

**SPECTRA PRODUCTS INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

TO: THE SHAREHOLDERS OF SPECTRA PRODUCTS INC.

NOTICE IS HEREBY GIVEN THAT the annual general and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Spectra Products Inc. ("**Spectra**" or the "**Corporation**") will be held at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 - 8th Avenue S.W., Calgary, Alberta on Tuesday, March 19, 2024 at 9:30 a.m. (Calgary time) for the following purposes, to:

1. receive and consider the financial statements of the Corporation for the year ended December 31, 2022 and the auditors' report thereon;
2. fix the number of directors to be elected at the Meeting at four (4) members;
3. consider and, if thought appropriate, to pass an ordinary resolution electing four (4) directors of the Corporation;
4. appoint the auditors of the Corporation and authorize the directors to fix their remuneration as such;
5. consider and, if thought appropriate, to pass an ordinary resolution ratifying the Corporation's existing stock option plan;
6. transact such other business as may properly be brought before the Meeting or any adjournment(s) thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying and forming part of this Notice.

**Shareholders of Spectra who are unable to attend the Meeting to be held on March 19, 2024 at 9:30 a.m. (Toronto time) in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or (iii) by facsimile to 1-866-249-7775 (within Canada and the United States) or (416) 263-9524 (outside Canada and the United States). In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the above address not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof.**

The Board of Directors of Spectra has fixed the record date for the Meeting at the close of business on February 12, 2024 (the "**Record Date**"). Only Shareholders whose names have been entered in the register of holders of Common Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting, unless any such Shareholder transfers Common Shares after the Record Date and the transferee establishes ownership of such Common Shares and demands, not later than the close of business ten (10) days prior to the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

DATED this 12<sup>th</sup> day of February, 2024

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Andrew J. Malion*"  
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Chairman of the Board

**SPECTRA PRODUCTS INC.****INFORMATION CIRCULAR - PROXY STATEMENT**

for the Annual General and Special Meeting  
to be held on Wednesday, March 19, 2024.

**SOLICITATION OF PROXIES**

**This Information Circular - Proxy Statement (the "Information Circular") is furnished in connection with the solicitation of proxies by the management of Spectra Products Inc. ("Spectra" or the "Corporation") for use at the annual general and special meeting ("Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of the Corporation, to be held at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 - 8th Avenue S.W., Calgary, Alberta on Wednesday, March 19, 2024 at 9:30 a.m. (Calgary time) and at any adjournment thereof, for the purposes set forth in the Notice of Annual General and Special Meeting. Instruments of proxy ("Instruments of Proxy") must be received by the Secretary of the Corporation, c/o Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or (iii) by facsimile to 1-866-249-7775 (within Canada and the United States) or (416) 263-9524 (outside Canada and the United States), not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The Board of Directors (the "Board") of the Corporation has fixed the record date for the Meeting at the close of business on February 12, 2024 (the "Record Date"). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers his Common Shares after the Record Date and the transferee of those Common Shares establishes that such transferee owns the Common Shares and demands, not later than the close of business ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.**

Unless otherwise stated, the information contained herein is given as at February 12, 2024.

The Instrument of Proxy shall be in writing and shall be executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed Instrument of Proxy are directors and/or officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than the persons designated by the Corporation, who need not be a Shareholder, to attend and to act for him and on his behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.**

**REVOCABILITY OF PROXY**

A Shareholder who has submitted an Instrument of Proxy may revoke it at any time prior to the exercise thereof. If a person who has given an Instrument of Proxy attends personally at the Meeting at which such Instrument of Proxy is to be voted, such person may revoke the Instrument of Proxy and vote in person. In addition to revocation in any other manner permitted by law, an Instrument of Proxy may be revoked by instrument in writing executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the Instrument of Proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the Instrument of Proxy is revoked.

## PERSONS MAKING THE SOLICITATION

**The solicitation is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual General and Special Meeting and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

## EXERCISE OF DISCRETION BY PROXY

The Common Shares represented by proxy in favour of management nominees shall be voted or withheld from voting on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specification so made.

**In the absence of such specification, the Common Shares will be voted IN FAVOUR of the matters to be acted upon at the Meeting. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Annual General and Special Meeting. At the time of printing this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.**

## ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many public Shareholders of the Corporation, as a substantial number of Shareholders of the Corporation do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only an Instrument of Proxy deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers or nominees are prohibited from voting shares for their clients.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

Often, the Instrument of Proxy supplied to a Beneficial Shareholder by its broker is identical to the Instrument of Proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails voting instruction forms ("**VIFs**") to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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

The Corporation is not using "notice-and-access" to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. The Corporation will not send proxy-related materials directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders by Broadridge or through the non-objecting Beneficial Shareholder's intermediary. The Corporation intends to pay for the costs of an intermediary to deliver proxy-related materials to objecting Beneficial Shareholders.

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

The Corporation is authorized to issue an unlimited number of Common Shares. As at February 12, 2024, a total of 14,650,895 Common Shares were issued and 14,650,895 Common Shares were outstanding, each such Common Share carrying the right to one vote at the Meeting. A quorum for the transaction of business at the Meeting is any two persons present holding or representing by proxy not less than 5% of the Common Shares entitled to be voted at the Meeting. The Board has fixed the Record Date for the Meeting at the close of business on February 12, 2024.

To the knowledge of the directors and executive officers of the Corporation, as at February 12, 2024 no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, except as set forth in the table below:

Name and Residence	Type of Ownership	Number of Common Shares/ Percentage of Class
B.E.S.T Venture Opportunities Fund Inc. Toronto, Ontario	Beneficial and of Record	3,626,600/24.75%

### **MATTERS TO BE ACTED UPON AT MEETING**

#### **Presentation of Financial Statements**

At the Meeting, Shareholders will receive and consider the audited financial statements of the Corporation for the year ended December 31, 2022 and the auditor's report on such statements; however, no vote by the Shareholders with respect thereto is required or proposed to be taken.

#### **Fixing the Number of Directors**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to fix the number of directors to be elected at the Meeting at four (4) directors. Accordingly, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of fixing the number of directors to be elected at the Meeting at four (4), as may be adjusted between Shareholders' meetings by way of resolution of the Board.

## Election of Directors

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of the nominees set forth below, to hold office as directors until the next annual meeting of Shareholders, or until their successors are elected or appointed:

Andrew Malion  
Robert Moran  
Aidan Bolger  
John Dynes

If for any reason any of the proposed nominees does not stand for election, or is unable to serve as such, the management designees named in the Instrument of Proxy reserve the right to vote for any other nominee in their sole discretion unless the Shareholder has specified in the Instrument of Proxy that their Common Shares are to be withheld from voting on the election of directors.

The name, province and country of residence of each of the persons nominated for election as directors, the number of Common Shares beneficially owned or controlled or directed by them, directly or indirectly, as at February 12, 2024, the offices held by each, the period served as director and the principal occupation during the five preceding years of each are as follows:

Name, Province and Country of Residence	Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly	Office Held	Director Since	Principal Occupation
Andrew J. Malion <sup>(1)(2)</sup> Ontario, Canada	1,042,518 (7.12%)	Chairman, President and Director	October, 1994	President of Spectra Products Inc.
Robert Moran <sup>(1)(2)</sup> Ontario, Canada	0 (0.00%)	Director	July, 2022	Chief Executive Officer of Optimum Fleet Health
Aidan Bolger <sup>(1)(2)</sup> Ontario, Canada	0 (0.00%)	Director	July, 2022	Managing Director, CTX Capital LLC
John Dynes Ontario, Canada	337,000 (2.30%)	Director	October, 2023	President of Stone Road Advisory Limited

Notes:

- (1) Member of the Audit Committee (the "**Audit Committee**").
- (2) Member of the Corporate Governance, Nominating and Compensation Committee (the "**Compensation Committee**").

The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the nominees. As of February 12, 2024 the current directors and officers of the Corporation, as a group, beneficially owned or controlled or directed, directly or indirectly, 1,379,518 Common Shares or approximately 9.42% of the issued and outstanding Common Shares.

*Cease Trade Orders, Bankruptcies Penalties or Sanctions*

None of the directors of the Corporation or any proposed director is as at the date hereof, or has been:

- (a) within ten (10) years before the date hereof, a director or chief executive officer ("CEO") or chief financial officer ("CFO") of any company, including the Corporation, that:
  - (i) 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 thirty (30) consecutive days; or
  - (ii) was subject to an order that resulted, after the director or officer ceased to be a director CEO or CFO of 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 thirty (30) consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, CEO or CFO; or
  - (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) within the ten (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 proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**Appointment of Auditors**

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of AGT Partners LLP, Woodbridge, Ontario, to serve as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration as such. AGT Partners LLP has been the Corporation's auditors since 2020.

**Approval of the Stock Option Plan**

The policies of the TSX Venture Exchange (the "TSXV") require the Corporation to obtain Shareholder approval of the Corporation's stock option plan (the "**Stock Option Plan**") on an annual basis. Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, ratify and approve the Stock Option Plan.

The Stock Option Plan includes the following provisions:

1. the total number of Common Shares reserved for issuance on exercise of all stock options ("**Options**") issued under the Stock Option Plan at any given time shall not exceed 10% of the aggregate of the issued and outstanding Common Shares at such time;
2. the number of Common Shares reserved for issuance in a 12 month period to any one optionee shall not exceed 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) unless the approval of the disinterested Shareholders of the Corporation is obtained;

3. the aggregate number of Common Shares reserved for issuance to any one consultant in a 12-month period shall not exceed 2% of the number of outstanding Common Shares;
4. unless the approval of the disinterested Shareholders of the Corporation is obtained, the maximum number of Common Shares reserved for issuance pursuant to Options granted to insiders (as a group) at any time may not exceed 10% of the number of outstanding Common Shares;
5. unless the approval of the disinterested Shareholders of the Corporation is obtained, the maximum number of Common Shares which may be issued to insiders (as a group) within a one-year period may not exceed 10% of the number of outstanding Common Shares; and
6. the exercise price of any Option subject to the Stock Option Plan shall not be less than the "Discounted Market Price" (which means the closing trading price per Common Shares on the TSXV) preceding the date of grant (or as otherwise determined under the TSXV rules) less the applicable discount.

For more information on the Corporation's Stock Option Plan, see "*Executive Compensation – Stock Option Plan*" in this Information Circular.

At the Meeting, the following resolution, with or without variation, relating to the approval of the Stock Option Plan will be placed before the Shareholders:

"BE IT RESOLVED THAT:

1. the stock option plan of the Corporation on the terms described in the information circular – proxy statement of the Corporation dated February 12, 2024 is hereby ratified, confirmed and approved;
2. any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection therewith; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order to be passed, the foregoing resolution must be approved by the affirmative vote of a simple majority of the votes cast by the Shareholders who vote in person or by proxy at the Meeting. **The persons named in the accompanying Instrument of Proxy intend, unless otherwise directed, to vote in favour of the resolution approving the Stock Option Plan.**

Spectra currently has 1,400,000 Options outstanding: 500,000 of which Options are exercisable at a price of \$0.25 per Common Share; and (ii) 900,000 of which Options are exercisable at a price of \$0.11 per Common Share.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This discussion describes the compensation program of Spectra for each person who acted as CEO, CFO and the three most highly compensated executive officers (or three most highly compensated individuals acting in a similar capacity), other than the CEO and the CFO, whose compensation was more than \$150,000 during the financial year ended December 31, 2023 (each a "Named Executive Officer" or "NEO" and collectively the "Named Executive Officers" or "NEOs"). This document will address the Corporation's executive compensation philosophy and objectives and provide a review of the process Spectra's Compensation Committee undertook in deciding how to compensate the Corporation's NEOs for the financial year ended December 31, 2023.

During the year ended December 31, 2023, the Corporation had three Named Executive Officers, namely Andrew Malion, Chairman and President, Ankit Bhandari, CFO and Mark Fernandez, CFO. There were no other Named Executive Officers in 2023 as no other officers or employees earned in excess of \$150,000 during the year ended December 31, 2023. Effective October 16, 2023, Mark Fernandez took over the role of CFO from Ankit Bhandari. Mr. Bhandari and Mr. Fernandez are partners in a fractional management firm, 6ix Finance Group Inc., and CFO duties were transferred between partners with no change in day-to-day operations.

### *Compensation Program Objectives*

The Corporation's objectives in determining executive compensation are to attract qualified executives who can provide the leadership and management skills necessary to achieve the Corporation's business plan goals and build long-term shareholder value. The compensation program is designed to reward its executives financially for achieving and surpassing annual operating performance targets through revenue growth and productivity improvement.

### Elements of Compensation

The Corporation's compensation is comprised of three key elements that apply to the Corporation's executive positions:

1. *Compensation Level* - The Corporation establishes a basic compensation level unique to each executive based on the executive's business credentials, level and length of experience, past compensation history and existing levels of executive compensation. This element is necessary to ensure that the Corporation can attract experienced and qualified executives.
2. *Corporate Share Ownership* - The compensation program provides an opportunity for each executive to acquire equity in the Corporation through the Stock Option Plan. The Corporation believes that ownership of Common Shares aligns executive focus on shareholder value and activity geared to increasing shareholder value. The Corporation establishes annual Option grants pursuant to its Stock Option Plan based on management recommendation and approval by the Board.
3. *Performance Bonuses* - Commencing in 2015, in recognition of the compensation reductions for senior management personnel in place since 2008, a performance bonus program, tied to the overall performance of Spectra Products Inc., which was a wholly owned subsidiary of the Corporation at such time, was introduced. Due to the amalgamation of the Corporation, the performance bonus program is now tied to the overall performance of the Corporation. Under this program, senior management are entitled to performance bonuses which, when combined with the settled amount of any annual participation fee payable under a consulting services contract with a director (see "*Risk-Adjusted Compensation*" below), together do not exceed 10% of the net operating income of the Corporation, excluding any bad debt provisions, which, for purposes of these calculations will only be deducted in the year the actual bad debt is incurred. The final amount of any bonus is subject to the approval of the Board.

The Corporation does not establish industry compensation benchmarks. It reviews compensation annually and modifies each compensation element as required based on financial and operational performance taking into consideration the economic climate facing the Corporation and the Corporation's financial strength.

### **Risk-Adjusted Compensation**

As part of its review of the Corporation's compensation program, the Board considered whether the Corporation's compensation policies and practices provided executive officers of the Corporation with adequate incentives to achieve both short and long-term objectives without motivating them to take inappropriate or excessive risk. The Board concluded that the compensation program and policies of the Corporation did not encourage its NEOs to take inappropriate or excessive risks based on a number of considerations, including, without limitation, the terms of the Stock Option Plan provide that Options vest immediately and expire on the fifth anniversary from the date of grant. This encourages executive officers to continue to develop favourable results over a longer period of time.

### **Executive Hedging**

The Corporation's NEO's and directors are not permitted to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, any of which are designed to hedge or offset a decrease in market value of the securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

### **Compensation Governance**

The Compensation Committee is responsible for reviewing all aspects of compensation to be provided to the Corporation's Named Executive Officers and a recommendation is made by the Compensation Committee for the compensation package payable to each of the Named Executive Officers for the Board's approval. The Compensation Committee is comprised of three members, namely Andrew Malion, Robert Moran and Aidan Bolger. Mr. Malion was not independent in 2023 as he was Chairman and Chief Executive Officer of the Corporation. Mr. Moran and Mr. Bolger, both of whom are independent, have many years involvement in the business community and have dealt with numerous compensation issues in the course of their leadership roles.

The Compensation Committee is responsible for: (i) overseeing and assessing the functioning of the Board and the committees of the Board and for the development, recommendation to the Board, implementation, and assessment of effective governance principles and for the nomination of appropriate candidates to serve the Board as directors, as chair of the Board, as committee members and as committee chairs for the Board; (ii) undertaking on behalf of the Board such other governance initiatives as may be necessary or desirable to enable the Board to provide effective governance for the Corporation; and (iii) implementing and overseeing compensation policies and general human resources policies and guidelines concerning employee compensation and benefits approved by the Board for the Corporation.

### **Fees for Compensation Consultants**

At no time since the most recently completed financial year of the Corporation, has a compensation consultant or advisor been formally retained by the Corporation to assist the Board in determining the compensation of the directors or executive officers of the Corporation.

### **Summary Compensation Table**

The following table sets forth information concerning the compensation paid to the NEOs for the years ended December 31, 2023 and 2022.

Name and Principal Position	Year	Salaries and Fees (\$)	Share-Based Awards <sup>(1)</sup> (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>		Pension Value <sup>(6)</sup> (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plan	Long-Term Incentive Plan			
Andrew Malion, Chairman, President and Director <sup>(8)</sup>	2023	114,928 <sup>(4)</sup>	N/A	Nil	12,000 <sup>(4)</sup>	Nil	N/A	Nil	126,928
	2022	73,727 <sup>(4)</sup>	N/A	42,667	12,000 <sup>(4)</sup>	Nil	N/A	Nil	128,394
Ankit Bhandari, Chief Financial Officer	2023	33,250 <sup>(5)</sup>	N/A	Nil	Nil	Nil	N/A	Nil	33,250
	2022	Nil	N/A	Nil	Nil	Nil	N/A	Nil	Nil
Mark Fernandez Chief Financial Officer	2023	8,750 <sup>(5)</sup>	N/A	Nil	Nil	Nil	N/A	Nil	8,750
	2022	Nil	N/A	Nil	Nil	Nil	N/A	Nil	Nil

## Notes:

- (1) No share-based awards were granted to NEOs in 2023 or 2022.
- (2) In the year ended December 31, 2022, options to buy 300,000 Common Shares at a price of \$0.11 per share were granted to Mr. Malion. These options expire on November 4, 2027. The fair value of the Options granted to Mr. Malion for the year ended December 31, 2022 was calculated as \$0.14 per share and was estimated on the date of grant using a Black-Scholes pricing model with the following assumptions: weighted average expected life of 5 years, risk-free interest rate of 3.67%, expected volatility of 166% and no expected dividends.
- (3) The Corporation does not generally have non-equity incentive compensation plans for the NEOs. For the years ended December 31, 2023 and 2022, Mr. Malion received a cash performance bonus, as described in note 4 below.
- (4) Mr. Malion's compensation is comprised of a base salary, a percentage of sales and a percentage of profit in any fiscal period. A performance bonus of \$12,000 was paid to Mr. Malion in 2023 and 2022.
- (5) Fees paid to 6ix Finance Group Inc. for CFO services initially provided by Mr. Bhandari from January 1, 2023 to October 15, 2023 and then by Mr. Fernandez effective October 16, 2023 to December 31, 2023.
- (6) The Corporation does not currently have a pension plan.

### Summary Compensation Agreements

Effective September 1, 2023, the compensation arrangement for Mr. Malion is comprised of a base salary of \$80,000, a percentage of certain revenue, and a percentage of operational profit. Prior to that, Mr. Malion's compensation was calculated solely as a percentage of sales. In each of 2023 and 2022, a performance bonus of \$12,000 was also paid to Mr. Malion.

The Corporation entered into a consulting contract with 6ix Finance Group Inc. on December 13, 2022 for the services provided by Mr. Bhandari and Mr. Fernandez. Pursuant to such consulting contract, the total compensation to 6ix Finance Group Inc is set at \$3,500 per month. Additional fees were payable during 2023 for transition-related work.

### Stock Option Plan

Eligible participants under the Stock Option Plan are directors, officers, employees and consultants engaged by the Corporation.

The maximum number of Common Shares which may be reserved for issuance to any one optionee in a 12 month period under the Stock Option Plan shall not exceed 5% of the total number of issued and outstanding Common Shares (on a non-diluted basis), less Common Shares reserved for issuance under any stock option agreement. Notwithstanding the foregoing provision, no more than 5% of the issued Common Shares of the Corporation may be granted to any one insider of the Corporation in any 12 month period, no more than 2% of the issued Common Shares of the Corporation may be granted to any one consultant to the Corporation in any 12 month period and no more than an aggregate of 2% of the issued Common Shares (determined at the date an Option is granted) of the Corporation

may be granted to all persons employed to provide Investor Relations Activities (as defined in the policies of the TSXV) in any 12 month period.

The exercise price for the Common Shares of the Corporation under each option is determined by the Board on the basis of the market price, where "market price" is the prior trading day closing price of the Common Shares of the Corporation on the TSXV. Where there is no such closing price, or if the Board determines that such closing price would not be representative of the market price of the Common Shares, then the exercise price is calculated using the weighted average price per share for the Common Shares for the five consecutive trading days ending on the last trading day preceding the date of grant. The exercise price is subject to the TSXV minimum pricing guidelines and cannot be set below the market price.

The term of the Option is determined by the Board provided that Options shall not be granted for a term exceeding five years. Options are fully vested on the grant date. Notwithstanding the foregoing, unless otherwise permitted by the TSXV, Options issued to consultants performing Investor Relations Activities: (i) must vest in stages over a period of not less than 12 months, with no more than one quarter of the Options vesting in any three-month period; and (ii) must expire within 30 days after the consultant ceases to be employed or retained to provide Investor Relations Activities.

The Stock Option Plan does not provide for stock appreciation rights.

If any optionee who is a director, officer or employee shall cease to be a director, officer or employee of the Corporation or any subsidiary for any reason, save and except the death of an optionee, the optionee may exercise his Options, but only within the period of 90 days succeeding such cessation and in no event after the expiry date of the optionee's Options. In the event of the optionee's death, the Options may be exercised during a period of one year next succeeding the optionee's death, and in no event after the expiry date of the optionee's Options.

The entitlement of a consultant to Options, including the entitlement to Options upon termination, shall be determined by the terms of the consultant's agreement and the requirements of the Stock Option Plan and in no event shall continue after the expiry date of the consultant's option agreement.

No Option granted under the Stock Option Plan is transferable or assignable by an optionee except otherwise than by will or by the laws of descent and distribution, and such Option is exercisable only by the optionee during his lifetime.

The Board may at any time amend the terms of a stock option agreement or the Stock Option Plan upon requisite regulatory and TSXV approval. If the optionee is an insider of the Corporation at the time of the amendment, the Corporation must obtain disinterested Shareholder approval.

The Corporation does not provide any financial assistance to participants under the Stock Option Plan to facilitate the purchase of securities.

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

### ***Option-Based Awards***

The Corporation provides option-based awards to executive officers and employees. Previous grants of option-based awards are taken into account when considering new grants. Management recommends to the Board the award level for each potential grantee and the independent board members evaluate the recommendation. The Corporation's equity incentive plan under which an option-based award is granted is reviewed by management, including executives and any amendments are approved by the Board prior to seeking the requisite Shareholder approval.

The following table sets forth all option-based awards and share-based awards outstanding for each Named Executive Officer at the end of the year ended December 31, 2023:

Name	Option-based Awards				Share-based Awards <sup>(2)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
Andrew Malion	300,000 180,000 180,000	0.11 0.25 0.25	November 4, 2027 October 14, 2024 March 17, 2026	\$36,000 N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
Mark Fernandez	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Ankit Bhandari	Nil	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares at December 29, 2023 (\$0.23) and the exercise price of the Options.
- (2) The Corporation does not offer share-based awards.

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

The following table sets forth for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2023, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2023:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Andrew Malion	Nil	Nil	12,000
Mark Fernandez	Nil	Nil	Nil
Ankit Bhandari	Nil	Nil	Nil

Note:

- (1) The Corporation does not offer share-based awards.

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

Under the terms of the Corporation's employment agreement with Mr. Malion, if his contract is terminated by the Corporation, the Corporation is obligated to pay Mr. Malion's entitlement under existing employment standards legislation. Mr. Malion's employment agreement does not contain non-competition provisions.

Under the terms of the consulting contract with 6ix Finance Group Inc., no payments are required to be made on termination of such consulting contract to either 6ix Finance Group Inc. Mr. Bhandari or Mr. Fernandez.

#### **Director Compensation**

Mr. John Dynes was appointed to the Board on October 11, 2023. Effective August 17, 2023, Board directors receive compensation of \$500 per meeting attended. Prior to this, no cash-based compensation was provided to directors.

The Corporation has granted directors option-based awards in previous years, including an aggregate of 600,000 Options which were granted to the directors in the year ended December 31, 2022.

**Directors' Summary Compensation Table**

The following table sets forth for the year ended December 31, 2023, information concerning the compensation paid to the directors of the Corporation, other than directors who are also Named Executive Officers:

Name	Year Ended December 31	Fees earned (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(4)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Robert Moran	2023	1,250	Nil	Nil	Nil	Nil	Nil	1,250
Aiden Bolger	2023	1,250	Nil	Nil	Nil	Nil	Nil	1,250
John Dynes <sup>(2)</sup>	2023	500	Nil	Nil	Nil	Nil	Nil	500

Notes:

- (1) The Corporation does not offer its directors share-based awards.  
(2) Mr. Dynes was appointed to the Board on October 11, 2023.

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

The following table sets forth for each of the directors of the Corporation, other than directors who are also Named Executive Officers, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2023:

Name	Option-based Awards				Share-based Awards <sup>(2)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
Robert Moran	300,000	0.11	November 4, 2027	36,000	N/A	N/A	N/A
Aiden Bolger	300,000	0.11	November 4, 2027	36,000	N/A	N/A	N/A
John Dynes	Nil	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares at December 29, 2023 (\$0.23) and the exercise price of the Options.  
(2) The Corporation does not offer its directors share-based awards.

**Directors' Incentive Stock Option Plan Awards – Value Vested or Earned During the Year**

The following table sets forth for each of the directors of the Corporation, other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2023, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2023:

Name	Year Ended December 31	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Moran	2023	Nil	N/A	Nil

Name	Year Ended December 31	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Aiden Bolger	2023	Nil	N/A	Nil
John Dynes <sup>(2)</sup>	2023	Nil	N/A	Nil

Notes:

- (1) The Corporation does not offer directors share-based awards or non-equity incentive plan compensation.
- (2) Mr. Dynes was appointed to the Spectra Board on October 11, 2023.

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

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) <sup>(2)</sup>
Equity compensation plans approved by securityholders	1,400,000 <sup>(1)</sup>	N/A	31,239 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	1,400,000	N/A	31,239

Notes:

- (1) Outstanding Options issued as equity compensation include Options as follows: NEO 660,000; employees 140,000 and Directors 600,000.
- (2) The Corporation is authorized to issue a maximum of 10% of its issued and outstanding Common Shares as Options. At December 31, 2023, the Corporation had 14,650,895 Common Shares issued and outstanding and 1,400,000 Options outstanding.

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees or former executive officers, directors or employees of the Corporation or its subsidiaries, is or has been at any time since the beginning of the most recently completed financial year, indebted to the Corporation or any of its subsidiaries nor is any indebtedness still outstanding, nor, at any time since the beginning of the most recently completed financial year, has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation except as follows:

On July 19, 2021, the Corporation advanced a US\$15,000 loan to the Corporation's President, Andrew Malion. This loan advance is due for repayment on July 19, 2024, extended from July 19, 2022, together with interest at 5%. On December 5, 2023, US\$7,500 was repaid to the Company, applied first to accrued interest and then to the outstanding loan balance. As at December 31, 2023, the Canadian dollar converted value of the outstanding loan amount was \$11,276, using the Bank of Canada daily average exchange rate of US\$1.00 = Cdn\$1.3226.

#### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere herein, no proposed director of the Corporation, or any informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), and no associate or affiliate of any of the foregoing persons, has or has had any material interest in any transaction since the commencement of the Corporation's

most recently completed financial year or in any proposed transactions which has materially affected or would materially affect the Corporation or any of its subsidiaries.

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that if a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

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

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the approval of the Stock Option Plan and the appointment of auditors.

#### **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* requires issuers to disclose the corporate governance practices that they have adopted, and National Policy 58-201 – *Corporate Governance Guidelines* provides guidance on corporate governance practices.

The Corporation's statement of corporate governance practices is attached to this Information Circular as Schedule "A".

#### **AUDIT COMMITTEE**

Information relating to the Audit Committee and the Audit Committee's mandate and terms of reference are attached to this Information Circular as Schedules "B" and "C", respectively.

#### **DIRECTORS' APPROVAL**

The contents and the sending of this Information Circular have been approved by the Board.

#### **ADDITIONAL INFORMATION**

Financial information in respect of the Corporation is provided in the management's discussion and analysis of financial conditions and results of operations and the Corporation's comparative annual financial statements for the year ended December 31, 2022. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). None of the Corporation's information available on SEDAR is deemed to be incorporated by reference herein.

The Corporation shall provide a copy of its financial statements and management's discussion and analysis to any Shareholder, upon request to the President of the Corporation, at Unit 2, 41 Horner Avenue, Toronto, Ontario M8Z 4X4.

## SCHEDULE "A"

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Set forth below is a description of the Corporation's current corporate governance practices.

**1. Board of Directors**

- (a) The independent members of the board of directors of the Corporation are Robert Moran, Aidan Bolger and John Dynes.
- (b) The non-independent director is Andrew J. Malion (Chairman and President).

**2. Orientation and Continuing Education**

New directors are provided the opportunities to meet with management, tour facilities and receive reports relating to the Corporation's business and affairs. The Corporation will also pay for the cost of relevant courses for directors.

**3. Ethical Business Conduct**

In accordance with the ABCA, directors who are a party to or are a director or an officer of a party to a material contract or material transaction are required to disclose the nature and extent of their interest and are not permitted to vote on any resolution to approve the contract or transaction.

**4. Nomination of Directors**

- (a) The process by which the Board identifies new candidates for Board nomination is via interviews with current Board members and upon the recommendation of industry peers. The Board members will identify new candidates to the Compensation Committee for their consideration.
- (b) In conjunction with the Chairman of the Board, the Compensation Committee, which is comprised of a majority of independent directors, will propose to the Board, annually, the members proposed for re-election to the Board and identify and, where appropriate, recommend new nominees for election to the Board. The Compensation Committee will consider the competencies and skills that each new nominee will bring to the Board, whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board and the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess.

**5. Compensation**

The Compensation Committee of the Corporation reviews the compensation for the directors and officers of the Corporation and a recommendation is made by the Compensation Committee for the compensation package payable to each of the directors and officers for the Board's approval. The Compensation Committee's charter is currently being finalized by the Corporation. The Corporation's Compensation Committee consists of Andrew J. Malion, Robert Moran and Aidan Bolger. See "*Compensation Discussion and Analysis – Compensation Governance*".

**6. Other Board Committees**

The Corporation has an Audit Committee in addition to the Compensation Committee. See Schedule "B" to the Information Circular entitled "*Audit Committee Information*".

**7. Assessments**

The Compensation Committee will be responsible for the regular assessment of the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors. This process will be

used with respect to both the appointment of new and the assessment of continuing directors. To date the Board has satisfied itself that the Board, its committees and individual directors are performing effectively through informal discussions.

## SCHEDULE "B"

### AUDIT COMMITTEE INFORMATION

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Corporation, as a TSXV 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:

**1. The Audit Committee's Charter**

The Audit Committee has a charter. A copy of the Audit Committee's charter is attached as Schedule "C" and is incorporated herein by reference.

**2. Composition of the Audit Committee**

The current members of the Audit Committee are Messrs. Andrew J. Malion, Robert Moran and Aidan Bolger. A majority of the Audit Committee is independent and each member of the Audit Committee is financially literate. Each of Messrs. Moran and Bolger are independent in accordance with NI 52-110. Mr. Malion is not independent in accordance with NI 52-110 as he is the Chairman and President of the Corporation. Each current member of the Committee has experience relevant to their responsibilities as a Committee member.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Corporation's Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation.

**3. Relevant Education and Experience**

**Andrew J. Malion, Chairman, President and Director**

Mr. Malion has been with the Corporation since its inception during which time he has been active in the review and compilation of the Corporation's financial statements.

**Robert Moran, Director**

Robert Moran is a serial entrepreneur with over forty-five years of experience in High Technology, and Business start-ups. A strategic thinker and visionary, his strengths include ground-up business planning and product market positioning. He has served on the board of numerous medium to large scale companies and has founded and managed the success of five pre-investment start-ups primarily in the High Tech sector.

**Aidan Bolger, Director**

Aidan Bolger started his transportation career in Toronto in the truck rental and leasing business and has over forty plus year's experience in ownership and senior executive positions. This experience covers truck transportation leasing as well as the Intermodal industry in North America at the OEM and Retail levels. Mr. Bolger's brings a unique set of transportation skills to Spectra's Board.

**4. Audit Committee Oversight**

Not applicable.

**5. Reliance on Certain Exemptions**

Not applicable.

**6. Pre-Approval Policies and Procedures**

Not applicable.

**7. External Auditor Service Fees (By Category)**

The Audit Committee has reviewed the nature and amount of non-audited services provided by AGT Partners LP to the Corporation to ensure auditor independence. Fees incurred with AGT Partners LP for audit and non-audit services in the fiscal year ending 2020 and 2021 are outlined in the following table.

Nature of Services	Fees incurred from Auditor re Year Ended December 31, 2022	Fees incurred from Auditor re Year Ended December 31, 2021
Audit Fees <sup>(1)</sup>	\$25,000	\$23,000
Audit-Related Fees <sup>(2)</sup>	\$ 1,500	\$ 1,000
Tax Fees <sup>(3)</sup>	\$ 1,800	\$ 1,750
All Other Fees <sup>(4)</sup>	Nil	Nil
Total	\$28,300	\$25,750

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include the compilation and review of quarterly interim financial statements.

**8. Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

## SCHEDULE "C"

### SPECTRA PRODUCTS INC.

#### AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

##### Introduction

Spectra Products Inc. (the "**Corporation**") is a vertically integrated manufacturer and supplier of products and services to the commercial transportation industry. The board of directors of the Corporation (the "**Board**") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management of the Corporation, which is responsible for the day-to-day conduct of the business.

##### Purpose

The overall purpose of the Audit Committee (the "**Committee**") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls and disclosure controls and procedures, to review and report on the integrity of the financial statements of the Corporation, to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

##### Composition, Procedures and Organization

1. The Committee shall consist of at least three members of the Board, a majority of whom shall be "independent", as that term is defined in Sections 1.4 and 1.5 of National Instrument 52-110, *Audit Committees* ("**NI 52-110**") (provided that, if the Common Shares of the Corporation are listed and posted on the Toronto Stock Exchange, then all of the members of the Committee shall be "independent").
2. All of the members of the Committee shall be "financially literate" (i.e. able 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 those of the Corporation and that can be reasonably expected to be raised by the Corporation's financial statements).
3. The Committee composition, including the qualifications of its members, shall comply with the applicable requirements of stock exchanges on which the Corporation lists its securities and of securities regulatory authorities, as such requirements may be amended from time to time.
4. The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
5. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their members.
6. The quorum for meetings shall be a majority of the members of the Committee, 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.
7. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

8. Meetings of the Committee shall be conducted as follows:
- (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:
    - (i) Chief Executive Officer; and
    - (ii) Chief Financial Officer,and other management representatives shall be invited to attend as necessary.
9. The external auditors shall report directly to the Committee and the external auditors and internal auditors (if any) shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee of the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
10. The Committee may retain, at the Corporation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties and may set and pay the compensation for any advisor engaged. The Committee will notify the Chairman of the Board whenever independent consultants are engaged.

### **Handling of Complaints**

The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (a whistleblower policy).

### **Annual Review**

The Committee shall review and assess the adequacy of its mandate annually, report to the Board thereon and recommend any proposed changes to the Board for approval. The Committee shall also perform an annual evaluation of the performance of the Committee and shall report the results of the evaluation to the Chairman of the Board.

### **Roles and Responsibilities**

11. The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly financial statements and management's discussion and analysis;
  - (b) to establish and maintain a direct line of communication with the Corporation's internal (if any) and external auditors and assess their performance;
  - (c) to assist the Board in the discharge of its responsibilities relating to oversight of the Corporation's internal, financial and disclosure controls and procedures;

- (d) to periodically review the audit and non-audit services pre-approval policy and recommend to the Board any changes which the Committee deems appropriate;
  - (e) to periodically consider whether there is a need to outsource internal audit functions or create an internal audit department;
  - (f) to receive and review complaints received pursuant to the Corporation's whistleblower policy and oversee and provide direction on the investigation and resolution of such concerns and to periodically review the said policy and recommend to the Board changes which the Committee may deem appropriate;
  - (g) to report regularly to the Board on the fulfilment of its duties and responsibilities;
  - (h) to identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
  - (i) to ensure that it satisfies those responsibilities set out in Part 2 of NI 52-110 and provisions contained within the Companion Policy to 52-110; and
  - (j) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
12. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
  - (b) to recommend to the Board a firm of external auditors to be nominated for appointment by the Shareholders of the Corporation, and to monitor and verify the independence of such external auditors;
  - (c) to review and approve the fee, scope and timing of the audit and other audit related and non-audit services rendered by the external auditors;
  - (d) review the audit plan of the external auditors prior to the commencement of the audit;
  - (e) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Corporation's financial and auditing personnel;
    - (iv) co-operation received from the Corporation's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Corporation;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and

- (viii) the non-audit services provided by the external auditors, as pre-approved pursuant to the audit and non-audit services pre-approval policy;
  - (f) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;
  - (g) to review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation;
  - (h) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
  - (i) to receive a written statement not less than annually from the external auditor describing in detail all relationships between the auditor and the Corporation that may impact the objectivity and independence of the auditor. The Committee shall review annually with the Board the independence of the external auditors and either confirms to the Board that the external auditors are independent or recommend that the Board take appropriate action to satisfy itself of the external auditor's independence.
13. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Corporation's Code of Business Conduct Policy with those matters addressed in the policy which affect the financial integrity of the Corporation and to periodically review this policy and recommend to the Board changes which the Committee may deem appropriate; and
  - (c) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff or by the external auditors have been implemented.
14. The Committee is also charged with the responsibility to:
- (a) review and recommend to the Board for its approval, the Corporation's annual financial statements, management's discussion and analysis, annual information form and annual earnings press releases before the Corporation publicly discloses this information;
  - (b) review and approve the Corporation's interim financial statements, interim management's discussion and analysis including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto and interim earnings press releases before the Corporation publicly discloses this information;
  - (c) review and approve the financial sections of:
    - (i) the annual report to Shareholders;
    - (ii) the annual information form;
    - (iii) prospectuses;

- (iv) other public reports requiring approval by the Board; and
  - (v) press releases related thereto,
- and report to the Board with respect thereto;
- (d) review regulatory filings and decisions as they relate to the Corporation's financial statements;
  - (e) review the appropriateness of the policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (f) review and report on the integrity of the Corporation's financial statements;
  - (g) review the minutes of any audit committee meeting of the Corporation;
  - (h) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the financial statements;
  - (i) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
  - (j) develop a calendar of activities to be undertaken by the Committee for each ensuing year related to the Committee's duties and responsibilities as set forth in this Charter and to submit the calendar in the appropriate format to the Board within a reasonable period of time following each annual meeting of Shareholders;
  - (k) ensure all material public documents relating to the financial performance, financial position or analysis thereon are reviewed by the Committee or another appropriate committee, as designated by the Board. In certain cases which involve severe timing considerations, the Committee may designate the responsibility for review to any two members of the Committee. The Committee shall review and monitor practices and procedures adopted by the Corporation to assure compliance with applicable listing requirements, laws, regulations and other rules, and where appropriate, make recommendations or reports thereon to the Board;
  - (l) The Committee shall review significant changes in the accounting principles to be observed in the preparation of the accounts of the Corporation, or in their application, and in financial disclosure presentation; and
  - (m) The Committee shall prepare or review such reports as may be required by any applicable securities regulatory authority to be included in the Corporation's Information Circular or any other disclosure document of the Corporation.

### **Accountability**

The Committee shall report its activities and proceedings to the Board by distributing the minutes of its meetings or by oral or written report at the next Board meeting.

### **Standards of Liability**

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this mandate are meant to serve as guidelines rather than inflexible rules and the Committee

may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

#### **Annual Review and Assessment**

The Committee shall conduct an annual review and assessment of its performance, including compliance with this Charter and its role, duties and responsibilities, and submit such report to the Board.

#### **Committee Timetable**

The major activities of the Committee with respect to scheduled meetings will be outlined in an annual schedule, a sample of which can be found below.

Schedule of Audit Committee Meeting Dates for 2023:

<b><u>Meeting Date</u></b>	<b><u>Agenda Items</u></b>
April 13, 2023	Review Audited Financial Statements for year ending December 31, 2022
May 23, 2023	Review Interim and Unaudited Financial Statements for period ending March 31, 2023
August 17, 2023	Review Interim Unaudited Financial Statements for period ending June 30, 2023
November 21, 2023	Review Interim Unaudited Financial Statements for period ending September 30, 2023

## **TERMS OF REFERENCE FOR AUDIT COMMITTEE CHAIR**

The Chair is appointed annually by and reports to the Board. The Chair's primary role is managing the affairs of the Committee, including ensuring the Committee is organized properly, functions effectively and meets its obligations and responsibilities. The Chair works with the Chief Financial Officer ("CFO") of the Corporation to ensure effective relations with Committee members. The Chair maintains on-going communications with the CFO and with such other officers of the Corporation as the Chair determines appropriate. The Chair, in conjunction with the Committee, maintains ongoing communications with the Trust's external auditors. The Chair has the responsibility to lead the Committee and report to the Board after each Committee meeting.

The Chair also has the responsibility to ensure the Committee is alert to its obligations to the Board and pursuant to law and to chair Committee meetings.

The Chair must also:

- (a) assist the Board in its recommendation of Committee members and its review of the performance and suitability of the Committee;
- (b) ensure the co-ordination of the agenda, information packages and related events for Committee meetings in conjunction with the Board Chair, the CFO and the Corporate Secretary;
- (c) maintain a liaison and communication with Committee members, other directors and the Board Chair to co-ordinate input from Committee members and directors, and optimize the effectiveness of the Committee;
- (d) in collaboration with the CFO and other officers, ensure information requested by Committee members is provided and meets their needs;
- (e) in conjunction with the Nomination and Corporate Governance Committee, the Board and the Board Chair, review and assess Committee attendance, performance and compensation and the size and composition of the Committee; and
- (f) in conjunction with the Compensation Committee, lead the Committee in assessing the performance of the Corporation's financial management team.

If the Chair and the CFO are the same person, then all references to CFO above shall be replaced with such other officer of the Corporation as the Chairman of the Corporation deems necessary.

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