix their remuneration.**

**D. AMENDMENT TO THE EXISTING STOCK OPTION PLAN**

**APPROVAL of INCREASE in ALLOCATION of SHARES UNDER STOCK OPTION PLAN**

On November 10, 2024 directors passed a resolution, subject to shareholder approval, increasing the number of shares under the Stock Option Plan by 5,000,000 common shares, to an allowable aggregate of 34,000,000 common shares reserved under the Plan, bringing the number of common shares reserved under the Plan to 14.8% of the Corporation's current outstanding capital (228,941,704 common shares) less all shares issued for the exercise of stock options since December 31, 2023.

**It is proposed that the Shareholders approve the following resolutions:**

**BE IT RESOLVED THAT:**

1. the Corporation's Stock Option Plan (Section B) is hereby amended by reserving an additional 5,000,000 common shares under the Plan to increase the total number of shares reserved under the Plan to 34,000,000 common shares; and
2. the proposed amendment to the Stock Option Plan also required the approval of the TSX Venture Exchange and, therefore, the proposed resolution set out in Schedule "D" also provides approval for such other changes (12) to the terms of the Stock Option Plan (such as clarification of limits for insiders as a group, definition clarification, requirement to obtain disinterested shareholder approval in case of term extension for insiders) as required by the TSX Venture Exchange in connection with its review and approval of the foregoing amendment; and
3. any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolution.

In the absence of a contrary specification made in the Instrument of Proxy, the persons named in the enclosed Instrument of Proxy intend to vote in favour of the foregoing resolution. Approval of the foregoing resolution will require the affirmative vote of a majority of the votes cast by holders of Common Shares present in person or represented by proxy at the Meeting.

**E. OTHER BUSINESS**

To transact such further or other business as may properly come before the said meeting or an adjournment or adjournments thereof.

**ADDITIONAL INFORMATION**

Additional Information concerning the Corporation is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial Information concerning the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2023.

Shareholders wishing to obtain a copy of the Corporation's financial statement and Management's Discussion and Analysis may contact the Corporation as follows:

Current Water Technologies, Inc.  
70 Southgate Drive, Unit 4,  
Guelph, Ontario, Canada,  
N1G 4P5  
(Tel) 519-836-6155  
(Fax) 519-836-5683  
E-mail: [info@currentwatertechnologies.com](mailto:info@currentwatertechnologies.com)  
Website: [www.currentwatertechnologies.com](http://www.currentwatertechnologies.com)

### **BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing has been authorized by the directors of the Corporation. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

**DATED the 20<sup>th</sup> day of November 2024, BY ORDER OF THE BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read "Gene S. Shelp", written over a horizontal line.

**Gene S. Shelp, Ph.D., P.Geo.  
President and Chief Executive Officer**

## **SCHEDULE "A"**

### **AUDIT COMMITTEE MANDATE**

#### **PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Corporation is to provide an open avenue of communication between management, the external auditor, and the Board and to assist the Board in its oversight of the:

- integrity, adequacy and timeliness of the corporation's financial reporting and disclosure practices;
- processes for identifying the principal financial risks of the company and reviewing the company's internal control systems to ensure that they are adequate to ensure fair, complete and accurate financial reporting;
- corporation's compliance with legal and regulatory requirements related to financial reporting;
- accounting principles, policies and procedures used by management in determining significant estimates;
- engagement, independence and performance of the corporation's external auditor.

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

The Committee shall consist of at least three directors. Members of the Committee and the Chairman shall be appointed by the Board and may be removed by the Board in its discretion. A majority of members of the Committee shall be independent directors and shall be sufficiently financially literate to enable them to discharge their responsibilities in accordance with applicable laws and/or requirements of the various stock exchanges on which the corporation's securities trade and in accordance with National Instrument 52-110. Financial literacy means the ability to read and understand a balance sheet, income statement, cash flow statement and associated notes which represent 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 financial statements of the Corporation.

The Committee's role is one of oversight. Management is responsible for preparing the corporation's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards. Management is also responsible for establishing, documenting, maintaining and reviewing systems of internal control and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The external auditors' responsibility is to audit the corporation's financial statements and provide an opinion, based on their audit conducted in accordance with International Auditing Standards that the financial statements present fairly, in all material respects, the financial position, and results of operations and cash flows of the corporation in accordance with International Financial Reporting Standards.

The Committee is directly responsible for the appointment, compensation, evaluation, termination and oversight of the work of the external auditor and oversees the resolution of any disagreements between management and the external auditor regarding financial reporting. The external auditor shall report directly to the Committee.

#### **AUTHORITY AND RESPONSIBILITIES**

In performing its oversight responsibilities, the Committee shall:

1. Review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval at least once per year.
2. Review the appointments of the corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the external auditor the adequacy and effectiveness of the corporation's systems of accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Prior to their approval by the Board, review with management and the external auditor the annual audited financial statements and related documents, and review with management the unaudited quarterly financial

statements, the management discussion and analysis reports prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management and approve any other news releases that contain significant financial information that has not previously been released to the public.
6. Review the corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review with management and the external auditor significant related party transactions and potential conflicts of interest.
8. Recommend to the Board to assist them in recommending to the shareholders (a) the external auditor to be nominated to examine the corporation's accounts and financial statements and prepare and issue an auditor's report on them or perform other audit, review or attest services for the company and (b) the compensation of the external auditor. The Committee has the responsibility to approve all audit engagement terms and fees.
9. Monitor the independence of the external auditors by reviewing all relationships between the independent auditor and the company and all audit, non-audit and assurance work performed for the company by the independent auditor.
10. Conduct or authorize investigations into any matter that the Committee believes is within the scope of its responsibilities. The Committee has the authority to (a) retain independent counsel, accountants or other advisors to assist it in the conduct of its investigation, at the expense of the company, (b) set and pay the compensation of any advisors retained by it and (c) communicate directly with external auditors.
11. The Committee shall report its recommendations and findings to the Board after each meeting and shall conduct and present to the Board an annual performance evaluation of the effectiveness of the committee.
12. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators.

**SCHEDULE "B"**  
**Current Water Technologies, Inc.**  
**CURRENT STOCK OPTION PLAN**

**1. PURPOSE:**

The purpose of this Stock Option Plan (the "Plan") is to encourage common stock ownership in **Current Water Technologies Inc.** (the "Company") by directors, officers, employees (including part time employees employed by the Company for less than twenty (20) hours per week) and consultants (including Investor Relations service providers and individuals whose services are contracted through a personal holding company) ("TSXV Manual Policy 4.4") of the Company or any Affiliate, as that term is defined in the Securities Act (Ontario), of the Company or by personal holding companies of any such officers, directors or employees or by registered retirement savings plans established by any such officers, directors or employees (hereinafter referred to as "Optionees") who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company to attract and retain valued directors, officers and employees by granting options (the "Options" or "Option") to purchase common shares of the Company on the terms and conditions set forth in this Plan and any Stock Option Agreements entered into between the Company and the Optionees in accordance with the Plan. Any Options granted to a personal holding company shall be cancelled immediately upon any change in control of such personal holding company, save and except in the event of the death of the principal of such personal holding company, in which case, subject to the terms of the Stock Option Agreement, the provisions of subparagraph 5(g)(iii) shall apply.

**2. ADMINISTRATION:**

The Plan shall be administered by the Board of Directors from time to time of the Company (the "Administrator"). No member of the Board of Directors shall by virtue of such appointment be disentitled or ineligible to receive Options. The Administrator shall have full authority to interpret the Plan and to make such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan, taking into consideration the recommendations of management, and the decision of the Administrator shall be binding and conclusive. The decision of the Administrator shall be binding, provided that notwithstanding anything herein contained, the Administrator may from time to time delegate the authority vested in it under this clause to the President or to a committee of the Board of Directors who shall thereupon exercise all of the powers herein given to the Administrator, subject to any express direction by resolution of the Board of Directors of the Company from time to time and further provided that a decision of the majority of persons comprising the Board of Directors in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons. The senior officers of the Company are authorized and directed to do all things and execute and deliver all instruments, undertakings and applications as they in their absolute discretion consider necessary for the implementation of the Plan.

**3. NUMBER OF SHARES SUBJECT TO OPTIONS:**

The Board of Directors of the Company will make available that number of common shares for the purpose of the Plan that it considers appropriate except that the number of common shares that may be issued pursuant to the exercise of Options under the Plan, the exercise of options under the stock option plan (the "Current Plan") and under any other stock options of the Company shall not exceed 34,000,000 common shares including such number of common shares as are reserved for issuance under the Current Plan provided such number of common shares shall not exceed 34,000,000 common shares. In the event that Options granted under the Plan, the Current Plan or any other stock options of the Company which may be in effect at a particular time, are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the common shares not purchased under such lapsed Options. The Plan, the Current Plan and any other stock options of the Company from time to time and any other share compensation arrangements in place shall be collectively referred to as the share compensation arrangements (the "SCA"). For greater clarity, any stock options granted under the Plan and allocated prior to December 20, 2024 shall be deemed to have been granted pursuant to this Plan.

**4. PARTICIPATION:**

Options shall be granted under the Plan only to Optionees as shall be designated from time to time by the Administrator and shall be subject to the approval of such regulatory authorities as the Administrator shall designate, which shall also determine the number of shares subject to such Option. Optionees who are consultants of the Company or an Affiliate of the Company must either perform services for the Company on an ongoing basis or provide, or be expected to provide, a service of value to the Company or to an Affiliate of the Company. For stock options granted to Employees or Consultants, the Company represents that no option shall be granted to any individual who is not a bona fide Management Company Employee, Employee or Consultant.

**5. TERMS AND CONDITIONS OF OPTIONS:**

The terms and conditions of each Option granted under the Plan shall be set forth in written Stock Option Agreements between the Company and the Optionee. Such terms and conditions shall include the following as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by the Administrator:

- (a) Number of Shares subject to Option to any one Optionee:



The number of shares shall be determined from time to time by the Administrator; but no one Optionee shall be granted or issued in any 12 month period an Option which when aggregated with any other options or common shares allotted to such Optionee under the SCA exceeds 5% of the issued and outstanding common shares of the Company (on a non-diluted basis) unless disinterested shareholder approval is obtained. The total number of options granted or issued in any 12 month period to any one consultant shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis) unless disinterested shareholder approval is obtained and the Option Price per common share shall be determined in accordance with subparagraph (c) below.

(b) Number of Shares subject to Options to Related Parties:

(as defined in "TSXV Manual" Policy 1.1 and 4.4)

The number of shares subject to an Option shall include all Insiders as defined by the TSX Venture Exchange together with all associates of directors and senior officers; At no time shall the number of shares subject to the SCA in favour of Related Parties may be such that:

- (i) the number of shares reserved for issuance pursuant to stock options granted to Related Parties and pursuant to the SCA exceeds 20% of the outstanding issue;
- (ii) the number of shares issued to Related Parties, within a one-year period, exceeds 10% of the outstanding issue;
- (iii) the number of common shares issued to any one Related Party and such Related Party's associates exceeds 5% of the outstanding issue; or
- (iv) the number of common shares issued to any one Related Party and such Related Party's associates, within a one-year period, exceeds 5% of the outstanding issue.
- (v) The maximum aggregate number of Listed Shares issuable pursuant to SCA granted to any one Consultant in any 12 month period must not exceed 2% of the issued and outstanding shares, calculated on the date of grant or issuance. Section 4.11(e) of Policy 4.4
- (vi) The aggregate number of stock options granted to all Persons employed to provide Investor Relations Activities must not exceed 2% of the issued shares and outstanding shares of the Issuer in any 12 month period. Section 4.12(b) of Policy 4.4

For the purposes of the Plan, "outstanding issue" is determined on the basis of the number of shares that are outstanding immediately prior to the share issuance in question, excluding shares issued pursuant to the SCA over the preceding one (1) year period. For the purposes of subparagraphs 5(b)(i), (ii), (iii) and (iv) an entitlement granted prior to the Optionee becoming a Related Party must be taken into consideration for the limits described (Section 5(b)).

(c) Option Price:

The Option Price of any shares in respect of which an Option may be granted under the Plan shall be not less than the closing price of the Company's common shares on the TSX Venture Exchange ("TSX") on the last day of trading immediately preceding the date of grant less any applicable discount, provided that where the common shares have not traded for a period of twenty (20) days preceding the date of grant, the Option Price shall be determined based upon the average between the closing bid and asked prices for the five (5) days immediately preceding the date of grant. If the Company's common shares trade on a market other than TSX Venture Exchange, the Option Price shall be the price at which an Option may be granted pursuant to the rules of any regulatory authority or stock exchange to which the Company is subject or, where no specific rules apply with respect to the price, the fair market value of the shares at the time the Option is granted. For the purpose of this Paragraph 5, "fair market value" shall be deemed to be the average between the highest and lowest prices at which the Company's common shares are traded on the day immediately preceding the day the Option is granted, or if not so traded, the average between the closing bid and asked prices thereof as reported for the day immediately preceding the day on which the Option is granted. The Administrator may determine that the Option Price per share may escalate at a specified rate dependent upon the year in which any Option to purchase common shares may be exercised by the Optionee. No options granted to Related Parties may be repriced or extended without the approval of a majority of shareholders of the Company exclusive of any Related Parties.

(d) Payment:

The full purchase price of shares purchased under the Option shall be paid in cash upon the exercise thereof. A holder of an Option shall have none of the rights of a stockholder until the shares are issued to him. All common shares issued pursuant to the exercise of Options granted or deemed to be granted under the Plan, will be so issued as fully paid and non-assessable common shares. No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares subject to an Option under this Plan, unless and until certificates for such common shares are issued to him or them under the terms of the Plan.

(e) Term of Options:

Options may be granted under this Plan exercisable over a period not exceeding ten (10) years, unless the shares of the Company trade on Tier 1 of TSX Venture Exchange in which case over a period not exceeding five (5) years. Each Option shall be subject to earlier termination as provided in subparagraph (g) below.

(f) Exercise of Options:

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 common 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 common shares with respect to which the Option is exercised. An Option may be exercised in full or in part during any year of the term of the Option as provided in the written Stock Option Agreement; provided however that, except as expressly otherwise provided herein or as provided in any valid Stock Option Agreement approved by the Administrator, no Option may be exercised unless that Optionee is then a director and/or in the employ of the Company. This Plan shall not confer upon the Optionee any right with respect to continuance as a director, officer, employee or consultant of the Company or of any affiliate of the Company.

(g) Termination of Options:

Any Option granted pursuant hereto, to the extent not validly exercised, and save as expressly otherwise provided herein, will terminate on the earlier of the following dates:

- (i) the date of expiration specified in the Stock Option Agreement, being not more than ten (10) years after the date the Option was granted, subject to adjustment in subparagraph (e) above;
- (ii) the date of termination of the Optionee's employment or upon ceasing to be a director and/or officer of the Company or up to a period not exceeding three (3) months thereafter for any cause other than by retirement, permanent disability or death unless the Optionee was retained to provide Investor Relations Activities in which case up to a period not exceeding thirty (30) days thereafter;
- (iii) for a period of one (1) year after the date of the Optionee's death during which period the Option may be exercised only by the Optionee's legal representative or the person or persons to whom the deceased Optionee's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Optionee would have been entitled to exercise it at the time of his death if the employment of the Optionee had been terminated by the Company on such date;
- (iv) three (3) months after termination of the Optionee's employment by permanent disability or retirement under any Retirement Plan of the Company during which three (3) month period the Optionee may exercise the Option to the extent he was entitled to exercise it at the time of such termination provided that if the Optionee shall die within such three (3) month period, then such right shall be extended to six (6) months following the death of the Optionee and shall be exercisable only by the persons described in subparagraph (g)(iii) hereof and only to the extent therein set forth.

(h) Non-transferability of Options:

No Option shall be transferable or assignable by the Optionee other than by will or the laws of descent and distribution and shall be exercisable during his lifetime only by him.

(i) Applicable Laws or Regulations:

The Company's obligation to sell and deliver stock under each Option is subject to such compliance by the Company and any Optionee as the Company deems necessary or advisable with all laws, rules and regulations of Canada and the United States of America and any Provinces and/or States thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the common shares which may be issued in exercise thereof by each stock exchange upon which shares of the Company are listed for trading.

(j) Vesting:

Options granted pursuant hereto shall not vest to the benefit of the Optionee on a schedule more favourable to the Optionee than the following:

- (1) 1/4 of the Options on the date of grant; and
- (2) 1/4 of the Options on each of the 6 month, 12 month and 18 month anniversaries of the date of grant.

## **6. ADJUSTMENT IN EVENT OF CHANGE IN STOCK:**

Each Option shall contain uniform provisions in such form as may be approved by the Administrator to appropriately adjust the number and kind of shares covered by the Option and the exercise price of shares subject to the Option in the event of a declaration of stock dividends, or stock subdivisions or consolidations or reconstruction or reorganization or recapitalization of the Company or other relevant changes in the Company's capitalization (other than issuance of additional shares) to prevent substantial dilution or enlargement of the rights granted to the Optionee by such Option. The number of common shares available for Options, the common shares subject to any Option, and the Option Price thereof shall be adjusted appropriately by the Administrator and such adjustment shall be effective and binding for all purposes of the Plan.

#### **7. AMALGAMATION, CONSOLIDATION OR MERGER:**

If the Company amalgamates, consolidates with or merges with or into another corporation, which it reserves the right to do, any common shares receivable on the exercise of an Option granted under the Plan shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Option Price shall be adjusted appropriately by the Administrator and such adjustment shall be binding for all purposes of the Plan.

#### **8. APPROVALS:**

The obligation of the Company to issue and deliver the common shares in accordance with the Plan is subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any common shares cannot be issued to any Optionee for whatever reason, the obligation of the Company to issue such common shares shall terminate and any Option exercise price paid to the Company will be returned to the Optionee.

#### **9. STOCK EXCHANGE RULES:**

The rules of any stock exchange upon which the Company's common shares are listed shall be applicable relative to Options granted to Optionees.

#### **10. AMENDMENT AND DISCONTINUANCE OF PLAN:**

- (a) Security Based Compensation Plan adjustments are subject to prior approval of the Exchange, except where they relate to consolidations or splits. ("TSXV Manual" Section 7.1 of Policy 4.4)
- (b) Share Capital adjustments are subject to prior approval of the Exchange, except where they relate to consolidations or splits. ("TSXV Manual" Section 4.7(d) of Policy 4.4)
- (c) Subject to regulatory approval, the Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Optionee, in any manner adversely affect his rights under any Option theretofore granted under the Plan.
- (d) Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in the implementation thereof, in the event an offer (the "Offer") to purchase the common shares of the Company is made, which offer, if accepted in whole or in part, would result in the offerer exercising control over the Company, then the Company shall, immediately upon receipt of notice of the Offer, notify such Optionee currently holding an Option of the Offer, with full particulars thereof; whereupon such option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise pursuant to the Offer. If the Offer is not completed within the time specified therein, at the option of the Optionee, the optioned shares may be returned by the Optionee to the Company and reinstated as authorized but unissued shares and the terms of the option as set forth in the Plan shall again apply to the option.

#### **11. EFFECTIVE DATE AND DURATION OF PLAN:**

The Plan shall remain in full force and effect from the date of shareholder approval hereof and from year to year thereafter until amended or terminated in accordance with Paragraph 10 hereof and for so long thereafter as Options remain outstanding in favour of any Optionee.