

IMPACT DEVELOPMENT GROUP INC.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 20, 2024**

AND

MANAGEMENT INFORMATION CIRCULAR

DATED: JULY 15, 2024

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this document, you should immediately contact your advisor.

IMPACT DEVELOPMENT GROUP INC.

Suite 801-1 Adelaide Street East, Toronto, ON M5C 2V9

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of the shareholders of Impact Development Group Inc. (the “**Company**”) will be held at the offices of Garfinkle Biderman LLP (Suite 801-1 Adelaide St. E, Toronto, ON M5C 2V9) on August 20, 2024, beginning at 2:00 p.m. (Toronto time) for the following purposes:

1. to place before the Meeting the audited financial statements of the Company for the fiscal year ended December 31, 2023, and 2022, together with the accompanying report of the auditors thereon;
2. to fix the number of directors at four;
3. to elect Thomas Wenz, Sophie Galper-Komet, Joshua Lebovic, and Oscar Hilt Tatum as directors of the Company to hold office until the next annual meeting of the Company, or until their earlier resignation or such time as their successors are duly elected or appointed in accordance with the Company’s constating documents;
4. to re-appoint MNP LLP, as the auditors of the Company for the Company’s fiscal year ending December 31, 2024, with remuneration to be fixed by the board of directors of the Company (the “**Board**”);
5. to consider and, if deemed advisable, to pass, with or without variation, a special resolution to authorize the board of directors to set the number of directors from time to time within the minimum and maximum number of directors set forth in the articles of the Company, in accordance with Section 125(3) of the *Business Corporations Act (Ontario)*, provided that the total number of directors so set may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders;
6. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, re-approving the omnibus equity incentive plan of the Company, in the form set out as Schedule “A” to this management information circular dated July 15, 2024 (the “**Circular**”); and
7. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The Circular accompanying this notice of Meeting (the “**Notice**”) provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice. The Board has fixed July 15, 2024, as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting, please exercise your right to vote by: (a) completing, dating, signing and returning the form of proxy in the enclosed proxy return envelope to Odyssey Trust Company (“**Odyssey**”): (a) by mail to Trader’s Bank Building, 702-67 Yonge Street, Toronto, ON M5E 1J8; (b) logging on to [Linkstar \(odyysseytrust.com\)](https://linkstar.odyysseytrust.com) and entering your control number as instructed on the login page; or (c) faxing the completed form of proxy to 1-800-517-4553. A completed proxy must be received at Odyssey no later than 2:00 p.m. (Toronto time) on August 16, 2024, or at least 48 hours (excluding Saturdays, Sundays and holidays) preceding any adjournment of the Meeting. Late proxies may be accepted or rejected by the chairman of the Meeting in their discretion, and the chairman is under no obligation to accept or reject any particular late proxies.

If you are a non-registered shareholder of the Company and received this Notice and accompanying materials through a broker, a financial institution, a participant, or a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act (Canada)*, or a nominee of any of the foregoing that holds your securities on your behalf (each, an “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Toronto, Ontario, 15th day of July 2024.

By Order of the Board of Directors of

IMPACT DEVELOPMENT GROUP INC.

/s/ "Thomas Wenz"

Thomas Wenz

Chief Executive, Director & Chairman of the Board of Directors

PLEASE VOTE. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED FORM OF PROXY AND PROMPTLY RETURN IT IN THE ENVELOPE PROVIDED.

IMPACT DEVELOPMENT GROUP INC.

Suite 801-1 Adelaide Street East, Toronto, ON M5C 2V9

MANAGEMENT INFORMATION CIRCULAR

INTRODUCTION

This management information circular (the “**Circular**”) accompanies the notice (the “**Notice**”) of the annual general and special meeting of shareholders (the “**Meeting**”) of Impact Development Group Inc. (the “**Company**”), to be held beginning at 2:00 p.m. (Toronto time) on August 20, 2024 at the offices of Garfinkle Biderman LLP (Suite 801-1 Adelaide Street East, Toronto, ON M5C 2V9), and is furnished to shareholders holding common shares of the Company (each, a “**Share**”), in connection with the solicitation by the management of the Company of proxies to be voted at the Meeting, or at any adjournment or postponement thereof.

Date and Currency

This Circular is dated July 15, 2024, and, unless otherwise indicated, the information provided in this Circular is given as of such date. Unless otherwise stated, all amounts herein are in U.S. dollars.

PROXIES AND VOTING RIGHTS

Management Solicitation

The solicitation of proxies by management of the Company will be conducted primarily by mail and may be supplemented by telephone or other personal contact to be made without special compensation to any of the directors, officers and employees of the Company. No solicitation is expected to be made by specifically engaged employees or soliciting agents. The costs of the solicitation of proxies by management for use at the Meeting will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized or is unlawful, or in which the person making such solicitation is not qualified to do so.

Appointment of Proxy

The board of directors of the Company (the “**Board**”) have fixed July 15, 2024, as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting (the “**Record Date**”). Only shareholders of record at the close of business on the Record Date are entitled to receive notice of and vote at the Meeting. A shareholder is entitled to one vote for each Share that such shareholder holds on the Record Date on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting. Registered shareholders may attend the Meeting in person or be represented by proxy. Non-registered holders of Shares should read the information under the heading “*Advice to Beneficial Shareholders*”.

The persons named as proxyholders in the enclosed form of proxy (the “**Designated Persons**”) are directors, officers, or legal counsel of the Company.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY), OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY, TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING.

A SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED ON THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY, AND PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S SHARES SHOULD BE VOTED. THE NOMINEE MUST BRING PERSONAL IDENTIFICATION TO THE MEETING.

If you are a registered shareholder of the Company and unable to attend the Meeting, please exercise your right to vote by: (a) completing, dating, signing and returning the form of proxy in the enclosed proxy return envelope to Odyssey Trust Company ("**Odyssey**"): (a) by mail to Trader's Bank Building, 702-67 Yonge Street, Toronto, ON M5E 1J8; (b) logging on to [Linkstar \(odysseytrust.com\)](http://Linkstar(odysseytrust.com)) and entering your control number as instructed on the login page; or (c) faxing the completed form of proxy to 1-800-517-4553. A completed proxy must be received at Odyssey no later than 2:00 p.m. (Toronto time) on August 16, 2024, or at least 48 hours (excluding Saturdays, Sundays and holidays) preceding any adjournment of the Meeting. Late proxies may be accepted or rejected by the chairman of the Meeting in their discretion, and the chairman is under no obligation to accept or reject any particular late proxies.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder's attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

Revocation of Proxies

A shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing (including another completed form of proxy): (a) executed by that shareholder or by that shareholder's attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

Voting of Shares and Proxies and Exercise of Discretion by Designated Persons

A shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Shares represented by the proxy will be voted for, against, or withheld from voting in accordance with the instructions given in the proxy. If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Shares represented will be voted or withheld from the vote on that matter accordingly. **The Shares represented by a proxy will be voted for, against, or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.**

IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON

THE DESIGNATED PERSONS. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY, INCLUDING FOR THE ELECTION OF THE NOMINEES IDENTIFIED HEREIN AS DIRECTORS OF THE COMPANY AND THE APPOINTMENT OF THE COMPANY'S AUDITOR.

The enclosed form of proxy confers discretionary authority upon the Designated Persons with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, whether or not any such amendment or variation is routine or contested. At the date of this Circular, management of the Company is not aware of any such amendments, variations or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Shares of a shareholder on any matter, the Shares that are the subject of the abstention or withholding will be counted for determination of a quorum but will not be counted as affirmative or negative on the matter to be voted upon.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set out in this section is of significant importance to many holders of Shares, as a substantial number of shareholders of the Company do not hold Shares in their own name. Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders are “non-registered” shareholders because the Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or trust company. More particularly, a person is not a registered shareholder in respect of Shares which are held on behalf of that person (i.e., such person is a “beneficial shareholder”, referred to herein as a “**Non-Registered Holder**”). Shares beneficially owned by 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 Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators or self-administered RRSP's, RRIF's, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

Intermediaries are required to forward the Notice, Circular and form of proxy for the Meeting (collectively, 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 of Shares beneficially owned by the Non-Registered Holder but which is otherwise not 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 submit a proxy should otherwise properly complete the form of proxy and deposit it with Odyssey as provided above; or
- (b) more typically, be given a voting instruction form 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 voting instruction form will consist of a one-page pre-printed form. Sometimes, instead of a one-page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by 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 form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit a Non-Registered Holder to direct the voting of the Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Designated Persons and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (i.e., objecting beneficial owners, referred to herein as “**OBOs**”) and those who do not object to the issuers of the securities they own knowing who they are (i.e., non-objecting beneficial owners, referred to herein as “**NOBOs**”). Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (“**NI 54-101**”), issuers can obtain a list of their NOBOs from Intermediaries for distribution of proxy-related materials directly to NOBOs. In accordance with the requirements set out in NI 54-101, the Company has distributed copies of the Meeting Materials to the clearing agencies and Intermediaries (or their agents) for onward distribution to all Non-Registered Holders.

These Meeting Materials are being sent to both registered shareholders and Non-Registered Holders pursuant to NI 54-101. If you are a Non-Registered Holder who is a NOBO, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Shares on your behalf. The Company's management does intend to pay for Intermediaries to forward to OBOs the Meeting Materials.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Record Date

The Record Date for the purpose of determining the shareholders entitled to receive notice of and vote at the Meeting has been fixed as July 15, 2024. All shareholders of record at the close of business on the Record Date are entitled to vote the Shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting.

Description of Voting Securities

The Company is authorized to issue an unlimited number of Shares. As of the Record Date, a total of 15,392,476 Shares were issued and outstanding. Each Share carries the right to one vote on each matter at the Meeting. The outstanding Shares of the Company are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”).

No other voting securities are issued and outstanding as of the Record Date.

Quorum

The quorum for the transaction of business at the Meeting is met if the holders of not less than ten 10% of the Shares entitled to vote, whether represented in person or by proxy, are present.

Principal Shareholders

To the knowledge of the directors and senior officers of the Company, as at the Record Date, and based on the Company's review of the records maintained by Odyssey, electronic filings with the System for Electronic Document Analysis and Retrieval Plus (“**SEDAR+**”) and insider reports filed with the System for Electronic Disclosure by Insiders (“**SEDI**”), as at the date of this Circular, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to the outstanding Shares of the Company, except as disclosed below:

Name	Number of Shares Owned	Percentage of Shares Owned ⁽¹⁾
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Dale Wood	8,255,131	53.63%
Oscar Hilt Tatum	2,549,296	16.56%

Notes:

- (1) Percentages are based on 15,392,476 Shares issued and outstanding as of the Record Date.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Presentation of Financial Statements

At the Meeting, the Company’s audited financial statements for the fiscal year ended December 31, 2023, and 2022 (the “**Annual Financial Statements**”), and the accompanying report of the auditors thereon, will be laid before shareholders at the Meeting and are available under the Company’s SEDAR+ profile at www.sedarplus.ca. No vote by shareholders is required with respect to this matter.

2. Fix the Number of Directors

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass a special resolution to fix the number of directors of the Company at four.

Management recommends shareholders vote FOR the special resolution fixing the number of directors at four. Unless the shareholder has specified in the enclosed form of proxy that the Shares represented by that proxy are to be withheld from voting in favour of the resolution fixing the number of directors at four, the persons named in the enclosed form of proxy intend to vote FOR the foregoing resolution. To be effective, the foregoing special resolution must be approved by not less than 66 ⅔% of the votes cast by shareholders present in person, or represented by proxy that are entitled to vote at the Meeting.

3. Election of Directors

The Board presently consists of four (4) directors, Thomas Wenz, Sophie Galper-Komet, Joshua Lebovic, and Oscar Hilt Tatum, and the term of each of the Company’s present directors expires at the close of the Meeting. The shareholders are required to elect the directors of the Company to hold office until the next annual meeting of shareholders or until the successors of such directors are elected or appointed. The current directors of the Company, whose names are set out below, have been nominated by the Board for election as directors at the Meeting (“**Nominees**”). Each elected director will hold office until the next annual meeting of shareholders of the Company or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the by-laws of the Company.

The following table sets forth the names and jurisdictions of residence of the Nominees for election as directors of the Company, the offices in the Company, if any, held by them, their principal occupations (for the past five (5) years) and the number of Shares beneficially owned, or over which control or direction is exercised. If any such individual should be unable or unwilling to serve, an event not presently anticipated, the Designated Persons will have the right to vote, at their discretion, for another nominee, unless a proxy withholds authority to vote for the election of directors:

Name, Place of Residence and Position(s) with the Company	Principal Occupation⁽¹⁾	Director Since	Number of Shares Beneficially Owned⁽¹⁾
Thomas Wenz ⁽²⁾ Colorado, USA <i>Chief Executive Officer, Chairman & Director</i>	CEO of the Company (2023-present), CEO of Impact Housing Corporation (2020-2023), prior to that was CFO of Clearas Water Recovery, Inc, (2017-2020).	November 30, 2023	1,250,548

Name, Place of Residence and Position(s) with the Company	Principal Occupation ⁽¹⁾	Director Since	Number of Shares Beneficially Owned ⁽¹⁾
Sophie Galper-Komet ⁽²⁾ Ontario, Canada <i>Director</i>	Founder, Wisdom Star (2023-present); COO, BST Canada (2019- 2022); Principal, Business Scope international (2009- 2018).	November 30, 2023	Nil
Oscar Hilt Tatum Dubai, United Arab Emirates <i>Director</i>	Managing Partner, Qwantiv Technology Trading LLC (2021 – Present); CEO, Dale Ventures FZE (2023 – Present); CEO Impact Housing Corporation (2017 – 2020).	November 30, 2023	2,549,296
Joshua Lebovic Ontario, Canada ^{(2) (3)} <i>Director</i>	CEO and director of Black Swan Strategy, (2020 – present); CFO and VP Finance, Cryptologic Corp., (2018 – 2020); CFO, Venzee (2017-2018).	November 30, 2023	20,007

Notes:

- (1) Information has been furnished by the respective Nominees individually.
- (2) Member of the Audit Committee of the Board. For more information, please see the heading entitled “Audit Committee Disclosure”.
- (3) Chair of the Audit Committee.

Management does not contemplate that any of the Nominees will be unable to serve as directors. If any vacancies occur in the slate of Nominees listed above before the Meeting, then, subject to applicable law, the Designated Persons intend to exercise discretionary authority to vote the Shares represented by proxies for the election of any other persons as directors. All Nominee biographies have been furnished in the circular dated May 22, 2023, which can be found on the Company’s SEDAR+ profile at www.sedarplus.ca.

Management recommends the election of each of the Nominees as a director of the Company. The Designated Persons intend to vote FOR the election of each of the Nominees, unless a shareholder has specified in their form of proxy that the Shares represented by such a form of proxy are to be withheld from voting in respect thereof.

Corporate Cease Trade Orders

No Nominee has, within 10 years before the date of this Circular, been a director or officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied that person or company access to any exemption under securities legislation for a period of more than 30 consecutive days, or (ii) was subject to an event that resulted, after the director or officer ceased to be a director or 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, except as disclosed below.

Mr. Joshua Lebovic was the Chief Financial Officer of Yooma Wellness Inc. (formerly, Globalive Technology Inc.) (“**Yooma Wellness**”) from June 16, 2021, until December 31, 2023. Yooma Wellness is subject to an active cease trade order resulting from a failure to file its audited annual financial statements for the financial year ended December 31, 2022, as issued on May 5th, 2023, by the Ontario Securities Commission. Furthermore, Yooma Wellness was subject to a cease trade order from a failure to file its audited financial statements for the financial year ended December 31, 2021, as issued on May 6th, 2022, by the Ontario Securities Commission. This cease trade order was revoked as of May 17th, 2022.

Bankruptcies

To the best of management’s knowledge, no Nominee: (i) is or has been within the 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, 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 (ii) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties and Sanctions

To the best of management's knowledge, no Nominee has been subject to: (a) 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 securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

3. **Re-Appointment of Auditor**

It is proposed that MNP LLP, whose principal office is located at 50 Burnhamthorpe Rd. West, Suite 9000, Mississauga, ON L5B 3C2 be re-appointed as auditor of the Company. MNP LLP has been the Company's auditors since inception in January 2021.

At the Meeting, shareholders will be asked to vote for the re-appointment of MNP LLP, to serve as auditor of the Company for the Company's fiscal year ending December 31, 2024, at a remuneration to be fixed by the Board.

Management recommends shareholders vote FOR the appointment of MNP LLP, as the Company's auditor for the Company's fiscal year ending December 31, 2024 at remuneration to be fixed by the Board. Unless the shareholder has specified in the enclosed form of proxy that the Shares represented by that proxy are to be withheld from voting in the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the foregoing resolution. To be effective, the resolution respecting the appointment of auditors must be approved by at least a majority of the votes cast at the Meeting.

4. **Authorizing Directors to Fix the Number of Directors**

Pursuant to section 125(3) of the *Business Corporations Act (Ontario)* (the "OBCA"), if the articles of a corporation provide for a minimum and maximum number of directors, the directors may, if a special resolution of shareholders so provides, fix the number of directors to be elected at an annual meeting.

In addition, section 124(2) of the OBCA also provides that where a special resolution empowers directors to fix the number of directors in accordance with section 125(3) of the OBCA, the directors may appoint one or more directors between annual meetings, to hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total numbers so appointed may not exceed one-third of the number of directors elected at the previous annual meeting.

From time to time, the Board identifies an individual who could make a valuable contribution to the Company as a director. The Board wishes to have the ability to invite such an individual to join the Board between shareholders' meetings, without the need to create a vacancy, as this may restrict the Company's ability to enhance the Board at the earliest opportunity.

By adopting the proposed special resolution, it will be possible to more quickly take advantage of opportunities to augment the Board. At the same time, given the limitation on the number of directors who can be added between meetings and the expiry of the term of such directors at the next annual meeting, the shareholders maintain their control over the composition of the Board.

For these reasons, shareholders will be asked to consider, and, if deemed advisable, to approve, with or without variation, a special resolution to empower the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the articles of the Company (the "Articles").

The text of this special resolution which management intends to place before the Meeting for the approval of the empowerment of the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the Articles is as follows:

“BE IT HEREBY RESOLVED as a special resolution of the shareholders of Impact Development Group Inc. (the **“Company”**) that:

1. in accordance with section 125(3) of the *Business Corporations Act (Ontario)*, the directors shall be empowered and authorized to determine the number of directors of the Company to be elected at annual meetings of the Company within the minimum and maximum numbers provided for in the articles of the Company; and
2. any one director or officer of the Company is hereby authorized and instructed to take all such acts and proceedings and to execute and deliver all such applications, authorizations, certificates, documents and instruments, as in their opinion may be reasonably necessary or desirable for the implementation of this resolution.”

Management recommends shareholders vote FOR the special resolution authorizing the Board to fix the number of directors. Unless the shareholder has specified in the enclosed form of proxy that the Shares represented by that proxy are to be withheld from voting in favour of the special resolution enabling the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the Articles, the persons named in the enclosed form of proxy intend to vote FOR the foregoing resolution. To be effective, the foregoing special resolution must be approved by not less than 66 ⅔% of the votes cast by shareholders present in person, or represented by proxy that are entitled to vote at the Meeting.

5. **Re-Approval of the Omnibus Equity Incentive Plan**

On June 21, 2023, the shareholders of the Company approved the omnibus equity incentive plan of the Company, pursuant to which it is able to issue Share-based long-term incentives (the **“Equity Incentive Plan”**).

The purpose of the Equity Incentive Plan is to advance the interests of the Company through the motivation, attraction and retention of key employees, consultants and directors of the Company and designated affiliates of the Company and to secure for the Company and shareholders of the Company the benefits inherent in the ownership of Shares by key employees, consultants and directors of the Company and the designated affiliates of the Company through the granting of non-transferable options (**“Options”**) and restricted share units (**“RSUs”**), and together with the Options, collectively, the **“Awards”**) to eligible participants under the Equity Incentive Plan.

The aggregate number of Shares reserved for issue under the Equity Incentive Plan may not exceed ten percent (10%) of the Shares then outstanding, unless disinterested Shareholder approval is received; provided that the maximum number of the Shares reserved for issuance, in the aggregate, pursuant to the Awards granted under the Equity Incentive Plan, at any point in time, shall be equal to 10% of the number of the Shares then outstanding unless disinterested shareholder approval is obtained. The Equity Incentive Plan is a "rolling" maximum share omnibus plan, and any increase or reduction in the number of outstanding Shares will result in an increase or reduction, respectively, in the number of Shares that are available to be issued under Equity Incentive Plan.

The maximum number of Shares reserved for issue pursuant to Awards granted to participants who are insiders of the Company in any twelve (12) month period may not exceed, in the aggregate, ten percent (10%) of the number of Shares then outstanding, unless disinterested Shareholder approval is received. The maximum number of Shares reserved for issue pursuant to Awards granted under the Equity Incentive Plan to any one participant in any twelve (12) month period shall not exceed five percent (5%) of the number of Shares then outstanding, unless disinterested Shareholder approval is received. The maximum number of Shares reserved for issue under Awards granted to any one participant (other than a participant who is an eligible director or eligible employee) in any twelve (12) month period shall not exceed two percent (2%) of the number of Shares then outstanding. A full copy of the Equity Incentive Plan is attached hereto as Schedule “A” and a summary is contained herein under the heading **“Statement of Executive Compensation - Equity Incentive Plan”**.

The TSXV requires all listed companies with security-based compensation plans that are 10% rolling plans to obtain annual shareholder approval of such a plan. Shareholders will be asked at the Meeting to vote on a resolution to reapprove the Equity Incentive Plan that was originally adopted by the Company.

At the Meeting, shareholders will be asked to pass an ordinary resolution approving the Equity Incentive Plan Amendments (the **“Plan Resolution”**) in the following form:

“BE IT RESOLVED, as an ordinary resolution, that:

- (a) The Equity Incentive Plan, substantially in the form attached as Schedule “A” to the Circular, be and the same is hereby ratified, confirmed and approved;
- (b) The form of the Equity Incentive Plan may be amended in order to satisfy the requirements or requests of any regulatory authority or stock exchange without requiring further approval of the shareholders of the Company; and
- (c) Any one director or officer of the Company be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution.”

The Company’s Board unanimously recommends that shareholders vote FOR the Plan Resolution.

In order to be effective, the Plan Resolution must be approved by a majority (50%) of the votes cast by shareholders who vote in respect of the Plan Resolution.

The Designated Persons intend to vote FOR the Plan Resolution, unless a shareholder has specified in their form of proxy that the Shares represented by such a form of proxy are to be voted against the Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

General

Securities laws require that a “Statement of Executive Compensation” in accordance with Form 51-102F6V be included in this Circular. Form 51-102F6V prescribes the disclosure requirements in respect of the compensation of certain executive officers (NEOs, as defined below) and directors of reporting issuers. For the purposes of this Circular:

“NEO” or “**named executive officer**” means each of the following individuals:

- (a) each individual who served as chief executive officer (“**CEO**”) of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year;
- (b) each individual who served as chief financial officer (“**CFO**”) of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year;
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than CAD\$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

Information disclosed herein in respect of NEOs is for the Company as of December 31, 2023. For the purposes of this Statement of Executive Compensation, the Company’s NEOs were as follows:

- (a) Thomas Wenz, CEO, Chairman & Director;
- (b) Swapan Kakumanu, CFO; and
- (c) Jason Smart, Former CEO, CFO & Director.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company and its subsidiaries, excluding compensation securities, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for service provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof, for the periods indicated:

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (USDS)	Bonus (USDS)	Committee or Meeting Fees (USDS)	Value of Perquisites (USDS)	Value of All Other Compensation (USDS)	Total Compensation (USDS)
Thomas Wenz ⁽¹⁾ <i>CEO, Chairman & Director</i>	2023	20,834	Nil	Nil	Nil	Nil	20,834
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Swapan Kakumanu ⁽²⁾ <i>CFO</i>	2023	12,000	Nil	Nil	Nil	Nil	12,000
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Sophie Galper-Komet ⁽³⁾ <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Oscar Hilt Tatum ⁽⁴⁾ <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Joshua Lebovic ⁽⁵⁾ <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Raymond David Harari ⁽⁶⁾ <i>Former Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Jason Smart ⁽⁷⁾ <i>Former CEO, CFO & Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Brian Morales ⁽⁸⁾ <i>Former Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Edward Yew ⁽⁹⁾ <i>Former Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Thomas Wenz was appointed as CEO and a director of the Company on November 30, 2023. Thomas Wenz received \$20,834 for his position as the CEO and no compensation for his role as director. Thomas Wenz was appointed as Chairman of the Company on April 29, 2024.
- (2) Swapan Kakumanu was appointed to the board of directors of the Company on November 30, 2023.
- (3) Sophie Galper-Komet was appointed to the board of directors of the Company on November 30, 2023.
- (4) Oscar Hilt Tatum was appointed to the board of directors of the Company on November 30, 2023 and as Chairman of the Company on November 30, 2023. Oscar Hilt Tatum resigned from his position as Chairman of the Company on April 29, 2024.
- (5) Joshua Lebovic was appointed to the board of directors of the Company on November 30, 2023.
- (6) Raymond David Harari was a director of the Company from November 30, 2023 until December 28, 2023.
- (7) Jason Smart was the CEO, CFO & a director of the Company from January 8, 2021 until November 30, 2023.
- (8) Brian Morales was a director of the Company from January 8, 2021 until November 30, 2023.
- (9) Edward Yew was a director of the Company from January 8, 2021 until November 30, 2023.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company, or any subsidiary thereof, in the year ended December 31, 2023, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Name and Position	Type of Compensation Security	Number of compensation securities, number of underlying securities and	Date of issue or grant	Issue, conversion or exercise price ⁽²⁾	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry Date
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		percentage of class ⁽¹⁾			(In USD \$) ⁽³⁾	(In USD \$) ⁽⁴⁾	
Thomas Wenz <i>CEO, Chairman & Director</i>	Warrants	1,250,548	November 30, 2023	\$0.0001	\$1.07	\$1.07	November 30, 2026
Swapan Kakumanu <i>CFO</i>	RSUs	155,423 (1.09%)	November 30, 2023	\$1.07	\$1.07	\$1.07	November 30, 2025
Sophie Galper-Komet <i>Director</i>	RSUs	38,856 (0.27%)	November 30, 2023	\$1.07	\$1.07	\$1.07	November 30, 2025

Notes:

- (1) Represents the percentage of the issued and outstanding Shares of the Company as at December 31, 2023, being 14,141,930 Shares.
- (2) There are no conversion or exercise prices for the RSUs. The fair market value of the stock as at the date of the RSU grants are reflected in this column.
- (3) The total amount of compensation securities, and underlying securities, held on December 31, 2023 by Thoms Wenz is 1,250,548, by Swapan Kakumanu is 155,423 RSUs and by Sophie Galper-Komet is 38,856 RSUs. The warrants vested on issue date of November 30, 2023, and 25% of the RSUs vest every six months over two years, with the first portion vesting after the first six months from grant date of November 30, 2023, and subsequent portions vesting every six months after that.

Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised or redeemed any compensation securities during the Company's most recently completed fiscal year ended December 31, 2023.

Stock option plans and other incentive plans

Pursuant to the Equity Incentive Plan, all participants are eligible to receive Awards including Options and RSUs.

Purpose of the Equity Incentive Plan

The purpose of the Equity Incentive Plan is to advance the interests of the Company through the motivation, attraction and retention of key employees, consultants and directors of the Company and designated affiliates of the Company and to secure for the Company and shareholders of the Company the benefits inherent in the ownership of Shares by key employees, consultants and directors of the Company and the designated affiliates of the Company through the granting of non-transferable Awards to eligible participants under the Equity Incentive Plan.

The Equity Incentive Plan is administered by the Board or, if applicable, a committee of the Board.

Equity Incentive Plan Maximum and Limits

The maximum number of securities reserved for issue pursuant to the Equity Incentive Plan shall be determined from time to time by Board or a committee of the Board but, in any case, shall not exceed, in the aggregate, 10% of the number of Shares then outstanding; provided that the maximum number of Shares reserved for issuance, in the aggregate, pursuant to the Awards granted under Equity Incentive Plan, at any point in time, shall be equal to 10% of the number of Shares then outstanding, unless disinterested shareholder approval is obtained.

The maximum number of Shares reserved for issue pursuant to Awards granted under the Equity Incentive Plan to participants who are insiders of the Company in any 12-month period shall not exceed 10% of the number of Shares then outstanding, unless disinterested shareholder approval is obtained.

The maximum number of Shares reserved for issue under Awards granted to any one participant in any 12-month period shall not exceed 5% of the number of Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the TSXV.

The maximum number of Shares reserved for issue under Awards granted to any one Other Participant (as defined in the Equity Incentive Plan) in any 12-month period shall not exceed 2% of the number of Shares then outstanding.

The maximum number of Shares reserved for issue under Options granted to all Eligible Employees (as defined in the Equity Incentive Plan) and to all Other Participants conducting Investor Relations Activities (as defined in the Equity Incentive Plan) in any 12-month period shall not exceed, in the aggregate, 2% of the number of Shares then outstanding. Options granted to Eligible Employees or Other Participants performing Investor Relations Activities shall vest in stages over a 12-month period, with no more than 25% of the Options vesting in any three-month period. The Board shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all participants performing Investor Relations Activities. No acceleration of the vesting provisions of Options granted to persons retained to provide Investor Relations Activities is allowed without the prior acceptance of the TSXV.

Adjustments

Subject to the approval of the TSXV with respect to any share capital adjustments other than a consolidation or split, in the event there is any change in the Shares, whether by a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Board or a committee of the Board in:

- (a) The number of Shares available under the Equity Incentive Plan;
- (b) The number of Shares subject to any Award;
- (c) The exercise price of the Shares subject to Awards; and
- (d) The number of Shares or cash payment to which the participant is entitled upon exercise or settlement of such Award.

Any fractional Shares resulting from an adjustment shall be disregarded.

Amendments

Any amendments to the Equity Incentive Plan shall be subject to the receipt of required regulatory approvals, including without limitation, the TSXV.

The Board or a committee of the Board may make amendments to the Equity Incentive Plan without shareholder approval in certain circumstances. These include, but are not limited to, the following:

- (a) amendments to the Equity Incentive Plan that are of a “house-keeping nature” including, amending the wording of any provision for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the plan that is inconsistent with any other provision of the Equity Incentive Plan, correcting grammatical or typographical errors and amending the definitions;
- (b) amendments to comply with the rules, policies, instruments and notices of any regulatory authority to which the Company is subject, including TSXV policies or to otherwise comply with any applicable law or regulation;
- (c) other than changes to the expiration date and the exercise price of any Award as described in the Equity Incentive Plan, any amendment, with the consent of the participant, to the terms of any Award previously granted to such participant under the Equity Incentive Plan; and
- (d) any amendment respecting the administration or implementation of the Equity Incentive Plan.

The following amendments to the Equity Incentive Plan will require shareholder approval, including if required by the TSXV, disinterested shareholder approval: (a) any change to the number of Shares issuable from treasury under Equity Incentive Plan; (b) any amendment to the provisions concerning the effect of the termination of a participant’s position, employment or services on such participant’s status under the Equity Incentive Plan; (c) any amendment to the categories of persons who are participants; (d) any amendment which reduces the exercise price of any Award,

other than an adjustment pursuant to Section 6.07 of the Equity Incentive Plan; (d) any amendment which extends the expiry date of an Award; (e) any amendment which cancels any Award and replaces such Award with an Award which has a lower exercise price or other entitlement, with certain exceptions; and (f) any amendments to the amendment provision of the Equity Incentive Plan.

Options

The exercise price for each Option shall be established in the discretion of the Board; provided, however, that the exercise price per Share shall not be less than the closing price of the Shares on the TSXV on the last trading day immediately preceding the date of the grant of such Option less the maximum discount, if any, permitted by the TSXV. Disinterested shareholder approval shall be required for any reduction in the exercise price of any Option if the optionee is an insider of the Company at the time of the proposed amendment to the exercise price.

The term of each Option shall be fixed by the Board but shall not exceed 10 years from the date of grant thereof, subject to certain limited exceptions. Notwithstanding the foregoing, should the expiration date for an Option fall within a Blackout Period (as defined in the Equity Incentive Plan), such expiration date shall be automatically extended without any further act or formality to that date which is the 10th business day after the end of the Blackout Period.

Restricted Share Units

The Board may grant RSUs under the Equity Incentive Plan, which is an Award that is a bonus for services rendered in the year of grant, that, upon settlement entitles the recipient participant to receive a cash payment equal to the market value of a Share, or at the sole discretion of the Board or a committee of the Board, a Share, in accordance with the participant's RSU agreement.

No monetary payment is required for receipt of RSUs, or the Shares issued in settlement of the award, the consideration for which is furnished in the form of the Participant's services to the Company. The Board may grant RSU Awards subject to the attainment of one or more performance goals, or may make the awards subject to vesting conditions. RSUs may not be transferred by the Participant. RSUs may be settled in cash, Shares or any combination of these.

Employment, consulting and management agreements

In the financial year ended December 31, 2023, management functions of the Company were not, to any substantial degree, performed other than by directors or NEOs of the Company. There were no agreements or arrangements that provide for compensation to NEOs or directors of the Company, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in the Company or a change in the NEO or director's responsibilities in the most recently completed financial year.

Oversight and description of director and named executive officer compensation

The Board conducts reviews with regard to the compensation of the directors and NEOs of the Company.

Elements of Compensation

The Company's compensation arrangements for its directors and officers, may, in addition to salary, include compensation in the form of bonuses upon the achievement of certain milestones and the granting of Awards. The compensation policy of the Company may be re-evaluated in the future to emphasize increased base salaries and/or cash bonuses with a reduced reliance on Awards, depending upon the future development of the Company and other factors which may be considered relevant by the Board, from time to time.

Base Salaries

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current

and potential contribution to the Company's success, the position and responsibilities of such NEO and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

Equity-Based Compensation

Shareholders approved the Equity Incentive Plan which enables the Company and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Company, (ii) to offer such persons incentives to put forth maximum efforts, and (iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and shareholders.

Directors are entitled to receive Awards in accordance with the terms of the Equity Incentive Plan and will be reimbursed for any out-of-pocket travel expenses incurred to attend meetings of the Board, committees of the Board or meetings of the shareholders of the Company. The Company also has customary insurance for the benefit of its directors.

Performance Bonuses

Annual bonuses will be awarded based on qualitative and quantitative performance standards and will reward performance of each NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the Company's industry and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Compensation and Measurement of Performance

When determining compensation policies and individual compensation levels for the Company's executive officers, a variety of factors are considered including: the overall financial and operating performance of the Company; each executive officer's individual performance and contribution towards meeting corporate objectives; each executive officer's level of responsibility and length of service; and industry comparables. The Board seeks to ensure that, at all times, its compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director or officer of the Company.

The Board does not use fixed criteria in determining the mix of compensation and instead determines compensation based on a contextual analysis of the Company. While the Board does not have a formally established peer group in determining compensation, the Board will on occasion reference other comparable publicly traded Canadian companies to align its compensation practices with market practice while taking into account the financial and other resources of the Company.

The Company's compensation philosophy for its executive officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, which are of similar size and scope of operations, so as to attract and retain talented executives; and to align the interests of its executive officers with the long-term interests of the Company and its shareholders through stock related programs.

Pension Disclosure

The Company does not have and does not intend to implement a pension plan for its directors or NEOs.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details regarding the number of securities authorized for issuance from treasury under the Company's Equity Incentive Plan 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)
Equity compensation plans approved by shareholders	Warrants 2,921,269 RSU 427,414 Options 11,498	Warrants \$2.07 Options \$2.61	975,281
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	Warrants 2,921,269 RSU 427,414 Options 11,498	Warrants \$2.07 Options \$2.61	975,281 ⁽¹⁾

Notes:

(1) The total number of Shares issued and outstanding as of December 31, 2023, was 14,141,930.

For information regarding the material terms of the Company’s equity compensation plan, please see the heading entitled “*Statement of Executive Compensation – Equity Incentive Plan*”.

AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of the audit committee of the Board (the “**Audit Committee**”) and its relationship with its independent auditor. The overall purpose of the Audit Committee of the Company is to assist the Board in its oversight of the integrity of the Company’s financial statements and other relevant public disclosure, the Company’s compliance with legal and regulatory requirements relating to financial reporting, the external auditors’ qualifications and independence and the performance of the internal audit function and the external auditors.

The Audit Committee Charter

The Company has adopted a written charter for the Audit Committee which sets out the Audit Committee’s responsibility in fulfilling its obligations. The full text of the Company’s Audit Committee Charter is attached to this Circular at Schedule “B”.

Composition of the Audit Committee

Section 6.1.1 of NI 52-110 provides that an audit committee of a venture issuer must be composed of a minimum of three (3) members, that each member must be a director, and a majority of the members must not be executive officers, employees, or control persons.

The following persons are members of the Audit Committee:

Member Name	Independence⁽¹⁾	Financial Literacy⁽³⁾
Thomas Wenz	Not independent ⁽²⁾	Financially Literate
Sophie Galper-Komet	Independent	Financially Literate
Joshua Lebovic ⁽⁴⁾	Independent	Financially Literate

Notes:

- (1) As defined by National Instrument 51-110 – *Audit Committees* (“**NI 52-110**”), a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.
- (2) Thomas Wenz has a material relationship with the Company, since he is the CEO of the Company.
- (3) As defined by NI 52-110, an individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. Each Audit Committee member has the industry experience necessary to understand and analyze the financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.
- (4) Joshua Lebovic is the chair of the Audit Committee.

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee, among other responsibilities, reviews the financial reports and other financial information provided by the Company to regulatory authorities and its shareholders and reviews the Company’s system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

The mandate of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Company. The Audit Committee is be responsible for: conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting; oversee the work of the external auditors; evaluate audit services and pre-approve related fees; pre-approval of non-audit related fees; obtain and review an annual written report of the external auditor; review and approve hiring policies relating to hiring personnel connected to the present and former external auditors; review the audited annual financial statements; review public disclosure guidance regarding financials; and to serve an oversight function, including assessing the integrity of internal controls and financial reporting procedures. In addition, the Audit Committee is responsible for directing the auditors’ examination of specific areas, for the selection of the Company’s independent auditors and for the approval of all non-audit services for which its auditors may be engaged.

Relevant Education and Experience

Each member of the Company’s Audit Committee has adequate education and experience relevant to their performance as an audit committee member and, in particular, the requisite education and experience that provides the member with:

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

Brief descriptions of the education and experience of each audit committee member that is relevant to the

performance of each member's responsibilities pertaining to the audit committee are provided below:

Joshua Lebovic has over 10 years of experience managing public and private businesses from start-ups to multibillion dollar enterprises. He was CFO of Mednow (MNOW:TSXV) and Mr. Lebovic was formerly interim CFO of Cryptologic Corp., a company specializing in mining of cryptocurrencies. Previously, he was CFO of Venzee Technologies, a software-as-a-service based technology platform specializing in data transformation. Mr. Lebovic holds a Bachelor of Commerce degree from McGill University (2007) and is a Chartered Professional Accountant.

Thomas Wenz has over 15 years of executive level business management and operational experience with both the corporate level and entrepreneurial start-up companies. He has extensive experience in mergers, acquisitions, debt and equity corporate transactions as well as board experience in developing and managing key customer and vendor relationships, company strategy, goals, business planning, technology development and budget allocation. Mr. Wenz obtained his MBA from the University of Montana (1999).

Sophie Galper-Komet obtained her Masters of Business Administration from Tel Aviv University (2001). She possesses over 20 years of corporate financing experience with a focus on initial public offerings, bond offerings, mergers and acquisitions and private equity solutions. She has served on the board of directors of numerous public companies and financial institutions, both on the TSXV and Tel Aviv Stock Exchange.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

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

- (a) the exemption in section 2.4 (*De Minimis Non-Audit Services*) of NI 52-110, which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company;
- (b) the exemption in subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*) of NI 52-110;
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) of NI 52-110;
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of the Company's auditors to provide non-audit services, as and when required.

External Auditor Service Fees

In the following tables, "audit fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year and all fees are presented in Canadian dollars. "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 review of the Company'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 aggregate fees billed by the Company’s external auditor in the last two fiscal years, by category, are as follows:

<u>Year Ended December 31</u>	<u>Audit Fees⁽¹⁾</u>	<u>Audit Related Fees⁽²⁾</u>	<u>Tax Fees⁽³⁾</u>	<u>All Other Fees⁽⁴⁾</u>
2023	\$155,000	Nil	\$24,500	Nil
2022 ⁽⁵⁾	\$9,630	Nil	Nil	\$1,284

Notes:

- (1) Include fees billed for professional services rendered by the auditor for the audit of the Company’s annual financial statements, and any reviews of the Company’s unaudited interim financial statements.
- (2) Include fees billed for professional services rendered by the auditor consisting of employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews, review of subsidiary financials, and audit or attestation services not required by legislation or regulation.
- (3) Include fees for all tax-related services other than those included in “Audit Fees” or “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) Includes fees for all tax services other than those included in “Audit Fees”, “Audit Related Fees” and “Tax Fees”.
- (5) All fees from 2022 pertained to Yubba Capital Corp., which was the Company prior to the qualifying transaction.

Exemption

The Company is a “venture issue” as defined in NI 52-110 relying on the exemption provided by Parts 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee, proposed Nominee for election to the Board, or associate of such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Circular.

None of the directors or executive officers of the Company is or, at any time since the beginning of the most recently completed financial year, has been indebted to the Company. None of the directors’ or executive officers’ indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, Shares or who exercises control or direction of Shares, or a combination of both, carrying more than ten percent of the voting rights attached to the Shares outstanding (an “**Insider**”); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with respect to an interest arising from the ownership of Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of Shares.

MANAGEMENT CONTRACTS

There were no management functions of the Company that were, to any substantial degree, performed by a person other than the directors or executive officers of the Company since the start of the Company’s most recently completed financial year.

CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators (“**NI 58-101**”), the Company is required to disclose its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* as follows:

Board of Directors

The Board currently consists of four directors, Thomas Wenz, Joshua Lebovic, Sophie Galper-Komet, and Oscar Hilt Tatum.

Section 1.4 of National Instrument 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship to the Company. Based on information provided by each director concerning his background, employment and affiliations, the Board has determined that of the four directors of the Board, one director is not independent as a result of their relationship with the Company.

Joshua Lebovic, Sophie Galper-Komet, and Oscar Hilt Tatum are considered “independent” because they have no direct or indirect relationship with the Company that could, in the view of the Board, be reasonably expected to interfere with the exercise of his or her independent judgment. Mr. Thomas Wenz is the CEO, and therefore is not considered to be an independent director.

Directorships

Certain directors of the Company are currently also directors of other reporting issuers or equivalents, in any jurisdiction, as described in the table below:

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Trading Market</u>	<u>Position</u>	<u>From</u>	<u>To</u>
Sophie Galper-Komet	SuperBuzz Inc.	TSXV	Director	November 4, 2020	Present
Sophie Galper-Komet	Stickit Technologies Inc.	Canadian Securities Exchange	Director & Chief Financial Officer	October 27, 2023	Present

Orientation and Continuing Education

The Board has not adopted any formal policies with respect to the orientation of new directors, nor is it anticipated to provide continuing education for the directors. Formal policies with respect to director orientation and education will be implemented as and when warranted by growth of the Company’s business.

Ethical Business Conduct

The Board adopted an anti-bribery and anti-corruption policy (the “**Anti-Bribery and Anti-Corruption Policy**”). The Anti-Bribery and Anti-Corruption Policy is intended to ensure that the business activities of the Company are conducted in an honest and ethical manner, with a zero-tolerance approach to bribery and corruption. The Anti-Bribery and Anti-Corruption Policy apply to all directors, officers, employees, consultants and contractors of the Company and compliance with the Anti-Bribery and Anti-Corruption Policy will prohibit corrupt practices such as acceptance

of bribes, inducements, advantages or kickbacks, and all directors, officers, employees, consultants and contractors of the Company will be required to comply with and report any violations of the Anti-Bribery and Anti-Corruption Policy. Violations of the Anti-Bribery and Anti-Corruption Policy will be investigated and, if violations are found to have occurred, could result in dismissal for gross misconduct.

Other than the implementation of an Anti-Corruption Policy described above, the Board has not adopted a formal written “Code of Business Conduct and Ethics”. However, the Board monitors ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual directors’ participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates ethically and in the best interests of the Company.

Nomination of Directors

The Board does not have formal processes with respect to the appointment of new directors. Additional directors will be recruited by the Board, and the recruitment process will involve both formal and informal discussions with the Board and management of the Company.

Compensation

Compensation of executive officers is determined by the Board as a whole, except for the compensation of the CEO, which is determined by the independent directors of the Board. See “*Statement of Executive Compensation – Oversight and Description of Director and Named Executive Officer Compensation*” for further disclosure pertaining to the determination of director and NEO compensation.

Other Board Committees

Other than the Audit Committee, the Board has no other committees.

Assessments

Currently, the Board monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees. The Board does not have a formal process for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant.

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

To the knowledge of management of the Company, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company’s last financial year, no Nominee, nor any associate or affiliate of any such director, officer, or Nominee, has any material interest, direct or indirect, by way of beneficial ownership of Shares or other securities in the Company or otherwise, in any matter to be acted upon at the Meeting, other than the re-approval of the Equity Incentive Plan.

ADDITIONAL INFORMATION

Shareholders may contact the Company at its head office by mail at 801-1 Adelaide St. E, Toronto, ON M5C 2V9 to request copies of the Company’s financial statements and related Management’s Discussion and Analysis (the “**MD&A**”). Financial information is provided in the Company’s Annual Financial Statements and MD&A, which are available, together with additional information relating to the Company, under the Company’s profile on SEDAR+ at www.sedarplus.ca.

OTHER MATTERS

Other than the above, management of the Company know of no other matters to come before the Meeting other than those referred to in the Notice. If any other matters that are not currently known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the Designated Persons to vote on such matters in accordance with their best judgment.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Circular, and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory authorities, has been authorized by the Board.

DATED at Toronto, Ontario, 15th day of July 2024.

By Order of the Board of Directors of

IMPACT DEVELOPMENT GROUP INC.

/s/ "Thomas Wenz"

Thomas Wenz

Chief Executive, Director & Chairman of the Board of Directors

SCHEDULE "A"
EQUITY INCENTIVE PLAN

(See attached.)

IMPACT DEVELOPMENT GROUP INC.

OMNIBUS INCENTIVE PLAN

ARTICLE ONE

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions For purposes of this Omnibus Incentive Plan, unless such capitalized word or term is otherwise defined herein or the context in which such capitalized word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings.

- a) "**Acceleration Event**" has the meaning given to such term in Section 3.10 hereof;
- b) "**Account**" means a notional account maintained for each Participant on the books of the Company which will be credited with RSUs in accordance with the terms of this Plan;
- c) "**Award**" means any of an Option or RSU granted pursuant to, or otherwise governed by, the Plan;
- d) "**Award Agreement**" means an agreement evidencing the grant to a Participant of an Award, including a stock option agreement or RSU agreement;
- e) "**Blackout Period**" means a period of time during which:
 - i. the trading guidelines of the Company, as amended or replaced from time to time, restrict one or more Participants from trading in securities of the Company; or
 - ii. the Company has determined that one or more Participants may not trade any securities of the Company;
- f) "**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;
- g) "**Business Day**" means a day on which the Stock Exchange is open for trading;
- h) "**Committee**" means the Directors or, if the Directors so determine in accordance with Section 2.04 hereof, the committee of the Directors authorized to administer this Plan;
- i) "**Common Shares**" means the common shares of the Company, as adjusted in accordance with the provisions of Article Six hereof from time to time;
- j) "**Company**" means Impact Development Group Inc., a corporation existing under the *Business Corporations Act* (Ontario), and any successor corporation thereof;
- k) "**Designated Affiliates**" means the affiliates of the Company designated by the Committee for purposes of this Plan from time to time;
- l) "**Designated Broker**" means a broker who is independent of, and deals at arm's length with, the Company and its Designated Affiliates and is designated by the Company;

- m) "**Directors**" means the directors of the Company from time to time;
- n) "**Dividend Equivalent**" means additional RSUs credited to a Participant's Account as a dividend equivalent pursuant to Section 4.07;
- o) "**Eligible Directors**" means, other than, in the case of a grant of RSUs, a person retained to provide Investor Relations Activities, the Directors or the directors of any Designated Affiliate from time to time;
- p) "**Eligible Employees**" means, other than, in the case of a grant of RSUs, a person retained to provide Investor Relations Activities, any employees and officers, whether Directors or not, of the Company or any Designated Affiliate, provided that such employees and officers are individuals who are considered employees under the ITA;
- q) "**Employment Contract**" means any contract between the Company or any Designated Affiliate and any Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment, election or departure of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Company or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Company or the termination of employment, appointment, election or engagement of such Participant;
- r) "**Exercise Price**" has the meaning given to such term in Section 3.04 hereof;
- s) "**Insider**" has the meaning given to such term in the policies of the TSX Venture Exchange;
- t) "**Investor Relations Activities**" has the meaning given to such term in the policies of the TSX Venture Exchange;
- u) "**ITA**" means the *Income Tax Act* (Canada), together with the regulations thereto, each as amended from time to time;
- v) "**Market Value of a Common Share**" means, with respect to any particular date as of which the Market Value of a Common Share is required to be determined, (a) if the Common Shares are then listed on the Stock Exchange, the closing price of the Shares on the Stock Exchange on the last Trading Day prior to such particular date; or (b) if the Common Shares are not then listed on any stock exchange, the value as is determined solely by the Committee, acting reasonably and in good faith, and such determination shall be conclusive and binding on all persons;
- w) "**Option**" means an option to purchase Common Shares granted pursuant to, or governed by, this Plan;
- x) "**Optionee**" means a Participant to whom an Option has been granted pursuant to this Plan;
- y) "**Option Period**" means the period of time during which the particular Option may be exercised, including as extended in accordance with Section 3.05 hereof;
- z) "**Other Participant**" means, other than an Eligible Director or an Eligible Employee or, in the case of a grant of RSUs, a person retained to provide Investor Relations Activities, any person engaged to provide ongoing management, advisory, consulting, technical or other services (other than

services provided in relation to a distribution of securities of the Company) for the Company or a Designated Affiliate, or any employee of such person, under a written contract between the Company and such person, and who spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Affiliate and has a relationship with the Company or a Designated Affiliate that enables such person to be knowledgeable about the business and affairs of the Company or Designated Affiliate, as the case may be;

- aa) "**Participant**" means each Eligible Director, Eligible Employee and Other Participant that is granted one or more Awards under this Plan;
- bb) "**Plan**" means this omnibus incentive plan as amended from time to time;
- cc) "**Prior Option Plan**" has the meaning given to such term in Section 2.07(e) hereof;
- dd) "**Redemption Date**" has the meaning ascribed thereto in Section 4.05(a) hereof;
- ee) "**Reserved Amount**" has the meaning ascribed thereto in 2.07(a) hereof;
- ff) "**Restriction Period**" means, with respect to a particular grant of RSUs, the period between the date of grant of such RSUs and the latest Vesting Date in respect of any portion of such RSUs;
- gg) "**RSU**" means a restricted share unit, which is a right awarded to a Participant to receive cash, Common Shares or any combination of cash and Common Shares, as determined by the Company in its sole discretion, pursuant to, and governed by, this Plan;
- hh) "**RSU Agreement**" means a written agreement between the Company and a Participant evidencing the grant of RSUs and the terms and conditions thereof;
- ii) "**RSU Outside Expiry Date**" has the meaning ascribed thereto in Section 4.05(d) hereof;
- jj) "**Stock Exchange**" means the TSX Venture Exchange or, if the Common Shares are not then listed on the TSX Venture Exchange, such other principal market on which the Common Shares are then traded as designated by the Committee from time to time;
- kk) "**Termination**" has the meaning given to such term in Section 3.12 hereof;
- ll) "**Trading Day**" means any day on which the Stock Exchange is open for trading;
- mm) "**U.S. Securities Act**" has the meaning given to such term in Section 5.02 hereof; and
- nn) "**Vesting Date**" has the meaning ascribed thereto in Section 4.04 hereof.

Section 1.02 Headings. The headings of all articles, sections, paragraphs and subparagraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

Section 1.03 Context, Construction. Whenever the singular or masculine are used in this Plan the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires. The word "person" shall be given the widest meaning possible and shall include, without limitation, an individual, a corporation, a partnership, a limited partnership or any other unincorporated entity.

Section 1.04 References to this Plan. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Plan as a whole and not to any particular article, section, paragraph, subparagraph or other part hereof.

Section 1.05 Canadian Funds. Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

ARTICLE TWO

PURPOSE AND ADMINISTRATION OF THIS PLAN

Section 2.01 Purpose of this Plan. This Plan provides for the potential acquisition of Common Shares by Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key employees, directors and consultants of the Company and the Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees, directors and consultants of the Company and the Designated Affiliates, it being generally recognized that share incentive plans can aid in attracting, retaining and encouraging employees, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Company.

Section 2.02 Participants. This Plan is hereby established for Eligible Directors, Eligible Employees and Other Participants.

Section 2.03 Administration of this Plan. This Plan shall be administered by the Committee and the Committee shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Committee may deem necessary or desirable in order to comply with the requirements of this Plan, subject in all cases to compliance with regulatory requirements. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Company. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Company and its Designated Affiliates. This Plan shall be administered in accordance with the rules and policies of the TSX Venture Exchange by the Committee so long as the Common Shares are listed on the TSX Venture Exchange.

Section 2.04 Delegation to Committee. All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three Directors.

Section 2.05 Record Keeping. The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;

- (b) the number of Common Shares subject to Awards granted to each Participant; and
- (c) the aggregate number of Common Shares subject to Awards.

Section 2.06 Determination of Participants. The Committee shall from time to time determine the Participants who may participate in this Plan. The Committee shall from time to time determine the Participants to whom Awards shall be granted, the number of Common Shares to be made subject to, and the expiry date of, each Award granted to each Participant and the other terms, including any vesting provisions, of each Award granted to each Participant, all such determinations to be made in accordance with the terms and conditions of this Plan, and the Committee may take into consideration the present and potential contributions of, and the services rendered by, the particular Participant to the success of the Company and any other factors which the Committee deems appropriate and relevant. All Eligible Employees and Other Participants shall be bona fide Eligible Employees or Other Participants, as the case may be.

Section 2.07 Maximum Number of Shares.

- (a) The maximum number of securities reserved for issue pursuant to this Plan shall be determined from time to time by the Committee but, in any case, shall not exceed, in the aggregate, 10% of the number of Common Shares then outstanding; provided that the maximum number of Common Shares reserved for issuance, in the aggregate, pursuant to the Awards granted under this Plan, at any point in time, shall be equal to 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is obtained.
- (b) The maximum number of Common Shares reserved for issue pursuant to Awards granted under this Plan to Participants who are Insiders of the Company in any 12-month period shall not exceed 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is obtained.
- (c) The maximum number of Common Shares reserved for issue under Awards granted to any one Participant in any 12-month period shall not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Stock Exchange.
- (d) The maximum number of Common Shares reserved for issue under Awards granted to any one Other Participant in any 12-month period shall not exceed 2% of the number of Common Shares then outstanding.
- (e) The maximum number of Common Shares reserved for issue under Options granted to all Eligible Employees and to all Other Participants conducting Investor Relations Activities in any 12-month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding. Options granted to Eligible Employees or Other Participants performing Investor Relations Activities shall vest in stages over a 12-month period, with no more than $\frac{1}{4}$ of the Options vesting in any three month period. The Directors shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all Participants performing Investor Relations Activities. No acceleration of the vesting provisions of Options granted to persons retained to provide Investor Relations Activities is allowed without the prior acceptance

of the Stock Exchange.

For purposes of this Section 2.07, "the number of Common Shares then outstanding" shall mean the number of Common Shares outstanding on a non-diluted basis calculated at the date of the proposed grant of the applicable Award.

ARTICLE THREE

OPTION AWARDS

Section 3.01 Nature of Options. An Option is an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Common Shares from treasury at the Exercise Price, but subject to the provisions hereof. For greater certainty, the Company is obligated to issue and deliver the designated number of Common Shares on the exercise of an Option and shall have no independent discretion to settle an Option in cash or other property other than Common Shares issued from treasury. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

Section 3.02 Option Awards. Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Committee shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Director, Eligible Employee or Other Participant who may receive Options under the Plan, (b) fix the number of Options, if any, to be granted to each Eligible Director, Eligible Employee or Other Participant and the date or dates on which such Options shall be granted, (c) subject to Section 3.04, determine the price per Common Share to be payable upon the exercise of each such Option, (d) determine the relevant vesting provisions (including performance criteria, if applicable) and (e) determine the term of the Options, the whole subject to the terms and conditions prescribed in this Plan or in any stock option agreement, and any applicable rules of the Stock Exchange.

Section 3.03 Option Notice or Agreement. Each Option granted to a Participant may be evidenced by a stock option notice or stock option agreement setting out terms and conditions consistent with the provisions of this Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.

Section 3.04 Exercise Price. The price per share (the "Exercise Price") at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that the Exercise Price shall be not less than the closing price of the Common Shares on the Stock Exchange on the last trading day immediately preceding the date of the grant of such Option less the maximum discount, if any, permitted by the Stock Exchange or, if the Common Shares are not then listed on any stock exchange, the Exercise Price shall not be less than the fair market value of the Common Shares as may be determined by the Directors on the day immediately preceding the date of the grant of such Option. Disinterested shareholder approval shall be required for any reduction in the Exercise Price of any Option if the Optionee is an Insider of the Company at the time of the proposed amendment to the Exercise Price.

Section 3.05 Term of Option. The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to amendment by an Employment Contract, provided that in no event shall an Option Period exceed ten years. Notwithstanding the definition of Option Period contained herein or the foregoing, the expiration date of an Option will be the date fixed by the Directors with respect to such Option unless such expiration date falls within a Blackout Period, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period

Expiry Date. Disinterested shareholder approval shall be required for the extension of any Option Period if the Optionee is an Insider of the Company at the time of the proposed amendment to the Option Period.

Section 3.06 Lapsed Options. If Options granted under this Plan (or stock options granted under the Prior Option Plan) 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 (or such lapsed stock options).

Section 3.07 Limit on Options to be Exercised. Except as otherwise specifically provided herein or in any Employment Contract, Options may be exercised by the Optionee in whole at any time, or in part from time to time (in each case to the nearest full Common Share), during the Option Period only in accordance with the vesting schedule, if any, determined by the Committee, in its sole and absolute discretion, subject to the applicable requirements of the Stock Exchange, at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option Period, subject to the applicable requirements of the Stock Exchange. In the event that the Common Shares are listed on the TSX Venture Exchange, Options with an Exercise Price based on the Discounted Market Price (as such term is defined in the policies of the TSX Venture Exchange), and the Common Shares issuable upon the exercise thereof, shall be subject to the restricted period and legending requirements imposed by the policies of the TSX Venture Exchange.

Section 3.08 Eligible Participants on Exercise. An Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period, provided however that, except as otherwise specifically provided in Section 3.11 or Section 3.12 hereof or in any Employment Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

- (a) in the case of an Eligible Employee, an officer of the Company or a Designated Affiliate or in the employment of the Company or a Designated Affiliate and has been continuously an officer or so employed since the date of the grant of such Option, provided however that a leave of absence with the approval of the Company or such Designated Affiliate shall not be considered an interruption of employment for purposes of this Plan;
- (b) in the case of an Eligible Director who is not also an Eligible Employee, a director of the Company or a Designated Affiliate and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of an Other Participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Company or a Designated Affiliate and has been so engaged since the date of the grant of such Option.

Section 3.09 Payment of Exercise Price. The issue of Common Shares on the exercise of any Option shall be contingent upon receipt by the Company of payment of the aggregate purchase price for the Common Shares in respect of which the Option has been exercised by cash or certified cheque delivered to the registered office of the Company together with a completed notice of exercise, together with any tax amounts required under Section 5.01. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Common Shares with respect to which such Optionee was granted an Option, unless and until certificates for such Common Shares are issued to such Optionee, or them, under the terms of this Plan. Subject to Section 6.11 hereof, upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Common Shares in respect of

which the Option has been exercised, the Company shall as soon as practicable thereafter issue and deliver a certificate representing the Common Shares so purchased.

Section 3.10 Acceleration on Take-over Bid, Consolidation, Merger, etc. In the event that:

- (a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- (b) a person makes a bona fide offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event,

the Company shall send notice to all Optionees of such transaction, offer or proposal as soon as practicable and, provided that the Committee has determined that no adjustment will be made pursuant to Section 6.06 hereof, (i) the Committee may, by resolution and notwithstanding any vesting schedule applicable to any Option or Section 3.07 hereof, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option) and prior to such transaction, offer or proposal, so that the Optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise.

In this 3.10 an "**Acceleration Event**" means:

- (a) the acquisition by any person of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, by means of a take-over bid or otherwise;
- (b) any consolidation, merger, statutory amalgamation or arrangement involving the Company and pursuant to which the Company will not be the continuing or surviving corporation or pursuant to which the Common Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Company and in which the shareholders of the Company immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving corporation immediately after the completion of the transaction;
- (c) a separation of the business of the Company into two or more entities;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity; or
- (e) the approval by the shareholders of the Company of any plan of liquidation or dissolution of the Company.

Section 3.11 Effect of Death. If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliate on behalf of the Other Participant, shall die, any outstanding Option held by such Participant or Other Participant at the date of such death shall become immediately exercisable notwithstanding Section 3.07 hereof, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period of 12 months after the date of death of the Optionee or prior to the expiration of the Option Period in respect of the Option, whichever is earlier, and then only to the extent that such Optionee was entitled to exercise the Option at the date of the death of such Optionee in accordance with Sections 3.07, 3.08 and

3.12 hereof.

Section 3.12 Effect of Termination of Engagement. If a Participant shall:

- (a) cease to be a Director or of a Designated Affiliate, as the case may be (and is not or does not continue to be an employee thereof), for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Company or the Designated Affiliates (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the Designated Affiliates, for any reason (other than death) or shall receive notice from the Company or any Designated Affiliate of the termination of their Employment Contract;

(the earliest to occur of any of the foregoing events being referred to herein as a "**Termination**"), except as otherwise provided in any Employment Contract, such Participant may, but only within the 90 days next succeeding such Termination (or, subject to the limitations set forth below, such other period of time as may be determined by the board of director's of the Company), exercise the Options to the extent that such Participant was entitled to exercise such Options at the date of such Termination. Notwithstanding the foregoing or any Employment Contract, in no event shall such right extend beyond the Option Period or one year from the date of Termination.

ARTICLE FOUR

RESTRICTED SHARE UNIT AWARDS

Section 4.01 Nature of RSUs. An RSU is an Award that is a bonus for services rendered in the year of grant, that, upon settlement, entitles the recipient Participant to receive a cash payment equal to the Market Value of a Common Share or, at the sole discretion of the Committee, a Common Share, and subject to such restrictions and conditions on vesting as the Committee may determine at the time of grant, unless such RSU expires prior to being settled. Restrictions and conditions on vesting may, without limitation, be based on the passage of time during continued employment or other service relationship, the achievement of specified performance criteria or both.

Section 4.02 RSU Awards

- (a) Subject to the provisions herein and any shareholder or regulatory approval which may be required, the Committee shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Director, Eligible Employee or Other Participant who may receive RSUs under the Plan, provided such person was not retained to provide Investor Relations Activities, (b) fix the number of RSUs, if any, to be granted to each Eligible Director, Eligible Employee or Other Participant and the date or dates on which such RSUs shall be granted, (c) determine the relevant conditions, vesting provisions and the Restriction Period of such RSUs, and (d) determine any other terms and conditions applicable to the granted RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan, in any RSU Agreement, and any applicable rules of the Stock Exchange.
- (b) Subject to the vesting and other conditions and provisions in this Plan, including Section 2.07, all RSUs granted herein shall vest in accordance with the terms of the RSU Agreement entered into in respect of such RSUs.

- (c) Subject to the vesting and other conditions and provisions in this Plan and in the applicable RSU Agreement, each RSU awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a Common Share, or, at the discretion of the Committee, one Common Share or any combination of cash and Common Shares as the Committee in its sole discretion may determine, in each case less any applicable withholding taxes. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Common Shares in respect of any RSU, and, notwithstanding any discretion exercised by the Committee to settle any RSU, or a portion thereof, in the form of Common Shares, the Committee reserves the right to change such form of payment at any time until payment is actually made.

Section 4.03 RSU Agreements

- (a) The grant of a RSU by the Committee shall be evidenced by a RSU Agreement in such form not inconsistent with the Plan as the Committee may from time to time determine. Such RSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Committee from time to time) which are not inconsistent with this Plan and which the Committee deems appropriate for inclusion in a RSU Agreement. The provisions of the various RSU Agreements issued under this Plan need not be identical.
- (b) The RSU Agreement shall contain such terms that the Company considers necessary in order that the RSUs granted to Participants, shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in or the rules of any regulatory body having jurisdiction over the Company.

Section 4.04 Vesting of RSUs. All RSUs are subject to a minimum one (1) year vesting schedule. The Committee shall have sole discretion to (a) determine if any vesting conditions with respect to a RSU, including any performance criteria or other vesting conditions contained in the applicable RSU Agreement, have been met, (b) waive the vesting conditions applicable to RSUs (or deem them to be satisfied), and (c) extend the Restriction Period with respect to any grant of RSUs, provided that any such extension shall not result in the Restriction Period for such RSUs extending beyond the RSU Outside Expiry Date. The Company shall communicate to a Participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions in respect of a grant of RSUs to the Participant have been satisfied, waived or deemed satisfied and such RSUs have vested (the "**Vesting Date**").

Section 4.05 Redemption / Settlement of RSUs

- (a) Subject to the provisions of this Section 4.05 and Section 4.06, a Participant's vested RSUs shall be redeemed in consideration for a cash payment on the date (the "**Redemption Date**") that is the earliest of (a) the 15th day following the applicable Vesting Date for such vested RSUs (or, if such day is not a Business Day, on the immediately following Business Day), and (b) the RSU Outside Expiry Date.
- (b) Subject to the provisions of this Section 4.05 and Section 4.06, during the period between the Vesting Date and the Redemption Date in respect of a Participant's vested RSUs, the

Company (or any Designated Affiliate that is party to an Employment Contract with the Participant whose vested RSUs are to be redeemed) shall, at its sole discretion, be entitled to elect to settle all or any portion of the cash payment obligation otherwise arising in respect of the Participant's vested RSUs either (a) by the issuance of Common Shares to the Participant (or the legal representative of the Participant, if applicable) on the Redemption Date, or (b) by paying all or a portion of such cash payment obligation to the Designated Broker, who shall use the funds received to purchase Common Shares in the open market, which Common Shares shall be registered in the name of the Designated Broker in a separate account for the Participant's benefit.

- (c) Settlement of a Participant's vested RSUs shall take place on the Redemption Date as follows:
- (i) where the Company (or applicable Designated Affiliate) has elected to settle all or a portion of the Participant's vested RSUs in Common Shares issued from treasury:
 - (A) in the case of Common Shares issued in certificated form, by delivery to the Participant (or to the legal representative of the Participant, if applicable) of a certificate in the name of the Participant (or the legal representative of the Participant, if applicable) representing the aggregate number of Common Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions in accordance with Section 5.01; or
 - (B) in the case of Common Shares issued in uncertificated form, by the issuance to the Participant (or to the legal representative of the Participant, if applicable) of the aggregate number of Common Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 5.01, which Common Shares shall be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Common Shares;
 - (ii) where the Company or a Designated Affiliate has elected to settle all or a portion of the Participant's vested RSUs in Common Shares purchased in the open market, by delivery by the Company or a Designated Affiliate of which the Participant is a director, executive officer, employee or consultant to the Designated Broker of readily available funds in an amount equal to the Market Value of a Common Share as of the Redemption Date multiplied by the number of vested RSUs to be settled in Common Shares purchased in the open market, less the amount of any applicable withholding tax and other applicable source deductions under Section 5.01, along with directions instructing the Designated Broker to use such funds to purchase Common Shares in the open market for the benefit of the Participant and to be evidenced by a confirmation from the Designated Broker of such purchase;
 - (iii) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's RSUs that the Company or a Designated Affiliate has elected to settle in Common Shares) shall, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 5.01, be paid to the Participant (or to the legal representative of the Participant, if applicable) by the Company or a Designated Affiliate of which the Participant is a director, executive officer, employee or

consultant, in cash, by cheque or by such other payment method as the Company and Participant may agree; and

(iv) where the Company or a Designated Affiliate has elected to settle a portion, but not all, of the Participant's vested RSUs in Common Shares, the Participant shall be deemed to have instructed the Company or Designated Affiliate, as applicable, to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 5.01 and to remit such withheld amount to the applicable taxation authorities on account of any withholding tax obligations, and the Company or Designated Affiliate, as applicable, shall deliver any remaining cash payable, after making any such remittance, to the Participant (or to the legal representative of the Participant, if applicable) as soon as reasonably practicable. In the event that the cash portion payable to settle a Participant's RSUs in the foregoing circumstances is not sufficient to satisfy the withholding obligations of the Company or a Designated Affiliate pursuant to Section 5.01, the Company or Designated Affiliate, as applicable, shall be entitled to satisfy any remaining withholding obligation by any other mechanism as may be required or determined by the Company or Designated Affiliate as appropriate.

(d) Notwithstanding any other provision in this Article Four, no payment, whether in cash or in Common Shares, shall be made in respect of the settlement of any RSUs later than December 15th of the third (3rd) calendar year following the end of the calendar year in respect of which such RSU is granted (the "**RSU Outside Expiry Date**").

Section 4.06 Determination of Amounts

(a) The cash payment obligation arising in respect of the redemption and settlement of a vested RSU pursuant to Section 4.05 shall be equal to the Market Value of a Common Share as of the applicable Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant, if applicable) in respect of a particular redemption of the Participant's vested RSUs shall, subject to any adjustments in accordance with Section 6.07 and any withholding required pursuant to Section 5.01, be equal to the Market Value of a Common Share as of the Redemption Date for such vested RSUs multiplied by the number of vested RSUs in the Participant's Account at the commencement of the Redemption Date (after deducting any such vested RSUs in the Participant's Account in respect of which the Company (or applicable Designated Affiliate) makes an election under Section 4.05(b) to settle such vested RSUs in Common Shares).

(b) If the Company (or applicable Designated Affiliate) elects in accordance with Section 4.05(b) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's vested RSUs by the issuance of Common Shares, the Company shall, subject to any adjustments in accordance with Section 6.07 and any withholding required pursuant to Section 5.01, issue to the Participant (or the legal representative of the Participant, if applicable), for each vested RSU which the Company (or applicable Designated Affiliate) elects to settle in Common Shares, one Common Share. Where, as a result of any adjustment in accordance with Section 6.07 and/or any withholding required pursuant to Section 5.01, the aggregate number of Common Shares to be received by a Participant upon an election by the Company (or applicable Designated Affiliate) to settle all or a portion of the Participant's vested

RSUs in Common Shares includes a fractional Common Share, the aggregate number of Common Shares to be received by the Participant shall be rounded down to the nearest whole number of Common Shares.

Section 4.07 Award of Dividend Equivalents

- (a) Dividend Equivalents may, as determined by the Committee in its sole discretion, be awarded as a bonus for services rendered in the year awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Common Shares as if the Participant was a shareholder of record of Common Shares on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account in additional RSUs, the number of which shall be equal to a fraction where the numerator is the product of (a) the number of RSUs in such Participant's Account on the date that dividends are paid multiplied by (b) the dividend paid per Common Share and the denominator of which is the Market Value of a Common Share calculated as of the date that dividends are paid. Any additional RSUs credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting, Restriction Periods and expiry) as the RSUs in respect of which such additional RSUs are credited.
- (b) In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant.
- (c) Notwithstanding the foregoing, the aggregate number of RSUs to be credited in respect of the payment of a Dividend Equivalent must not, together with all outstanding Awards, exceed the Plan maximum set out in Section 2.07. The issuance of any RSUs under this Section 4.07 that, together with all outstanding Awards, exceed the Plan maximum set out in Section 2.7 shall be satisfied by the payment of cash to the Participant by the Company.

Section 4.08 Effect of Death. If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliate on behalf of the Other Participant, shall die, any unvested RSUs in the Participant's Account as at the date of such death relating to a Restriction Period in progress shall become forfeited within 30 days, or at the Committee's discretion, within a period not exceeding 12 months following the date of such Participant's death. For greater certainty, where a Participant's employment or service relationship with the Company or a Designated Affiliate is terminated as a result of death following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment. Notwithstanding the foregoing, if the Committee, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested RSUs, the date of such action is the Vesting Date.

Section 4.09 Effect of Termination of Engagement. If a Participant shall:

- (a) cease to be a Director or of a Designated Affiliate, as the case may be (and is not or does not continue to be an employee thereof), for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Company or the Designated Affiliates (and is not or does not continue to be a director or officer thereof), or any corporation

engaged to provide services to the Company or the Designated Affiliates, for any reason (other than death) or shall receive notice from the Company or any Designated Affiliate of the termination of their Employment Contract;

(the earliest to occur of any of the foregoing events being referred to herein as a "**Termination**"), the Participant's participation in the Plan shall be terminated within 30 days, or at the Committee's discretion, within a period not exceeding 12 months following the date that such person ceases to be a Participant under the Plan, all RSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date. Notwithstanding the foregoing, if the Committee, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested RSUs, the date of such action is the Vesting Date.

ARTICLE FIVE

WITHHOLDING TAXES AND SECURITIES LAWS OF THE UNITED STATES OF AMERICA

Section 5.01 Withholding Taxes. The Company or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Company or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award or Common Share including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Common Shares to be issued upon the exercise or settlement, as applicable, of any Award, until such time as the Participant has paid the Company or any Designated Affiliate for any amount which the Company or the Designated Affiliate is required to withhold with respect to such taxes.

Section 5.02 Securities Laws of the United States of America. Neither the Awards which may be granted pursuant to this Plan nor the Common Shares which may be issued pursuant to the exercise or settlement, as applicable, of any Awards have been registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or under any securities law of any state of the United States of America. Accordingly, any Participant who is issued Common Shares or granted an Award in a transaction which is subject to the U.S. Securities Act or the securities laws of any state of the United States of America may be required to represent, warrant, acknowledge and agree that:

- (a) the Participant is acquiring the Award and/or any Common Shares as principal and for the account of the Participant;
- (b) in granting the Award and/or issuing the Common Shares to the Participant, the Company is relying on the representations and warranties of the Participant to support the conclusion of the Company that the granting of the Award and/or the issue of Common Shares do not require registration under the U.S. Securities Act or to be qualified under the securities laws of any state of the United States of America;
- (c) each certificate representing Common Shares so issued may be required to have the following legend:

"THE SECURITIES REPRESENTED HEREBY [for Awards add: AND ANY SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE

SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY (WHICH WILL BE DELIVERED PROMPTLY AND WILL NOT BE UNREASONABLY WITHHELD, BUT WHICH MAY BE CONDITIONAL ON DELIVERY OF A LEGAL OPINION IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY), PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT "GOOD DELIVERY" OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE COMPANY IN CONNECTION WITH A SALE OF THE SECURITIES REPRESENTED HEREBY AT A TIME WHEN THE COMPANY IS A "FOREIGN ISSUER" AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE REGISTRAR AND TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.";

provided that if such Common Shares are being sold outside the United States of America in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and provided that the Company is a "foreign issuer" within the meaning of Regulation S under the U.S. Securities Act at the time of such sale, such legend may be removed by providing a written declaration signed by the holder to the registrar and transfer agent for the Common Shares to the following effect:

"The undersigned (A) represents and warrants that the sale of the securities of Impact Development Group Inc. (the "**Company**") to which this declaration relates is being made in compliance with Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and (B) certifies that (1) the undersigned is not an affiliate of the Company as that term is defined in the U.S. Securities Act, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside of the United States, or the undersigned and any person acting on its behalf reasonably believe that the buyer was outside the United States or (B) the transaction was executed on or through the facilities of a Designated Offshore Securities Market and neither the undersigned nor any person acting on behalf thereof knows or has any reason to believe that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor

any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer; and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.";

- (d) other than as contemplated by Section 5.02(c) hereof, prior to making any disposition of any Common Shares acquired pursuant to this Plan which might be subject to the requirements of the U.S. Securities Act, the Participant shall give written notice to the Company describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Company to determine whether registration under the U.S. Securities Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by Section 5.02(c) hereof, the Participant will not attempt to effect any disposition of the Common Shares owned by the Participant and acquired pursuant to this Plan or of any interest therein which might be subject to the requirements of the U.S. Securities Act in the absence of an effective registration statement relating thereto under the U.S. Securities Act or an opinion of counsel satisfactory in form and substance to counsel for the Company that such disposition would not constitute a violation of the U.S. Securities Act and then will only dispose of such Common Shares in the manner so proposed;
- (f) the Company may place a notation on the records of the Company to the effect that none of the Common Shares acquired by the Participant pursuant to this Plan shall be transferred unless the provisions of the Plan have been complied with; and
- (g) the effect of these restrictions on the disposition of the Common Shares acquired by the Participant pursuant to this Plan is such that the Participant may not be able to sell or otherwise dispose of such Common Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Securities Act other than as contemplated by Section 5.02(c) hereof.

ARTICLE SIX GENERAL

Section 6.01 Effective Time of this Plan. This Plan shall become effective upon a date to be determined by the Directors; provided, however, that the RSU components of the Plan shall be subject to shareholder approval on an annual basis.

Section 6.02 Amendment of Plan. The Committee shall have the right:

- a) without the approval of the shareholders of the Company, subject to Section 6.02(b) of the

Plan, to make any amendments to the Plan, including but not limited to the following amendments:

- (i) any amendment of a "housekeeping" nature, including, without limitation, amending the wording of any provision of the Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correcting grammatical or typographical errors and amending the definitions contained within the Plan;
 - (ii) any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Company is subject, including the Stock Exchange, or to otherwise comply with any applicable law or regulation;
 - (iii) other than changes to the expiration date and the exercise price of any Award as described in Section 6.02(b)(iii) and Section 6.02(b)(iv) of this Plan, any amendment, with the consent of the Participant, to the terms of any Award previously granted to such Participant under the Plan; and
 - (iv) any amendment respecting the administration or implementation of the Plan;
- (b) with the approval of the shareholders of the Company by ordinary resolution, including if required by the applicable Stock Exchange, disinterested shareholder approval, to make any amendment to the Plan not contemplated by Section 6.02(a) of the Plan, including, but not limited to:
- (i) any change to the number of Common Shares issuable from treasury under the Plan, including an increase to the fixed maximum percentage or number of Common Shares or a change from a fixed maximum percentage of Common Shares to a fixed maximum number of Common Shares or vice versa, other than an adjustment pursuant to Section 6.07 of the Plan;
 - (ii) any amendment to the provisions concerning the effect of the termination of a Participant's position, employment or services on such Participant's status under the Plan;
 - (iii) any amendment to the categories of persons who are Participants
 - (iv) any amendment which reduces the exercise price of any Award, other than an adjustment pursuant to Section 6.07 of the Plan; provided, however, that, for greater certainty, disinterested shareholder approval will be required for any amendment which reduces the exercise price of any Option if the Participant is an Insider of the Corporation at the time of the proposed amendment;
 - (v) any amendment which extends the expiry date of an Award, or the Restriction Period of any RSU beyond the original expiry date or Restriction Period, except in the event of an extension due to a Blackout Period;
 - (vi) any amendment which cancels any Award and replaces such Award with an Award which has a lower exercise price or other entitlement, other than an adjustment pursuant to Section 6.07 of the Plan, and

- (vii) any amendments to this Section 6.02 of the Plan.

Notwithstanding the foregoing, any amendment to the Plan shall be subject to the receipt of all required regulatory approvals including, without limitation, the approval of the Stock Exchange.

Section 6.03 Non-Assignable. No rights under this Plan and no Award awarded pursuant to this Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

Section 6.04 Rights as a Shareholder. No Participant shall have any rights as a shareholder of the Company with respect to any Common Shares which are the subject of an Award. Except as otherwise provided in this Plan, no Participant shall be entitled to receive any dividends, distributions or other rights declared for shareholders of the Company for which the record date is prior to the date of issue of certificates representing Common Shares acquired upon the exercise or settlement, as applicable, of any Awards.

Section 6.05 No Contract of Employment. Nothing contained in this Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Company or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Company or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in any of this Plan by a Participant shall be voluntary.

Section 6.06 Consolidation, Merger, etc. Subject to the approval of the Stock Exchange with respect to any share capital adjustments other than a consolidation or split, if there is a consolidation, merger or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity, upon the exercise or settlement, as applicable, of an Award under this Plan the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had been the holder of Common Shares immediately prior to the effective time of such event, unless the Committee otherwise determines appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such event.

Section 6.07 Adjustment in Number of Common Shares Subject to the Plan. Subject to the approval of the Stock Exchange with respect to any share capital adjustments other than a consolidation or split, in the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Shares available under this Plan;
- (b) the number of Common Shares subject to any Award;
- (c) the exercise price of the Common Shares subject to Awards; and
- (d) the number of Common Shares or cash payment to which the Participant is entitled upon exercise or settlement of such Award.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

Section 6.08 Securities Exchange Take-over Bid. Subject to the approval of the Stock Exchange with respect to any share capital adjustments other than a consolidation or split, in the event that the Company becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) as a result of which all of the outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all Participants requiring them to surrender their Awards within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Awards on the tenth day after the mailing of such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement awards to the Participants on the equity securities offered as consideration;
- (b) the Committee has determined, in good faith, that such replacement awards have substantially the same economic value as the Awards being surrendered; and
- (c) the surrender of Awards and the granting of replacement awards can be effected on a tax free rollover basis or otherwise without adverse tax consequences under the ITA.

Section 6.09 No Representation or Warranty. The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of this Plan.

Section 6.10 Compliance with Applicable Law. If any provision of this Plan or any Award contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction over the securities of the Company, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 6.11 Necessary Approvals. The obligation of the Company to issue and deliver any Common Shares in accordance with this Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Company. If any Common Shares cannot be issued to any Participant upon the exercise or settlement, as applicable, of an Award for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any exercise price paid to the Company in respect of the exercise or settlement, as applicable, of such Award shall be returned to the Participant.

Section 6.12 Conflict. To the extent there is any inconsistency or ambiguity between this Plan and any Employment Contract, the terms of this Plan shall govern to the extent of such inconsistency or ambiguity, subject only to compliance with applicable law and Stock Exchange policy.

Section 6.13 Interpretation. This Plan shall be governed by, and be construed in accordance with, the laws of the Province of Ontario.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

(See Attached.)

AUDIT COMMITTEE CHARTER

This audit committee charter (the "**Charter**") has been adopted by the board of directors (the "**Board**") in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose: The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation's financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Affiliate" shall have the meaning ascribed thereto in the Instrument;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means Impact Development Group Inc.;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- a) a chair of the Corporation;
- b) a vice-chair of the Corporation;
- c) a president of the Corporation;
- d) a vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

"financially literate" has the meaning set forth in Section 1.3;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"independent" has the meaning set forth in Section 1.2;

"Instrument" means National Instrument 52-110 – *Audit Committees*;

"MD&A" has the meaning ascribed to it in NI 51-102;

"Member" means a member of the Committee;

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation, all as determined in accordance with the Instrument.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member's independent judgement.

1.3 Meaning of Financial Literacy -- For the purposes of this Charter, an individual is 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's financial statements.

PART 2

2.1 Audit Committee – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:
 - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
 - b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor 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 auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
- b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

- d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
 - f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - g) reviewing interim unaudited financial statements before release to the public;
 - h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
 - i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
 - j) reviewing the terms of reference of the internal auditor, if any;
 - k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
 4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
 5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
 6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
 7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
 8. The Committee shall, as applicable, establish procedures for:
 - a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
 9. The Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
 10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;

- b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*). If the Corporation is not required to send a management information circular to its security holders, it must provide the disclosure required by Form 52-110F2 in its annual information form or annual MD&A.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

