



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

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

April 29, 2022

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## SPARQ CORP.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of the common shares (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of SPARQ Corp. (the “**Corporation**”) will be held on Wednesday, June 1, 2022 at 9:00 a.m. (Toronto time) at the offices of Aird & Berlis LLP, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario, M5J 2T9. The purpose of the Meeting is as follows:

1. to receive the audited financial statements of the Corporation for the financial years ended December 31, 2021 and 2020, together with the report of the auditor thereon;
2. to elect the directors of the Corporation;
3. to appoint MNP LLP, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration;
4. to consider and, if thought appropriate, pass, with or without variation, an ordinary resolution approving the Corporation’s omnibus equity incentive plan, as more fully described in the accompanying management information circular dated April 29, 2022 (the “**Circular**”);
5. to consider, and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the repeal and replacement of By-law No. 1 with By-law No. 2 of the Corporation;
6. to consider, and, if deemed advisable, to pass, with or without variation, a special resolution approving an amendment to the articles of the Corporation in order to change the name of the Corporation to “SPARQ Systems Inc.”, or such other name as the board of directors of the Corporation determines appropriate; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual and Special Meeting of Shareholders is the Circular and a copy of the audited financial statements of the Corporation for the financial years ended December 31, 2021 and 2020, together with the report of the auditor thereon. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting was the close of business on Friday, April 29, 2022.

The formal portion of the Meeting will be held in person at the above-noted address. Following the formal portion of the Meeting, Shareholders may virtually attend the informal portion of the Meeting through Microsoft Teams at the following coordinates:

#### **Join on your computer or mobile app**

[Click here to join the meeting](#)

#### **Or call in (audio only)**

[+1 437-703-7440,,570809778#](#) Canada, Toronto

Phone Conference ID: 570 809 778#

[Find a local number](#) | [Reset PIN](#)

During the informal portion of the Meeting, Shareholders will be able to listen to the Meeting live and ask questions.

Shareholders who are unable to be present personally at the Meeting must follow the instructions on the proxy or voting instruction form. Only registered Shareholders and proxyholders may attend and vote at the formal portion of the Meeting; no voting will occur during the informal portion of the Meeting. Shareholders that hold their shares with a bank, broker or financial intermediary that wish to vote at the

Meeting must carefully follow the instructions provided by their intermediary. In order to be effective, proxies must be received by the Chair of the Meeting before the commencement of the Meeting or any adjournment thereof.

Time is of the essence. It is recommended that you vote by telephone or internet to ensure that your vote is received before the Meeting. To cast your vote by telephone or internet, please have your proxy card or voting instruction form in hand and carefully follow the instructions contained therein. Your telephone or internet vote authorizes the named proxies to vote your common shares in the same manner as if you mark, sign and return your proxy card. If you vote by telephone or internet, your vote must be received on or before 9:00 a.m. (Toronto time) on Monday, May 30, 2022.

A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy (the “**Appointee**”). Such right may be exercised by inserting in the blank space provided for that purpose the name of the Appointee or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 no later than two (2) business days (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof.

DATED at Toronto, Ontario this 29<sup>th</sup> day of April, 2022.

BY ORDER OF THE BOARD

*“Ravi Sood”*

Ravi Sood  
Chairman

## SPARQ CORP.

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of SPARQ Corp. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of common shares in the capital of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

Except as noted below, the Corporation has distributed or made available for distribution, copies of the Notice, the Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, TSX Trust Company. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy (the “Appointee”).** Such right may be exercised by inserting in the blank space provided for that purpose the name of the Appointee or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, TSX Trust Company, 100 Adelaide Street West, Ste. 301, Toronto, Ontario, M5H 4H1 not later than 9:00 a.m. (Toronto time) on Monday, May 30, 2022. A proxy must be executed by the registered Shareholder or his, her or its attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing at the registered office, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, at any time up to and including Wednesday, June 1, 2022; or
- (b) in any other manner permitted by law.

## EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

## ADVICE TO BENEFICIAL SHAREHOLDERS

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

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder

for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

#### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

The Meeting Materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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

The Corporation has fixed the close of business on Friday, April 29, 2022 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 82,444,752 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding.

In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of the holders of Common Shares on the Record Date. Each holder of Common Shares named on the list will be entitled to vote the Common Shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, no person beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares, other than as set out below.

	<b>Number of Shares Owned (Percentage of Class and Type of Ownership)</b>	
	<b>Common Shares</b>	<b>Percentage of Voting Rights</b>
Praveen Jain	16,097,443	19.53%
Highchart Investments Limited	14,105,007	17.11%
Greg Steers	10,013,042	12.15%

#### **EXECUTIVE COMPENSATION**

##### **Compensation Discussion and Analysis**

The general objectives of the Corporation’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to

increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

### *Elements of Compensation*

#### 1. Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is recognition for discharging day-to-day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the board of directors of the Corporation (the "**Board**") on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

In this section "Named Executive Officer" means: (a) each individual who served as the Chief Executive Officer or the Chief Financial Officer of the Corporation, or an individual who acted in a similar capacity during the financial year ended December 31, 2021, regardless of the amount of compensation of that individual; (b) each of the Corporation's most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers, or acting in a similar capacity, as at December 31, 2021 and whose total compensation, individually, amounted to \$150,000 or more for the financial year ended December 31, 2021; and (c) any additional individual who would have been included under (b) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, as at December 31, 2021. The only Named Executive Officers during the financial year ended December 31, 2021 were Praveen Jain (Chief Executive Officer) and Kyle Appleby (Chief Financial Officer).

#### 2. Stock Options and Other Incentive Plans

Officers, directors, employees and consultants are eligible under the Corporation's stock option plan (the "**Existing Option Plan**") to receive grants of stock options ("**Options**").

Options are granted by either the Board or the Compensation Committee of the Corporation (the "**Compensation Committee**"). In monitoring or adjusting the Option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous Option grants and the objectives set for the Named Executive Officers. The scale of Options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Plan.

As at the date of this Circular, options to purchase up to 5,412,000 Common Shares are issuable pursuant to previously granted options (representing approximately 6.56% of the issued and outstanding Common Shares) and options to purchase up to a total of 2,832,475 Common Shares are available for grant under the Existing Option Plan (representing approximately 3.44% of the issued and outstanding Common Shares).

The Corporation is asking shareholders to approve the Corporation's Omnibus Equity Incentive Plan (the "**Omnibus Plan**") approved by the Board on April 26, 2022, as set out in "Particulars of Matters to be Acted Upon - Approval of Omnibus Equity Incentive Plan". If the Omnibus Plan is approved by shareholders, the Omnibus Plan will replace the Existing Option Plan and will become the Corporation's

only plan for providing equity-based incentive compensation to eligible directors, officers, employees and consultants.

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

Directors are eligible to receive Option grants under the Existing Option Plan. Directors may also be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Officers of the Corporation who also act as directors will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation in their capacity as officers.

### ***Compensation Risk***

The Board and, as applicable, the Compensation Committee, considers and assesses the implications of risks associated with the Corporation's compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Corporation's practice of compensating its officers primarily through a mix of salary, bonus and Options is designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its shareholders. As at the date of this Circular, the Board had not identified risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

### ***Financial Instruments***

Pursuant to the terms of the Corporation's Insider Trading Policy, the Corporation's officers and directors are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an officer or director.

### ***Compensation Governance***

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee's Charter. The Compensation Committee is composed of Ravi Sood (Chair), Nishith Goel and Baojun (Robbie) Luo. Each member of the Compensation Committee is independent as such term is defined in National Instrument 52-110 – *Audit Committees*.

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers and the Corporation's other senior officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Corporation's compensation policies and practices. Each of the members of the Compensation Committee has experience on the board of directors and related committees of other public companies, as described under "Particulars of Matters to be Acted Upon – Election of Directors" in this Circular.

***Executive Compensation-Related Fees***

No executive compensation-related fees were paid in 2021 and 2020.

***Summary Compensation Table – Named Executive Officers***

The following table sets forth the compensation paid or awarded to Praveen Jain and Kyle Appleby, being the only Named Executive Officers for the Corporation’s financial years ended December 31, 2021, and 2020.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Praveen Jain, Chief Executive Officer	2021	140,000	N/A	N/A	N/A	3,787,284 <sup>(1)</sup>	3,927,284
	2020	132,999	N/A	N/A	N/A	325,253 <sup>(2)</sup>	458,252
Kyle Appleby, Chief Financial Officer <sup>(3)</sup>	2021	18,000	N/A	N/A	N/A	8,385 <sup>(4)</sup>	26,835
	2020	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) In accordance with the articles of the Corporation’s wholly-owned subsidiary, SPARQ Systems Inc. (“**SPARQ Systems**”), upon the completion of its going public transaction, the Company issued Dr. Jain an aggregate of 12,000,000 Common Shares pursuant to a management bonus entitlement.
- (2) During the year ended December 31, 2020, SPARQ granted Dr. Jain 27,332,242 options to purchase common shares in the capital of SPARQ Systems. These options were valued using the Black Scholes model with the following inputs: stock price of \$0.01 per share; strike price of \$0.00; term to maturity of 1-year, annualized risk free rate of 0.25% and volatility of 99.95%.
- (3) Mr. Appleby was appointed as Chief Financial Officer of SPARQ Systems on June 24, 2021 and as Chief Financial Officer of the Corporation on December 31, 2021.
- (4) On December 31, 2021, 100,000 Options were granted to Mr. Appleby. The Options were valued using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 1.25%, an expected dividend yield of 0%, an expected stock price volatility of 123%, and an expected life of five years.

***Incentive Plan Awards – Named Executive Officers***

The following table sets out information concerning all compensation securities of the Corporation held by the Named Executive Officer as at December 31, 2021.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of Issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Kyle Appleby, Chief Financial Officer <sup>(1)</sup>	Options	100,000 (1.9%)	December 31, 2021	0.50	0.50	0.50	December 31, 2026

**Note:**

(1) The Options vest in accordance with the following vesting schedule: (i) 33,334 Options immediately vested on the date of grant; (ii) 33,333 Options vest on December 31, 2022; and (iii) 33,333 Options vest on December 31, 2023.

**Incentive Plan Awards – Exercises**

During the year ended December 31, 2021, no incentive plan awards were exercised by the Named Executive Officers.

**Summary Compensation Table – Directors**

The following table sets out information concerning the compensation of each director of the Corporation (other than directors who are also Named Executive Officers) for the fiscal years ended December 31, 2021 and 2020.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	Value of all other compensation	Total compensation
Ravi Sood	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Nishith Goel	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Baojun (Robbie) Luo	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Arul Shanmugasundaram <sup>(1)</sup>	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A

**Note:**

(1) Dr. Shanmugasundaram was appointed as a director of the Corporation on February 24, 2022.

***Incentive Plan Awards - Directors***

*Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards*

The following table sets out information concerning all compensation securities granted or issued to each director of the Corporation (other than directors who are also Named Executive Officers) for the fiscal year ended December 31, 2021.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of Issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or Underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Ravi Sood <sup>(1)</sup>	Options	4,100,000	December 31, 2021	0.50	0.50	0.50	December 31, 2026
Nishith Goel <sup>(2)</sup>	Options	275,000	December 31, 2021	0.50	0.50	0.50	December 31, 2026
Baojun (Robbie) Luo <sup>(3)</sup>	Options	275,000	December 31, 2021	0.50	0.50	0.50	December 31, 2026

**Notes:**

- (1) The Options vest in accordance with the following vesting schedule: (i) 1,366,667 Options immediately vested on the date of grant; (ii) 1,366,667 Options vest on December 31, 2022; and (iii) 1,366,666 Options vest on December 31, 2023.
- (2) The Options vest in accordance with the following vesting schedule: (i) 55,000 Options immediately vested on the date of grant; (ii) 55,000 Options vest on March 31, 2022; (iii) 55,000 Options vest on June 30, 2022; (iv) 55,000 Options vest on September 30, 2022; and (v) 55,000 Options vest on December 31, 2022.
- (3) The Options vest in accordance with the following vesting schedule: (i) 55,000 Options immediately vested on the date of grant; (ii) 55,000 Options vest on March 31, 2022; (iii) 55,000 Options vest on June 30, 2022; (iv) 55,000 Options vest on September 30, 2022; and (v) 55,000 Options vest on December 31, 2022.

*Incentive Plan Awards – Exercises*

During the year ended June 30, 2021, no incentive plan awards were exercised by directors of the Corporation.

***Management Contracts - Termination and Change of Control Benefits***

*Praveen Jain*

Dr. Praveen Jain (the “CEO”), PE Consultants Inc. (the “**Consultant**”) being a holding company of the Executive, and the Corporation are parties to an executive services agreement dated December 31, 2021 (the “**CEO Agreement**”), for an indefinite term, whereby the Corporation has agreed to pay the Consultant an annual base fee of \$300,000 (the “**Annual Base Fee**”). The Consultant is also eligible to receive a bonus (the “**Bonus**”) at the discretion of the Board or the Compensation Committee or upon the achievement of milestones approved by the Board or the Compensation Committee.

The CEO Agreement may be terminated by the Corporation at any time in the event of, among other things, material breach of the CEO Agreement by the Consultant or the CEO, misconduct, dishonesty, fraud, breach of trust or neglect in the performance of the duties to be provided by the Consultant or the CEO, or a material failure to comply with a written policy of the Corporation. In the event of such termination, neither the Consultant nor the CEO shall have any claims against the Corporation except in respect of payment of any outstanding Annual Base Fee to the date of termination plus any earned but unpaid Bonus pro-rated from the date of termination for the remainder of the applicable fiscal quarter, any accrued but unused vacation, and any other entitlements held by the Consultant or the CEO pursuant to any other Equity Compensation Plans (as defined in the CEO Agreement), whether vested or otherwise, and such awards shall immediately expire or terminate in accordance with the Equity Compensation Plans, as applicable, and shall be cancelled at the date of such termination.

The CEO Agreement may also be terminated by the Corporation at any time, in the event of the CEO's death or frustration of contract arising from "**total disability**" from illness or injury, as such term is defined in any disability insurance policy of the Corporation or if no such policy is in place, total disability shall mean mental or physical disability or serious illness of the CEO which results in the Consultant being unable to substantially provide the Executive Services (as defined in the CEO Agreement) for a continuous period of ninety (90) days or for periods aggregating 180 days in any period of 365 days. In the event of such termination, neither the Consultant nor the CEO nor his estate (in the case of the CEO's death) shall have any claims against the Corporation or any subsidiaries except in respect of payment of outstanding Annual Base Fee to the date of termination plus any earned but unpaid Bonus pro-rated from the date of termination for the remainder of the applicable fiscal quarter, any accrued but unused vacation, and any entitlements held by the Consultant or the CEO pursuant any other Equity Compensation Plans, whether vested or otherwise, shall be exercisable by, or issuable to, the Consultant or the CEO (or in the case of the CEO's death, by his estate) within the time period provided for in the Equity Compensation Plans, as applicable.

The CEO Agreement may also be terminated by the Corporation: (i) upon three (3) months' prior written notice to the Consultant; or (ii) if shareholders of the Corporation do not elect or re-elect the CEO as a director of the Corporation or if the shareholders remove the CEO as a director of the Corporation, each at a duly called meeting. In the event of such termination, the Corporation shall pay the Consultant a lump sum payment equal to two (2) times the Annual Base Fee plus any earned but unpaid Bonus pro-rated from the date of termination for the remainder of the applicable fiscal quarter.

The CEO Agreement may also be terminated by the Consultant upon three (3) months' prior written notice to the Corporation. In the event of such termination, the Consultant and the CEO shall have no claims against the Corporation except in respect of payment of unpaid and outstanding Annual Base Fee to the date of termination and any earned but unpaid Bonus, if any, and any entitlements held by the Consultant and the CEO pursuant to the Equity Compensation Plans shall expire in accordance with the applicable Equity Compensation Plans.

The CEO Agreement may also be terminated by the Consultant within 30 days of a Change of Control (as defined in the CEO Agreement). In the event of such termination, the Consultant shall be entitled to an amount equal to the sum of: (i) two times the Annual Base Fee; and (ii) the most recently paid Bonus, if any.

*Kyle Appleby*

The Corporation entered into a consulting agreement dated June 23, 2021 (the "**CFO Agreement**") with CFO Advantage Inc. ("**CFOA**"), a company controlled by Kyle Appleby to provide the services of a Chief

Financial Officer to the Corporation for a monthly fee of \$3,000 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Corporation.

The CFO Agreement may be terminated by:

- CFOA, at any time, without cause, on the giving of one (1) month’s written notice to the Corporation;
- the Corporation, in its absolute discretion, without any notice or pay in lieu thereof, in the event of any material breach of the CFO Agreement, any conduct of CFOA which tends to bring the Corporation into disrepute, the commission of an act of bankruptcy by CFOA, the conviction of CFOA of a criminal offence punishable by indictment, and any conduct or omissions which would constitute “cause” at law; and
- the Corporation in its absolute discretion and for any reason on giving CFOA one (1) month’s written notice or paying to CFOA the equivalent pay in lieu of notice.

CFOA is not entitled to any payment upon a change of control of the Corporation.

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

The following table provides information regarding the number of Common Shares to be issued upon exercise of outstanding Options pursuant to the Plan as at December 31, 2021:

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding grants and awards</b>	<b>Weighted-average exercise price of outstanding Options</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans</b>
<b>Equity compensation plans approved by security holders</b>	5,269,000 <sup>(1)</sup>	\$0.49	2,975,475
<b>Equity compensation plans not approved by security holders</b>	-	-	-
<b>Total</b>	5,269,000	-	-

**Notes:**

(1) Represents the Common Shares issuable and available for issuance pursuant to the Existing Option Plan as at December 31, 2021. See “Executive Compensation – Stock Option Plan and Other Incentive Plan” above for further details.

(2) The Existing Option Plan was approved by shareholders at a special meeting held on August 4, 2021.

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

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended December 31, 2021 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended December 31, 2021 or as at the date of this Circular in connection with security purchase programs or other programs.

## REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board and the Corporation's management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Corporation's corporate governance practices, which addresses the matters set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, is set out at Schedule "A" to this Circular.

### AUDIT COMMITTEE DISCLOSURE

#### Audit Committee's Charter

The charter (the "**Audit Committee Charter**") of the Corporation's Audit Committee is reproduced as Schedule "C".

#### Composition of Audit Committee

The Audit Committee is composed of Ravi Sood (Chair), Baojun (Robbie) Luo and Nishith Goel, each of whom is a director of the Corporation. In accordance with Exchange Policy 3.1, the majority of the Audit Committee are not employees, Control Persons (as defined by the rules and policies of the Exchange) or officers of the Corporation.

All of the members of the Audit Committee are "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Corporation is of the opinion that all three members of the Audit Committee are "financially literate" as such term is defined in NI 52-110.

#### Relevant Education and Experience

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate 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 Corporation's financial statements.

**Ravi Sood** - Mr. Sood is managing director of Signal 8 Limited based in Toronto, Canada. Mr. Sood has been a founder of and the principal investor in several businesses in emerging markets and currently serves as Chairman of each of Jade Power Trust (TSXV), Galane Gold Ltd. (TSXV) and Biomind Labs Inc. (NEO). He was the founder and Chief Executive Officer of Navina Asset Management Inc., a global asset management firm headquartered in Toronto, Canada. Mr. Sood led the investment activities of Navina and its predecessor company, Lawrence Asset Management Inc., from its founding in 2001 until he sold the firm in 2010. Mr. Sood was educated at the University of Waterloo (B.Mathematics) where he was a Descartes Fellow and the recipient of numerous national awards.

**Nishith Goel** - Dr. Goel is the CEO of Cistel Technology, an Information Technology company he founded in 1995 which has operations in Canada and the USA. A veteran technology executive and entrepreneur, he is also co-founder of CHiL Semiconductor and SPARQ Systems. Dr. Goel has served on the Board of Directors of Enablence Technologies Inc. (TSXV). He has also served on the Board of Directors of the Community Foundation of Ottawa, the Queensway Carleton Hospital Foundation, the Indo-Canada Ottawa Business Chamber, and as well as the Chair of the Queensway-Carleton Hospital Foundation. Dr. Goel obtained his PhD degree from the University of Waterloo.

**Baojun (Robbie) Luo** - Robbie Luo is the President of Ti-Lane Precision Electronic Company Limited and Ti-Lane Group, Shenzhen, China. Ti-Lane is the global leader in providing connector and cable assembly products for communications, computer, medical, automotive and clean energy applications. He is a firm believer of renewable energy deployment and is a Deputy Director General of Shenzhen Solar Energy Society. He earned his MBA from Ursuline College at Tsinghua University, China.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of the Corporation's external auditors not been adopted by the board of directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimis Non-audit Services*" or any exemption provided by Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

### **External Auditor Service Fees (By Category)**

**Audit Fees** – The Corporation's external auditor invoiced approximately \$102,740 for the financial year ended December 31, 2021, and \$12,000 for the financial year ended December 31, 2020.

**Audit-Related Fees** – The Corporation's external auditor invoiced approximately \$107,810 for the financial year ended December 31, 2021, and nil for the financial year ended December 31, 2020.

**Tax Fees** – The Corporation's external auditor invoiced nil for the financial year ended December 31, 2021, and nil for the financial year ended December 31, 2020.

**All Other Fees** – The Corporation did not pay any other fees during the financial years ended December 31, 2021 and 2020 respectively, for services other than those reported above.

### **Venture Issuer Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

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

Other than as disclosed herein, no "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102")) or proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**1. Election of Directors**

The Board presently consists of five directors, namely, Praveen Jain, Ravi Sood, Nishith Goel, Baojun (Robbie) Luo and Dr. Arul Shanmugasundaram. Shareholders will be asked to elect the foregoing directors at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. The enclosed form of proxy permits Shareholders to vote for all nominees together or for each nominee on an individual basis.

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.**

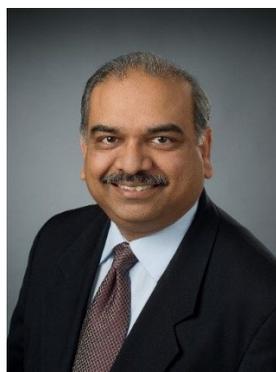
***Director Nominee Profiles***

The following tables set out certain information as of the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common Shares owned by each director of the Corporation is presented to the best knowledge of management of the Corporation and has been furnished to management of the Corporation by such directors. Information regarding Board and committee meeting attendance is presented for meetings held in the year ended December 31, 2021.

<b>PRAVEEN JAIN</b>		<b>Principal Occupation and Biographical Information</b>	
 <p>Kingston, Ontario Director since: December 31, 2021</p>	<p>Dr. Jain is the Founder and the CEO of SPARQ. He is also a Professor and Canada Research Chair in Power Electronics at Queen’s University in Kingston, Canada. He has considerable industrial experience in power electronics, working and consulting at Canadian Astronautics, Nortel Network, Astec, Intel, Freescale and GE. He founded CHiL Semiconductor, a digital power control chips company, which was acquired by International Rectifier (later merged with Infineon). Dr. Jain is a Fellow of the Royal Society of Canada, the Institute of Electrical and Electronic Engineers (IEEE), the Engineering Institute of Canada and the Canadian Academy of Engineering. He is the recipient of the 2021 IEEE Medal in Power Engineering, the 2017 IEEE Canada Electric Power Medal, the 2011 IEEE William E. Newell Power Electronics Award, and, 2004 Engineering Medal from the Ontario Professional Engineers. He holds over 100 patents. Dr. Jain obtained his PhD degree from the University of Toronto.</p>		
	<b>Current Board/Committee Membership</b>	<b>Attendance (Total)</b>	
Member of the Board	2 of 2	100%	N/A

<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>	16,097,443
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<b>NISHITH GOEL</b>	<b>Principal Occupation and Biographical Information</b>
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Ottawa, Ontario  
Director since: December 31, 2021

Dr. Goel is the CEO of Cistel Technology, an Information Technology company he founded in 1995 which has operations in Canada and the USA. A veteran technology executive and entrepreneur, he is also cofounder of CHiL Semiconductor and Sparq Systems. Dr. Goel has served on the Board of Directors of Enablence Technologies Inc. (TSXV). He has also served on the Board of Directors of the Community Foundation of Ottawa, the Queensway Carleton Hospital Foundation, the Indo-Canada Ottawa Business Chamber, and as well as the Chair of the Queensway-Carleton Hospital Foundation. Dr. Goel obtained his PhD degree from the University of Waterloo.

<b>Current Board/Committee Membership</b>	<b>Attendance (Total)</b>		<b>Other Public Board Memberships</b>
Member of the Board	2 of 2	100%	None
Member of the Audit Committee	1 of 1	100%	
Member of the Corporate Governance and Nominating Committee	N/A	N/A	
Member of the Compensation Committee (Chair)	N/A	N/A	
	N/A	N/A	
<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>	2,350,713		

<b>BAOJUN (ROBBIE) LUO</b>	<b>Principal Occupation and Biographical Information</b>
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Shenzhen, China  
Director since: December 31, 2021

Robbie Luo is the President of Ti-Lane Precision Electronic Company Limited and Ti-Lane Group, Shenzhen, China. Ti-Lane is the global leader in providing connector and cable assembly products for communications, computer, medical, automotive and clean energy applications. He is a firm believer of renewable energy deployment and is a Deputy Director General of Shenzhen Solar Energy Society. He earned his MBA from Ursuline College at Tsinghua University, China.

<b>Current Board/Committee Membership</b>	<b>Attendance (Total)</b>		<b>Other Public Board Memberships</b>
Member of the Board	2 of 2	100%	None
Member of the Audit Committee	1 of 1	100%	

Member of the Corporate Governance and Nominating Committee	N/A	N/A	
Member of the Compensation Committee	N/A	N/A	
	N/A	N/A	
<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>			6,363,172

<b>RAVI SOOD</b>		<b>Principal Occupation and Biographical Information</b>	
 <p>Toronto, Ontario Director since: December 31, 2021</p>		<p>Mr. Sood is managing director of Signal 8 Limited based in Toronto, Canada. Mr. Sood has been a founder of and the principal investor in several businesses in emerging markets and currently serves as Chairman of each of Jade Power Trust (TSXV), Galane Gold Ltd. (TSXV) and Biomind Labs Inc. (NEO). He was the founder and Chief Executive Officer of Navina Asset Management Inc., a global asset management firm headquartered in Toronto, Canada. Mr. Sood led the investment activities of Navina and its predecessor company, Lawrence Asset Management Inc., from its founding in 2001 until he sold the firm in 2010. Mr. Sood was educated at the University of Waterloo (B.Mathematics) where he was a Descartes Fellow and the recipient of numerous national awards.</p>	
<b>Current Board/Committee Membership</b>	<b>Attendance (Total)</b>		<b>Other Public Board Memberships</b>
Member of the Board	2 of 2	100%	Jade Power Trust (TSXV)
Member of the Audit Committee (Chair)	1 of 1	100%	Galane Gold Ltd. (TSXV)
Member of the Compensation Committee (Chair)	N/A	N/A	Biomind Labs Inc. (NEO)
Member of the Corporate Governance and Nominating Committee	N/A	N/A	
	N/A	N/A	
<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>			400,000

ARUL SHANMUGASUNDARAM		Principal Occupation and Biographical Information	
 Karnataka, India Director since: February 24, 2022	Dr. Arul Shanmugasundaram is currently the Executive Director of Ayana Renewable Power Private Limited, India, where he is responsible for business development, technology and asset management functions. Previously, he was the Chief Operating Officer of Tata Power Solar Systems and lead the EPC for utility scale, rooftops and pumps projects. In the nearly one decade at Tata group, he was part of the leadership team that transformed Tata Power Solar from revenues of US\$100 million to US\$450 million. Dr. Shanmugasundaram started his career at Applied Materials in Silicon Valley for 15 years where he was involved in the development and launch of several new products and process controls. Dr. Shanmugasundaram has a Bachelor degree from Indian Institute of Technology Madras, and Master and Doctorate degrees from Cornell University. He has more than 40 US patents and several international publications.		
	Current Board/Committee Membership	Attendance (Total)	
Member of the Board	1 of 1	100%	N/A
Number of Common Shares Beneficially Owned, Controlled or Directed			Nil

### ***Corporate Cease Trade Orders***

Except as disclosed herein, to the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

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

Ravi Sood is a director of Galane Gold Ltd., which was delisted from the Botswana Stock Exchange (the “**BSE**”) effective August 14, 2017 for failure to pay certain fees required by the BSE’s listing requirements. The delisting of Galane Gold Ltd. from the BSE followed a temporary suspension of the corporation’s listing on the BSE that was imposed on July 13, 2017.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

### ***Bankruptcies, or Penalties or Sanctions***

Except as disclosed herein, to the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any 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.

Ravi Sood was a director of Eve & Co Incorporated (“Eve”), which filed an application under the *Companies’ Creditors Arrangement Act* on March 25, 2022 to receive a stay of proceedings and facilitate a sale and investment solicitation process. The initial order was obtained on March 25, 2022. Prior thereto, Mr. Sood resigned as a director of Eve on March 22, 2022.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

## 2. Appointment of Auditor

Management proposes to nominate MNP LLP (“MNP”) as auditor of the Corporation to hold office until the next annual meeting of Shareholders. MNP was appointed as auditor of the Corporation effective January 1, 2019.

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.**

## 3. Approval of Omnibus Equity Incentive Plan

The Corporation is seeking shareholder approval to replace the Existing Option Plan with the Omnibus Plan. The Board determined that it is desirable to have a wide range of incentive awards, including stock options, deferred share units, restricted share units and performance share units (collectively, the “Awards”) to attract, retain and motivate Employees, Directors, Officers and Consultants of the Corporation (as such terms are defined in the Omnibus Plan). The Omnibus Plan permits the grant of Options, Deferred Share Units (“DSUs”), Restricted Share Units (“RSUs”), Performance Share Units (“PSUs”), and other share-based awards (“Other Share-Based Awards”) to eligible Participants (as defined in the Omnibus Plan). Upon approval, the Omnibus Plan shall replace the Existing Option Plan and will continue to be effective until the date it is terminated by the Board in accordance with the Omnibus

Plan. All options previously granted under the Existing Stock Option Plan will be governed by the terms of the Omnibus Plan. The following summary of the Omnibus Plan is qualified in its entirety by reference to the full text of the Omnibus Plan, attached as Schedule “C” to this Information Management Circular.

***Purpose***

The purpose of the Omnibus Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Employees and Consultants to reward such of those Directors, Officers, Employees and Consultants as may be granted Awards under the Omnibus Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Officers, Employees and Consultants to acquire Common Shares as long term investments and proprietary interests in the Corporation.

***Types of Awards***

The Omnibus Plan provides for the grant of Awards which may be denominated or settled in Common Shares, cash or in such other forms as provided for in the Omnibus Plan. All Awards will be evidenced by an agreement or other instrument or document (an “**Award Agreement**”).

***Plan Administration***

The Omnibus Plan will be administered by the Board, which may delegate its authority to any duly authorized committee of the Board (the “**Plan Administrator**”). The Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the Participants to whom grants of Awards under the Omnibus Plan may be made;
- (b) make grants of Awards under the Omnibus Plan, whether relating to the issuance of Common Shares or otherwise (including any combination of Options, RSUs, PSUs, DSUs or Other Share-Based Awards), in such amounts, to such Participants and, subject to the provisions of the Omnibus Plan, on such terms and conditions as it determines, including, without limitation:
  - (i) the time or times at which Awards may be granted;
  - (ii) the conditions under which: (A) Awards may be granted to Participants; or (B) Awards may be forfeited to the Corporation, including any conditions relating to the attainment of specified performance goals;
  - (iii) the number of Common Shares to be covered by any Award;
  - (iv) the price, if any, to be paid by a Participant in connection with the purchase of Common Shares covered by any Awards;
  - (v) whether restrictions or limitations are to be imposed on the Common Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and
  - (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;
- (c) establish the form or forms of Award Agreements;

- (d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of the Omnibus Plan;
- (e) construe and interpret the Omnibus Plan and all Award Agreements;
- (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to the Omnibus Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and
- (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Omnibus Plan.

### ***Common Shares Available for Awards***

The Omnibus Plan is a “rolling up to 10% and fixed up to 10%” Security Based Compensation Plan, as defined in Policy 4.4 - *Security Based Compensation* of the Exchange. The Omnibus Plan is a: (a) “rolling” plan pursuant to which the number of Common Shares that are issuable pursuant to the exercise of Options (including the existing Options) granted under the Omnibus Plan shall not exceed 10% of the issued and outstanding Common Shares as at the date of any Option grant; and (b) “fixed” plan under which the number of Common Shares that are issuable pursuant to all Awards other than Options granted under the Omnibus Plan and under any other security based compensation arrangement, in aggregate is a maximum of 8,244,475 Common Shares, in each case, subject to adjustment as provided in the Omnibus Plan and any subsequent amendment to the Omnibus Plan.

The aggregate number of Common Shares: (a) issued to Consultants within any one-year period, under all of the Corporation’s security based compensation arrangements may not exceed 2% of the Corporation’s total issued and outstanding Common Shares; (b) issued to any one individual within any one-year period, under all of the Corporation’s security based compensation arrangements may not exceed 5% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval has been obtained; (c) issued to Persons employed to provide investor relations services within any one-year period, under all of the Corporation’s security based compensation arrangements, may not exceed 2% of the Corporation’s total issued and outstanding Common Shares; (d) issuable to Insiders (as defined in the Omnibus Plan) at any time under all of the Corporation’s security based compensation arrangements (which, for greater certainty, includes the Existing Option Plan) may not exceed 10% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval has been obtained; and (e) issued to Insiders within any one-year period, under all of the Corporation’s security based compensation arrangements may not exceed 10% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval has been obtained.

### ***Blackout Period***

In the event that the Award Date (as defined in the Omnibus Plan) occurs, or an Award expires, during a Black-Out Period (as defined herein), the effective Award Date for such Award, or expiry of such Award, as the case may be, will be no later than 10 business days after the last day of the Black-Out Period, and the Market Price (as defined in the Omnibus Plan) with respect to the grant of such Award shall be calculated based on the VWAP of the five business days after the last day of the Black-Out Period. For the purposes hereof, a “**Black-Out Period**” means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation’s securities by a Participant.

### ***Description of Awards***

Subject to the provisions of the Omnibus Plan and such other terms and conditions as the Plan Administrator may prescribe, including with respect to performance and vesting conditions, the Plan Administrator may, from time to time, grant the following types of Awards to any Participant.

#### ***(a) Options***

An Option entitles a holder thereof to purchase a Common Share at an exercise price set at the time of the grant, such price must in all cases be not less than the Market Price on the relevant date. Each Option will expire on the expiry date specified in the Award Agreement (which shall not be later than the 10th anniversary of the date of grant) or, if not so specified, means the 10th anniversary of the date of grant.

A Participant or the Personal Representative of the Participant (as defined in the Omnibus Plan) may elect to exercise such Options on a cashless basis, which means the exercise of an Option where the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to the Participant to purchase the Common Shares underlying the Option and then the brokerage firm sells a sufficient number of Common Shares to cover the exercise price of the Option in order to repay the loan made to the Participant and receives an equivalent number of Common Shares from the exercise of the Options as were sold to cover the loan and the Participant then receives the balance of the Common Shares or the cash proceeds from the balance of the Common Shares.

A Participant or the Personal Representative of the Participant may elect to exercise an Option without payment of the aggregate exercise price of the Common Shares to be purchased pursuant to the exercise of the Option (a “**Net Exercise**”) by delivering a net exercise notice to the Plan Administrator. Upon receipt by the Plan Administrator of a net exercise notice from a Participant or Personal Representative of a Participant, the Corporation shall calculate and issue to such Participant or Personal Representative of such Participant that number of Common Shares as is determined by application of the following formula:

$$X=[Y(A-B)]/A$$

Where:

X = the number of Common Shares to be issued to the Participant upon the Net Exercise

Y = the number of Common Shares underlying the Options being exercised

A = the VWAP as at the date of the net exercise notice, if such VWAP is greater than the exercise price

B = the exercise price of the Options being exercised

#### ***(b) Deferred Share Units***

A DSU is a unit that vests one year or more following a grant but does not settle until a future date after the vesting, generally as established in the Award Agreement, or if not so established, then upon termination of service with the Corporation. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of any compensation that is to be paid in DSUs, as determined by the Plan Administrator by (b) the Market Price on the relevant date.

DSUs shall be settled on the date established in the Award Agreement; provided, however that in no event shall a DSU be settled prior to, or later than one year following, the date of the applicable Participant’s

separation from service. Subject to the terms of the Omnibus Plan, and except as otherwise provided in an Award Agreement, on the settlement date for any DSU, the Participant will redeem each vested DSU for a Common Share, a cash payment, or a combination thereof.

Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, DSUs will be credited with dividend equivalents in the form of additional DSUs as of each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Dividend equivalents will vest in proportion to the DSUs to which they relate and will be settled in the same manner as the DSUs.

*(c) Restricted Share Units*

An RSU is a unit equivalent in value to a Common Share that does not vest until after a specified period, or satisfaction of other vesting conditions as determined by the Plan Administrator. The number of RSUs (including fractional RSUs) granted at any particular time will be calculated by dividing (a) the amount of any compensation that is to be paid in RSUs, as determined by the Plan Administrator, by (b) the Market Price of a Common Share on the relevant date.

The Plan Administrator will have the sole authority to determine the settlement terms applicable to the grant of RSUs. Subject to the terms of the Omnibus Plan, and except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the Participant will redeem each vested RSU for a Common Share, a cash payment, or a combination thereof.

Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, RSUs will be credited with dividend equivalents in the form of additional RSUs as of each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Dividend equivalents will vest in proportion to the RSUs to which they relate and will be settled in the same manner as the RSUs.

*(d) Performance Share Units*

The Plan Administrator will issue performance goals prior to the date of grant to which such performance goals pertain. The performance goals may be based upon the achievement of corporate, divisional or individual goals and may be applied to performance relative to an index or comparator group, or on any other basis determined by the Plan Administrator. The Plan Administrator may modify the performance goals as necessary to align them with the Corporation's corporate objectives, subject to any limitations set forth in an Award Agreement or other agreement with a Participant. The performance goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur) and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable Award Agreement.

Each PSU will consist of a right to receive a Common Share, cash payment, or a combination thereof, upon the achievement of such performance goals during such performance periods as the Plan Administrator may establish.

*(e) Other Share-Based Awards*

Each Other Share-Based Award shall consist of a right (a) which is other than an Award or right described above, and (b) which is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares) as are deemed by the Plan Administrator to be consistent with the purposes of the Omnibus Plan; provided, however, that such right will comply with applicable law. Subject to the terms of the Omnibus

Plan and any applicable Award Agreement, the Plan Administrator will determine the terms and conditions of Other Share-Based Awards.

***Effect of Termination on Awards***

The following table describes the impact of certain events upon the Participants under the Omnibus Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a Participant's employment agreement, Award Agreement or other written agreement:

<b>Event Provisions</b>	<b>Provisions</b>
Termination for cause	Forfeiture of any unexercised Option or other Award.
Resignation	Forfeiture of any unexercised Option or other Award
Termination without cause	Any Option or other Award that is not vested as of the termination date shall be cancelled. Vested Options or other Awards may be exercised at any time during the period that terminates on the earlier of: (A) the expiry date of such Award; and (B) 90 days after the termination date (or such other period as may be determined by the Board, provided such period is not more than one year following the termination date).
Death	Any Option or other Award that has not vested as of the date of the death of such Participant shall terminate. Vested Options or other Awards may be exercised at any time during the period that terminates on the earlier of: (A) the expiry date of such Award; and (B) the six month anniversary of the date of the death of the Participant.
Disability	Any Option or other Award that has not vested as of the date of the disability of such Participant shall terminate. Vested Options or other Awards may be exercised at any time during the period that terminates on the earlier of: (A) the expiry date of such Award; and (B) the six month anniversary of the date of disability of the Participant.

Notwithstanding the foregoing, the Plan Administrator may, in its discretion, permit the acceleration of vesting of any or all Awards or waive termination of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator.

Except as may be set forth in an employment agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant or as set out in the Omnibus Plan, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause:

- (a) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value, as determined by the Plan Administrator in its discretion,

in any entity participating in or resulting from a Change in Control (as defined in the Omnibus Plan);

- (b) outstanding Awards to vest and become exercisable, realizable or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such Change in Control;
- (c) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction net of any exercise price payable by the Participant (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction, the Plan Administrator determines, in good faith, that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights net of any exercise price payable by the Participant, then such Award may be terminated by the Corporation without payment);
- (d) the replacement of such Award with other rights or property selected by the Board in its sole discretion; or
- (a) any combination of the foregoing. In taking any of the foregoing actions, the Plan Administrator will not be required to treat all Awards similarly in the transaction.

Notwithstanding the foregoing, and unless otherwise determined by the Plan Administrator or as set out in the Omnibus Plan, if, as a result of a Change in Control, the Common Shares will cease trading on a stock exchange, the Corporation may terminate all of the Awards granted under the Omnibus Plan at the time of and subject to the completion of the Change in Control by paying to each holder an amount for each Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably.

#### ***Assignability***

Except as required by law, the rights of a Participant under the Omnibus Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant unless otherwise approved by the Plan Administrator.

#### ***Amendment, Suspension or Termination of the Omnibus Plan***

The Plan Administrator may from time to time, without notice and without approval of the Shareholders, amend, modify, change, suspend or terminate the Omnibus Plan or any Awards granted pursuant thereunder as it, in its discretion, determines appropriate, provided, however, that: (a) no such amendment, modification, change, suspension or termination may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Omnibus Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or Exchange requirements; and (b) any amendment that would cause an Award held by a U.S. taxpayer to be subject to the additional tax penalty under the U.S. tax code will be null and void with respect to the U.S. taxpayer unless his or her consent is obtained.

Without limiting the generality of the foregoing, but subject to the below, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Omnibus Plan for the purposes of making:

- (a) any amendments to the general vesting provisions of each Award;
- (b) any amendment regarding the effect of termination of a participant's employment or engagement;
- (c) any amendments to add covenants of the Corporation for the protection of Participants, provided that the Plan Administrator must be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants;
- (d) any amendments not inconsistent with the Omnibus Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator must be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and non-employee directors; or
- (e) any such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator must be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

Notwithstanding the foregoing and subject to any rules of the Exchange, shareholder approval will be required for any amendment, modification or change that:

- (a) increases the percentage of Common Shares reserved for issuance under the Omnibus Plan, except pursuant to the provisions in the Omnibus Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the 10% limits on Common Shares issuable or issued to Insiders;
- (c) reduces the exercise price of an Award, except pursuant to the provisions in the Omnibus Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) extends the term of an Award beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the Participant or within five business days following the expiry of such a blackout period);
- (e) permits an Award to be exercisable beyond 10 years from its date of grant (except where an expiry date would have fallen within a blackout period);
- (f) increases or removes the non-employee director participation limits;
- (g) permits Awards to be transferred to a person;

- (h) changes the eligible participants of the Omnibus Plan; or
- (i) deletes or reduces the range of amendments which require shareholder approval.

The Board has unanimously approved the Omnibus Plan and recommends that Shareholders vote FOR the resolution regarding the Omnibus Plan. The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“WHEREAS the policies of the TSX Venture Exchange require annual shareholder approval for the implementation of the Omnibus Equity Incentive Plan of the Corporation (the “Omnibus Plan”);

RESOLVED THAT:

1. the Omnibus Plan, in the form attached as Schedule “C” to the management information circular dated April 29, 2022 of SPARQ Corp. (the “Corporation”), is hereby authorized and approved; and
2. any one officer and director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE OMNIBUS PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE OMNIBUS PLAN.**

#### **4. Approval of Repeal and Replacement of By-law No. 1 with By-law No. 2**

Prior to July 5, 2021, Section 118(3) of the *Business Corporations Act* (Ontario) (the “**OBCA**”) required that for all non-resident corporations at least 25% of directors of a company must be resident Canadians. On July 5, 2021, Section 118(3) of the OBCA was repealed. The Board resolved, subject to confirmation and ratification of the Shareholders, to make corresponding amendments to repeal and replace By-law No. 1 (the “**Old By-law**”) with By-law No. 2 (the “**New By-law**”) to remove Canadian residency requirements of its directors.

In addition, the Board resolved, subject to conformation and ratification of Shareholders, to add a provision in the New By-law (the “**Advanced Notice Provision**”) stipulating when a Shareholder must submit a notice of director nomination (the “**Notice of Nomination**”) to the Corporation so as to ensure that the directors and management of the Corporation receive adequate notice of director nominations and sufficient information about the nominees to make an informed decision when electing directors at an annual or special meeting of Shareholders. With respect to timing, a Notice of Nomination must be submitted (i) in the case of an annual meeting, at least 30 days before the date of such annual meeting; provided, however, if the first public announcement of the annual meeting date (the “**Notice of Meeting Date**”) is less than 50 days before the date of such annual meeting, the Notice of Nomination must be submitted not later than the close of business on the 10th day after the Notice of Meeting Date; and (ii)

in the case of a special meeting called for the purpose of electing directors, whether or not the special meeting is also called for other purposes, the Notice of Nomination must be submitted not later than the close of business on the 15th day after the first public announcement of such special meeting date. The Board may, in its sole discretion, waive any requirement in the Advance Notice Provision.

Section 116(2) of the OBCA provides that the repeal and replacement of the Old By-law with the New By-law by the Board be submitted to the Shareholders at the next meeting of the Shareholders and the Shareholders may, by ordinary resolution confirm, reject or amend the amendment.

The Board has unanimously approved the repeal and replacement of the Old By-law with the New By-law and recommends that Shareholders vote FOR the resolution. The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“RESOLVED THAT:

1. the repeal and replacement of By-law No. 1 with By-law No. 2 of SPARQ Corp. (the “Corporation”), as approved by the board of directors of the Corporation is hereby authorized and approved;
2. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments as such director or officer may determine to be necessary or advisable to repeal and replace By-law No. 1 with By-law No. 2, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE NEW BY-LAW IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE NEW BY-LAW.**

## **5. Name Change**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass a special resolution (the “**Name Change Resolution**”) authorizing the Board to elect, in its discretion, to direct the Corporation to file articles of amendment to change the name of the Corporation from “SPARQ Corp.” to “SPARQ Systems Inc.”, or to such other name as the Board deems appropriate and as may be approved by applicable regulatory authorities (the “**Name Change**”).

Although Shareholder approval of the Name Change Resolution is being sought at the Meeting, such Name Change would only become effective at a date in the future to be determined by the Board when it considers it to be in the best interests of the Corporation to implement such a Name Change. The proposed Name Change is also subject to certain regulatory approvals, including the acceptance by Exchange and the approval of the director under the OBCA. The Board may, in its sole discretion, determine not to implement the Name Change Resolution at any time after the Meeting and after receipt of necessary regulatory

approvals, but prior to the issuance of a certificate of amendment, without further notice to or action on the part of the Shareholders. Subject to the exercise of such discretion by the Board, the Corporation will file articles of amendment in the prescribed form with the director under the OBCA. The Name Change will become effective on the date shown on the certificate of amendment issued by the director under the OBCA.

The Common Shares currently trade under the symbol "SPRQ" on the Exchange. Upon the approval of the Name Change Resolution, it is expected that the Common Shares will thereafter continue to trade under the symbol "SPRQ", subject to receipt of all necessary approvals from the Exchange.

A change of the Corporation's name will not by itself affect in any way the validity of currently outstanding Common Shares of the Corporation or the trading of the Corporation's securities. Shareholders will not be required to surrender or exchange any certificates representing securities of the Corporation that they currently hold. If the Name Change Resolution is approved by Shareholders as set out below, and the Board determines to proceed with the Name Change, the Corporation will, as soon as practicable thereafter, file an amendment to its articles with the Ontario Ministry of Government Services to give effect to the Name Change.

The Board has unanimously approved the Name Change and recommends that Shareholders vote FOR the Name Change Resolution. The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"BE IT RESOLVED, as a special resolution of the shareholders of SPARQ Corp. (the "Corporation"), that:

1. the Corporation is hereby authorized to file articles of amendment to change its name from "SPARQ Corp." to "SPARQ Systems Inc.", or such other name that the board of directors of the Corporation (the "Board") deems appropriate and as may be approved by applicable regulatory authorities (the "Name Change"), such amendment to become effective at a date in the future to be determined by the Board in its sole discretion if and when the Board considers it to be in the best interests of the Corporation to implement such a Name Change, all as more fully described in the management information circular of the Corporation dated April 29, 2022 (the "Circular"), and subject to all necessary stock exchange approvals;
2. any director or officer of the Corporation be, and each of them is, hereby authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver or cause to be executed and delivered articles of amendment of the Corporation to the director under the *Business Corporations Act* (Ontario) and to execute and deliver or cause to be executed and delivered all documents and to take any action which, in the opinion of that person, is necessary or desirable to give effect to this special resolution;
3. notwithstanding that this special resolution has been duly passed by the holders of the common shares of the Corporation, the Board may, in its sole discretion (including in the circumstances described in the Circular), revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the common shares of the Corporation; and
4. any one director or officer of the Corporation be, and each of them is, hereby authorized and directed for and in the name of and on behalf of the Corporation, to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution,

such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE NAME CHANGE RESOLUTION IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF 66 2/3% OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE NAME CHANGE.**

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

No person or company who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2021. In addition, copies of the Corporation's annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

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

The contents of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: April 29, 2022

*"Ravi Sood"*

Ravi Sood  
Chairman

**SCHEDULE A**  
**STATEMENT OF GOVERNANCE PRACTICES**

<b>Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101</b>	<b>Comments</b>
<b>Board of Directors</b>	
1. Board of Directors—Disclose how the board of directors (the “ <b>Board</b> ”) of SPARQ Corp. (the “ <b>Corporation</b> ”) facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.	The proposed Board shall consist of a total of five directors of which Messrs. Nishith Goel, Baojun (Robbie) Luo, Ravi Sood and Arul Shanmugasundrum are considered “independent”. Dr. Praveen Jain is an executive officer of the Corporation and therefore is not considered “independent”.
2. Directorships—If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Please refer to the accompanying management information circular dated April 29, 2022 (the “ <b>Circular</b> ”) under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.
<b>Orientation and Continuing Education</b>	
3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.	Each director ultimately assumes responsibility for keeping himself informed about the Corporation’s business and relevant developments outside the Corporation that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Corporation’s business and developments in areas where they are not commonly exposed.
<b>Ethical Business Conduct</b>	
4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	The Board is responsible for promoting an ethical business culture and fostering an environment that places an emphasis on compliance. The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behaviour. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.

<b>Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101</b>	<b>Comments</b>
<b>Nomination of Directors</b>	
5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Corporate Governance and Nominating Committee is responsible for the identification and assessment of potential directors. While no formal nomination procedures are in place to identify new candidates, the Corporate Governance and Nominating Committee does review the experience and performance of nominees for election to the Board. Members of the Board are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Corporate Governance and Nominating Committee also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.
<b>Compensation</b>	
6. Disclose what steps, if any, are taken to determine compensation for the directors and officers, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board and the Compensation Committee in respect of compensation is more fully described in the “Compensation Discussion and Analysis” section of the accompanying Circular.
<b>Other Board Committees</b>	
7. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board does not have any standing committees other than the Corporate Governance and Nominating Committee, the Compensation Committee and the Audit Committee.
<b>Assessments</b>	
8. Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The Board is currently responsible for assessing the effectiveness of the Board, the individual directors and the Audit Committee.

**SCHEDULE B  
AUDIT COMMITTEE CHARTER**

**SPARQ CORP.  
(the “Corporation”)**

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange (“**TSXV**”) listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSXV listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors 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 of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument or any other such requirement of the TSXV, as amended from time to time.

**PART 1**

**Purpose:**

The purpose of the Committee is to:

- (a) improve the quality of the Corporation’s financial reporting;
- (b) assist the board of directors to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the directors and external auditors;
- (d) enhance the external auditor’s independence;
- (e) ensure the credibility and objectivity of financial reports; and
- (f) strengthen the role of the directors by facilitating in depth discussions between directors, 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**” means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

“**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;

“**Charter**” means this audit committee charter;

“**Committee**” means the committee established by and among certain members of the board of directors 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 individual or company that holds or is one of a combination of individuals or companies 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 the control of the Corporation;

“**financially literate**” has the meaning set forth in Section 1.2;

“**immediate family member**” means an individual’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 individual or the individual’s immediate family member) who shares the individual’s home;

“**independent**” means independent only as determined by both the Instrument and the TSX Venture Exchange Corporate Finance Manual;

“**Instrument**” means National Instrument 52-110 – *Audit Committees*;

“**MD&A**” has the meaning ascribed to it in National Instrument 51-102;

“**Member**” means a member of the Committee;

“**National Instrument 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*; and

“**non-audit services**” means services other than audit services.

## **1.2 Meaning of Financially Literate**

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 of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

### **2.2 Relationship with External Auditors**

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

Each Member shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and the accuracy of the information provided to the Corporation by such other persons or organizations.

### **2.3 Committee Responsibilities**

1. The Committee shall be responsible for making the following recommendations to the board of directors:
  - (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 and management's discussion and analysis;
  - (i) reviewing the 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;
  - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable;
  - (m) reviewing annually the Charter and annually obtain approval from the board of directors; and
  - (n) if an internal auditor is appointed, reviewing and annually approving the internal audit charter and the risk based internal audit plan.
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 review and discuss the quality of the Corporation's accounting principles, internal controls, and financial statements.
  6. The Committee shall review and assess the adequacy of risk management policies, procedures, and processes and review updates on risks.
  7. 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.
  8. 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 Instrument 51-102, and the planned steps for an orderly transition.
  9. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.
  10. 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.
11. As applicable, 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.
  12. 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.
  13. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Corporation's external auditors.

#### **2.4 De Minimis Non-Audit Services**

The Committee shall satisfy the pre-approval requirement in subsection 2.3 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 issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;
- (b) the Corporation or the subsidiary 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.
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(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. A majority of the Members must not be executive officers, employees or control persons of the Corporation.
4. Every Member shall be financially literate.
5. The board of directors of the Corporation shall appoint or re-appoint the Members after each annual meeting of shareholders of the Corporation.

#### **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 of directors.

#### **PART 5**

##### **5.1 Required Disclosure**

The Corporation must include in its Annual Information Form the disclosure required by Form 52-110F2.

##### **5.2 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 of directors, the Corporation shall include in its management information circular a cross-reference to the sections in the Corporation's Annual Information Form that contain the information required by section 5.1.

#### **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 and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

4. The quorum for meetings shall be a majority of the Members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and to hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

**SCHEDULE C**  
**OMNIBUS EQUITY INCENTIVE PLAN**

**ARTICLE 1**  
**PURPOSE**

**1.1 Purpose**

The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Employees and Consultants, to reward such of those Directors, Officers, Employees and Consultants as may be granted Awards under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Officers, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

**1.2 Amendment to Predecessor Plan**

This Plan constitutes an amendment to and restatement of the Corporation's 2021 Stock Option Plan (the "**Predecessor Plan**"). All outstanding stock options granted under the Predecessor Plan (the "**Predecessor Options**") shall continue to be outstanding as stock options granted under and subject to the terms of this Plan, provided however that if the terms of this Plan adversely alter the terms or conditions, or impair any right of, an Option holder pursuant to any Predecessor Option, and such Option holder has not otherwise consented thereto, the applicable terms of the Predecessor Plan shall continue to apply for the benefit of such Option holder.

**ARTICLE 2**  
**INTERPRETATION**

**2.1 Definitions**

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

"**Affiliate**" means any entity that is an "affiliate" for the purposes of National Instrument 45-106 — *Prospectus Exemptions*, as amended from time to time;

"**Award**" means any Option, Deferred Share Unit, Restricted Share Unit, Performance Share Unit or Other Share-Based Award granted under this Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein;

"**Award Agreement**" means a signed, written agreement between a Participant and the Corporation, in the form or any one of the forms approved by the Plan Administrator, and evidencing the terms and conditions on which an Award has been granted under this Plan (including written or other applicable employment agreements) and which need not be identical to any other such agreements;

"**Award Date**" means the date on which an Award is granted to a Participant;

"**Black-Out Period**" has the meaning set forth in Section 9.2;

"**Board**" means the board of directors of the Corporation as it may be constituted from time to

time;

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Toronto are open for commercial business during normal banking hours;

“**Canadian Taxpayer**” means a Participant that is resident in Canada for purposes of the Tax Act;

“**Cash Fees**” has the meaning set forth in Section 5.1(a);

“**Cashless Exercise**” has the meaning ascribed to such term in Section 4.50;

“**Cause**” means, with respect to:

- (a) a particular Employee: (1) “cause” as such term is defined in the employment or other written agreement between the Corporation or a subsidiary of the Corporation and the Employee; (2) in the event there is no written or other applicable employment agreement between the Employee and the Corporation or a subsidiary of the Corporation or “cause” is not defined in such agreement, “cause” as such term is defined in the Award Agreement; or (3) in the event neither clause (1) nor (2) apply, then “cause” as such term is defined by applicable law or, if not so defined, such term shall refer to circumstances where an employer can terminate an individual’s employment without notice or pay in lieu thereof;
- (b) in the case of a Consultant (1) the occurrence of any event which, under the written consulting agreement with the Consultant or the common law or the laws of the jurisdiction in which the Consultant provides services, gives the Corporation or any of its Affiliates the right to immediately terminate the consulting agreement; or (2) the termination of the consulting agreement as a result of an order made by any Regulatory Authority having jurisdiction to so order;
- (c) in the case of a Director, ceasing to be a Director as a result of (1) ceasing to be qualified to act as a Director pursuant to the section 118 of the OBCA; (2) a resolution having been passed by the shareholders pursuant to section 122 of the OBCA, or (3) an order made by any Regulatory Authority having jurisdiction to so order; or
- (d) in the case of an Officer, (1) cause as such term is defined in the written employment or consulting agreement with the Officer or if there is no written employment agreement or consulting agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the Officer provides services; or (2) ceasing to be an Officer as a result of an order made by any Regulatory Authority having jurisdiction to so order.

“**Change in Control**” means the occurrence of any one or more of the following events:

- (a) any transaction at any time and by whatever means pursuant to which any Person or any group of two or more Persons acting jointly or in concert (other than the Corporation or a wholly-owned subsidiary of the Corporation) hereafter acquires the direct or indirect beneficial ownership of, or acquires the right to exercise Control or direction over, securities of the Corporation representing more than 50% of the then issued and outstanding voting securities of the Corporation, including, without limitation, as a result of a takeover bid, an exchange of securities, an amalgamation of the Corporation with any other entity, an arrangement, a capital reorganization or any other business combination or

reorganization;

- (b) the sale, assignment or other transfer of all or substantially all of the consolidated assets of the Corporation to a Person other than a wholly-owned subsidiary of the Corporation;
- (c) the dissolution or liquidation of the Corporation, other than in connection with the distribution of assets of the Corporation to one or more Persons which were wholly-owned subsidiaries of the Corporation prior to such event;
- (d) the occurrence of a transaction requiring approval of the Corporation's shareholders whereby the Corporation is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other Person (other than a short form amalgamation or exchange of securities with a wholly-owned subsidiary of the Corporation);
- (e) any other event which the Board determines to constitute a change in control of the Corporation; or
- (f) individuals who comprise the Board as of the last annual meeting of shareholders of the Corporation (the "**Incumbent Board**") for any reason cease to constitute at least a majority of the members of the Board, unless the election, or nomination for election by the Corporation's shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, and in that case such new director shall be considered as a member of the Incumbent Board;

provided that, notwithstanding clauses (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred pursuant to clauses (a), (b), (c) or (d) above if immediately following the transaction set forth in clause (a), (b), (c) or (d) above: (A) the holders of securities of the Corporation that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Corporation hold (x) securities of the entity resulting from such transaction (including, for greater certainty, the Person succeeding to assets of the Corporation in a transaction contemplated in clause (b) above) (the "**Surviving Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees ("**voting power**") of the Surviving Entity, or (y) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors of the Surviving Entity (the "**Parent Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Parent Entity, and (B) no Person or group of two or more Persons, acting jointly or in concert, is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (A) and (B) above being referred to as a "**Non-Qualifying Transaction**" and, following the Non-Qualifying Transaction, references in this definition of "Change in Control" to the "Corporation" shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a company or a trust, references to the "Board" shall mean and refer to the board of directors or trustees, as applicable, of such entity).

Notwithstanding the foregoing, for purposes of any Award that constitutes "deferred compensation" (within the meaning of Section 409A of the Code), the payment of which would be accelerated upon a Change in Control, a transaction will not be deemed a Change in Control for

Awards granted to any Participant who is a U.S. Taxpayer unless the transaction qualifies as “a change in control event” within the meaning of Section 409A of the Code;

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time;

“**Committee**” has the meaning set forth in Section 3.2;

“**Consultant**” has the meaning given to that term in National Instrument 45-106 - *Prospectus and Registration Exemptions*, and for the purposes of the Plan includes consultants of the Corporation and any of its affiliates, as well as consultant companies of the Corporation and any of its affiliates.

“**Control**” means:

- (a) when applied to the relationship between a Person and a corporation, the beneficial ownership by that Person, directly or indirectly, of voting securities or other interests in such corporation entitling the holder to exercise control and direction in fact over the activities of such corporation;
- (b) when applied to the relationship between a Person and a partnership, limited partnership, trust or joint venture, means the contractual right to direct the affairs of the partnership, limited partnership, trust or joint venture; and
- (c) when applied in relation to a trust, the beneficial ownership at the relevant time of more than 50% of the property settled under the trust, and

the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; provided that a Person who controls a corporation, partnership, limited partnership or joint venture will be deemed to Control a corporation, partnership, limited partnership, trust or joint venture which is Controlled by such Person and so on;

“**Corporation**” means SPARQ Corp.;

“**Deferred Share Unit**” or “**DSU**” means any right granted under Article 5 of this Plan;

“**Director**” means a director of the Corporation who is not an Employee;

“**Director Fees**” means the total compensation (including annual retainer and meeting fees, if any) paid by the Corporation to a Director in a calendar year for service on the Board;

“**Disabled**” or “**Disability**” means, in respect of a Participant, suffering from a state of mental or physical disability, illness or disease that prevents the Participant from carrying out his or her normal duties as an Employee for a continuous period of six months or for any period of six months in any consecutive twelve month period, as certified by two medical doctors or as otherwise determined in accordance with procedures established by the Plan Administrator for purposes of this Plan;

“**Effective Date**” means the effective date of this Plan, being \_\_\_\_\_, 2022;

“**Elected Amount**” has the meaning set forth in Section 5.1(a);

“**Electing Person**” means a Participant who is, on the applicable Election Date, a Director;

“**Election Date**” means the date on which the Electing Person files an Election Notice in

accordance with Section 5.1(b);

“**Election Notice**” has the meaning set forth in Section 5.1(b);

“**Employee**” means an individual who:

- (a) is considered an employee of the Corporation or a subsidiary of the Corporation for purposes of source deductions under applicable tax or social welfare legislation; or
- (b) works full-time or part-time on a regular weekly basis for the Corporation or a subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a subsidiary of the Corporation over the details and methods of work as an employee of the Corporation or such subsidiary, and, for greater certainty, includes any Executive Chairman of the Corporation.

“**Exchange**” means the TSX Venture Exchange and any other exchange on which the Shares are or may be listed from time to time;

“**Exercise Notice**” means a notice in writing in the form attached hereto as Schedule “A”, signed by a Participant and stating the Participant’s intention to exercise a particular Option;

“**Exercise Price**” means the price at which an Option Share may be purchased pursuant to the exercise of an Option;

“**Expiry Date**” means the expiry date specified in the Award Agreement (which shall not be later than the 10th anniversary of the Award Date) or, if not so specified, means the 10th anniversary of the Award Date;

“**Insider**” has the meaning assigned by Policy 1.1 of the rules and policies of the Exchange, as amended from time to time;

“**Investor Relations Activities**” has the meaning assigned by Policy 1.1 of the rules and policies of the Exchange, as amended from time to time;

“**Management Corporation Employee**” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;

“**Market Price**” of the Shares for a relevant date shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Price shall be the closing trading price of the Shares on such facility on the last trading date immediately preceding the relevant date;
- (b) if the Shares are listed on more than one organized trading facility, then Market Price shall be the greater of the Market Prices determined for each organized trading facility on which those Shares are listed as determined for each organized trading facility in accordance with (a) above;

- (c) if the Shares are listed on one or more organized trading facility but have not traded during the 10 trading day period immediately preceding the relevant date, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authority, such value as is determined by resolution of the Board; and
- (d) if the Shares are not listed on any organized trading facility, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authority, the fair market value of the Shares on the relevant date as determined by the Board in its discretion,

provided that, for so long as the Shares are listed and posted for trading on the Exchange, the Market Price shall not be less than the market price, as calculated under the policies of the Exchange;

“**Net Exercise**” has the meaning ascribed to such term in Section 4.5(c);

“**Net Exercise Notice**” means the notice respecting the exercise of an Option on a net basis, in the form, set out as Schedule “B” hereto, duly executed by the Participant;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**Officer**” means an officer of the Corporation or Management Corporation Employee and for the purposes of the Plan includes officers of the Corporation and Management Corporation Employees and any Related Entity of the Corporation;

“**Option**” means an option to purchase Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;

“**Option Shares**” means Shares issuable by the Corporation upon the exercise of outstanding Options;

“**Other Share-Based Award**” means any right granted under Article 8;

“**Participant**” means an Employee, Consultant, Officer or Director to whom an Award has been granted under this Plan;

“**Participant’s Employer**” means with respect to a Participant that is or was an Employee, the Corporation or such subsidiary of the Corporation as is or, if the Participant has ceased to be employed by the Corporation or such subsidiary of the Corporation, was the Participant’s Employer;

“**Performance Goals**” means performance goals expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Corporation, a subsidiary of the Corporation, a division of the Corporation or a subsidiary of the Corporation, or an individual, or may be applied to the performance of the Corporation or a subsidiary of the Corporation relative to a market index, a group of other companies or a combination thereof, or on any other basis, all as determined by the Plan Administrator in its discretion;

“**Performance Share Unit**” or “**PSU**” means any right granted under Article 7 of this Plan;

“**Person**” means an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person

in his or her capacity as trustee, executor, administrator or other legal representative;

**“Personal Representative”** means:

- (a) in the case of a deceased Participant, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
- (b) in the case of a Participant who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Participant.

**“Plan”** means this Omnibus Equity Incentive Plan, as may be amended from time to time;

**“Plan Administrator”** means the Board or, to the extent that the administration of this Plan has been delegated by the Board to the Committee pursuant to Section 3.2, the Committee;

**“Predecessor Options”** has the meaning set forth in Section 1.2;

**“Predecessor Plan”** has the meaning set forth in Section 1.2;

**“Regulatory Authority”** means any stock exchange, inter-dealer quotation network and other organized trading facility on which the Shares are listed and any securities commissions or similar securities regulatory body having jurisdiction over the Corporation;

**“Related Entity”** has the meaning given to that term in National Instrument 45-106 – *Prospectus Exemptions*;

**“Restricted Share Unit”** or **“RSU”** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 6;

**“Section 409A of the Code”** means Section 409A of the Code and all regulations, guidance, compliance programs, and other interpretive authority issued thereunder;

**“Securities Laws”** means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject;

**“Security Based Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Officers, Employees, Consultants and/or service providers of the Corporation or any subsidiary of the Corporation, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

**“Share”** means one common share in the capital of the Corporation as constituted on the Effective Date, or any share or shares issued in replacement of such common share in compliance with Canadian law or other applicable law, and/or one share of any additional class of common shares in the capital of the Corporation as may exist from time to time, or after an adjustment contemplated by Article 11, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

**“subsidiary”** means an issuer that is Controlled directly or indirectly by another issuer and includes

a subsidiary of that subsidiary, or any other entity in which the Corporation has an equity interest and is designated by the Plan Administrator, from time to time, for purposes of this Plan to be a subsidiary, provided that, in the case of a Canadian Taxpayer, the issuer is related (for purposes of the Tax Act) to the Corporation;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Termination Date**” means:

- (a) in the case of an Employee whose employment with the Corporation or a subsidiary of the Corporation terminates, (i) the date designated by the Employee and the Corporation or a subsidiary of the Corporation in a written employment agreement, or other written agreement between the Employee and Corporation or a subsidiary of the Corporation, or (ii) if no written employment agreement exists, the date designated by the Corporation or a subsidiary of the Corporation, as the case may be, on which an Employee ceases to be an employee of the Corporation or the subsidiary of the Corporation, as the case may be, provided that, in the case of termination of employment by voluntary resignation by the Employee, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date of termination of any period of reasonable notice that the Corporation or the subsidiary of the Corporation (as the case may be) may be required by law to provide to the Employee;
- (b) in the case of a Consultant whose consulting agreement or arrangement with the Corporation or a subsidiary of the Corporation, as the case may be, terminates, the date that is designated by the Corporation or the subsidiary of the Corporation (as the case may be), as the date on which the Consultant’s consulting agreement or arrangement is terminated, provided that in the case of voluntary termination by the Consultant of the Consultant’s consulting agreement or other written arrangement, such date shall not be earlier than the date notice of voluntary termination was given, and “Termination Date” specifically does not mean the date on which any period of notice of termination that the Corporation or the subsidiary of the Corporation (as the case may be) may be required to provide to the Consultant under the terms of the consulting agreement or arrangement expires; or
- (c) in the case of a U.S. Taxpayer, a Participant’s “Termination Date” will be the date the Participant experiences a “separation from service” with the Corporation or a subsidiary of the Corporation within the meaning of Section 409A of the Code.

“**U.S.**” means the United States of America;

“**U.S. Taxpayer**” shall mean a Participant who, with respect to an Award, is subject to taxation under the applicable U.S. tax laws; and

“**VWAP**” mean the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the applicable date.

## 2.2 Interpretation

- (a) Whenever the Plan Administrator exercises discretion in the administration of this Plan, the term “discretion” means the sole and absolute discretion of the Plan Administrator.

- (b) As used herein, the terms “Article”, “Section”, “Subsection” and “clause” mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.
- (e) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (f) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

### ARTICLE 3 ADMINISTRATION

#### 3.1 Administration

This Plan will be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals to whom grants of Awards under the Plan may be made;
- (b) make grants of Awards under the Plan, whether relating to the issuance of Shares or otherwise (including any combination of Options, Deferred Share Units, Restricted Share Units, Performance Share Units or Other Share-Based Awards), in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:
  - (i) the time or times at which Awards may be granted;
  - (ii) the conditions under which:
    - Awards may be granted to Participants; or
    - Awards may be forfeited to the Corporation,
    - including any conditions relating to the attainment of specified Performance Goals;
  - (iii) the number of Shares to be covered by any Award;
  - (iv) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;
  - (v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations,

if any; and

- (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;
- (c) establish the form or forms of Award Agreements;
- (d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
- (e) construe and interpret this Plan and all Award Agreements;
- (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and
- (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

### **3.2 Delegation to Committee**

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the “**Committee**”) all or any of the powers conferred on the Plan Administrator pursuant to this Plan, including the power to sub-delegate to any member(s) of the Committee or any specified officer(s) of the Corporation or its subsidiaries all or any of the powers delegated by the Board. In such event, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party.

### **3.3 Determinations Binding**

Except as may be otherwise set forth in any written employment agreement, consulting agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant, any decision made or action taken by the Board, the Committee or any sub-delegate to whom authority has been delegated pursuant to Section 3.2 arising out of or in connection with the administration or interpretation of this Plan is final, conclusive and binding on the Corporation and all subsidiaries of the Corporation, the affected Participant(s), their respective legal and personal representatives and all other Persons.

### **3.4 Eligibility**

All Employees, Consultants, Directors and Officers are eligible to participate in the Plan, subject to Section 10.1(e). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Employee, Consultant, Director or Officer any right to receive any grant of an Award pursuant to the Plan. The extent to which any Employee, Consultant, Director or Officer is entitled to receive a grant of an Award pursuant to the Plan will be determined in the discretion of the Plan Administrator. The Board shall determine in its sole discretion whether any Person is a bona fide Employee, Consultant, Director or Officer, as applicable.

### **3.5 Plan Administrator Requirements**

Any Award granted under this Plan shall be subject to the requirement that, if at any time the Corporation shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Award upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of the Exchange and any securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised, as applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Plan Administrator. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval. Participants shall, to the extent applicable, cooperate with the Corporation in complying with such legislation, rules, regulations and policies.

### **3.6 Total Shares Subject to Awards**

- (a) The Plan is a “rolling up to 10% and fixed up to 10%” Security Based Compensation Plan, as defined in Policy 4.4 - *Security Based Compensation* of the Exchange. The Plan is a: (a) “rolling” plan pursuant to which the number of Shares that are issuable pursuant to the exercise of Options (including the Predecessor Options) granted hereunder shall not exceed 10% of the issued and outstanding Shares as at the date of any Option grant; and (b) “fixed” plan under which the number of Shares that are issuable pursuant to all Awards other than Options granted hereunder and under any other Security Based Compensation Arrangement, in aggregate is a maximum of 8,244,475 Shares, in each case, subject to adjustment as provided in Article 11 and any subsequent amendment to this Plan.
- (b) To the extent the Shares are no longer listed on the Exchange, and subject to any additional and applicable approval by other stock exchange on which the Shares are then listed, the limits set forth in Section 3.6(a) shall no longer be applicable.
- (c) To the extent any Awards (or portion(s) thereof) under this Plan are terminated or are cancelled for any reason prior to exercise in full, any Shares subject to such Awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Awards granted under this Plan. To the extent any Options (or portion(s) thereof) under this Plan are exercised, any Shares subject to such Options (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Options granted under this Plan.
- (d) Any Shares issued by the Corporation through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Awards granted under this Plan.

### **3.7 Limits on Grants of Awards**

Notwithstanding anything in this Plan, the aggregate number of Shares issuable at any time under all Security Based Compensation Arrangements:

- (a) awarded in a one-year period to any one Consultant shall not exceed 2% of the issued and outstanding Shares (calculated at the time of award);

- (b) awarded in a one-year period to any one Participant (other than a Consultant) shall not exceed 5% of the issued and outstanding Shares (calculated at the time of award), unless disinterested shareholder approval has been obtained;
- (c) awarded in a one-year period to Persons employed to provide Investor Relations Activities services shall not exceed 2% of the issued and outstanding Shares (calculated at the time of award). For greater certainty, a Person conducting Investor Relations Activities shall only be entitled to receive Options as a form of Award under the Plan;
- (d) awarded to Insiders in a one-year period shall not exceed 10% of the issued and outstanding Shares (calculated at the time of award), unless disinterested shareholder approval has been obtained; or
- (e) awarded to Insiders in aggregate shall not exceed 10% of the issued and outstanding Shares (calculated at the time of award), unless disinterested shareholder approval has been obtained,

provided that the acquisition of Shares by the Corporation for cancellation shall not constitute non-compliance with this Section 3.7 for any Awards outstanding prior to such purchase of Shares for cancellation.

### **3.8 Award Agreements**

Each Award under this Plan will be evidenced by an Award Agreement. Each Award Agreement will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, any Award Agreement to a Participant granted an Award pursuant to this Plan.

### **3.9 Non-transferability of Awards**

Except as permitted by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon the death of a Participant by will or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards or under this Plan whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.

## **ARTICLE 4 OPTIONS**

### **4.1 Granting of Options**

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Participant. The terms and conditions of each Option grant shall be evidenced by an Award Agreement.

### **4.2 Exercise Price**

The Plan Administrator will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the Market Price on the relevant date.

### **4.3 Term of Options**

Subject to any accelerated termination as set forth in this Plan, each Option expires on its Expiry Date.

### **4.4 Vesting and Exercisability**

- (a) The Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Options.
- (b) Once an instalment becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any written employment agreement, consulting agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant. Each vested Option or instalment may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any instalment of any Option becomes exercisable.
- (c) Subject to the provisions of this Plan and any Award Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Corporation.
- (d) The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in this Section 4.4, such as vesting conditions relating to the attainment of specified Performance Goals.
- (e) Options issued to any Person retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months such that: (A) no more than 1/4 of the Options vest no sooner than three months after the Options were granted; (B) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted; (C) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and (D) no more than another 1/4 of the Options vest no sooner than 12 months after the Options were granted.

### **4.5 Payment of Exercise Price**

- (a) Unless otherwise specified by the Plan Administrator at the time of granting an Option and set forth in the particular Award Agreement, the Exercise Notice must be accompanied by payment of the Exercise Price. Except as otherwise provided below, payment of the Exercise Price for the number of Shares being purchased pursuant to any Option shall be made (i) in cash, by cheque or in cash equivalent; (ii) if permitted by the Plan Administrator, applicable law and Exchange policies, by means of a Cashless Exercise (as defined herein), a Net Exercise (as defined herein), or by such other consideration as may be approved by the Plan Administrator from time to time to the extent permitted by applicable law and Exchange policies, or (iii) by any combination thereof. The Plan Administrator may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the Exercise Price or which otherwise restrict one or more forms of consideration.
- (b) Subject to the Corporation having established a program or procedure pursuant to this Section 4.50, a Participant or the Personal Representative of the Participant may elect to

exercise such Options on a cashless basis (a “**Cashless Exercise**”). A “Cashless Exercise” means the exercise of an Option where the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to the Participant to purchase the Shares underlying the Option and then the brokerage firm sells a sufficient number of Shares to cover the exercise price of the Option in order to repay the loan made to the Participant and receives an equivalent number of Shares from the exercise of the Options as were sold to cover the loan and the Participant then receives the balance of the Shares or the cash proceeds from the balance of the Shares. Pursuant to a Cashless Exercise, a Participant shall deliver a properly executed Exercise Notice together with irrevocable instructions to a broker providing for assignment to the Corporation of the proceeds of a sale or loan with respect to some or all of the Shares being acquired upon the exercise of the Option. The Corporation reserves the right, in the Corporation’s sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise, including with respect to one or more Participants specified by the Corporation notwithstanding that such program or procedures may be available to other Participants.

- (c) A Participant or the Personal Representative of the Participant may elect to exercise an Option without payment of the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option (a “**Net Exercise**”) by delivering a Net Exercise Notice to the Plan Administrator. Upon receipt by the Plan Administrator of a Net Exercise Notice from a Participant or Personal Representative of a Participant, the Corporation shall calculate and issue to such Participant or Personal Representative of such Participant that number of Shares as is determined by application of the following formula:

$$X=[Y(A-B)]/A$$

Where:

**X** = the number of Shares to be issued to the Participant upon the Net Exercise

**Y** = the number of Shares underlying the Options being exercised

**A** = the VWAP as at the date of the Net Exercise Notice, if such VWAP is greater than the Exercise Price

**B** = the Exercise Price of the Options being exercised

The Corporation may, but is not obligated to accept, any Net Exercise of which it receives notice. If the Corporation does accept such Net Exercise, no fractional Shares will be issued to any Participant or the Personal Representative of the Participant electing a Net Exercise. If the number of Shares to be issued to the Participant in the event of a Net Exercise would otherwise include a fraction of a Share, the Corporation will pay a cash amount to such Participant equal to (i) the fraction of a Share otherwise issuable multiplied by (ii) the value attributed to “A” in the formula set out above.

- (d) Unless otherwise required by applicable laws, or as determined in the discretion of the Board or the Plan Administrator, the Exercise Price for Options shall be designated in Canadian dollars. A foreign Participant may be required to provide evidence that any currency used to pay the Exercise Price of any Option was acquired and taken out of the jurisdiction in which the Participant resides in accordance with applicable laws, including

foreign exchange control laws and regulations. In the event the Exercise Price for an Option is paid in another foreign currency, if permitted by the Plan Administrator, the amount payable will be determined by conversion from Canadian dollars at the exchange rate as selected by the Plan Administrator on the date of exercise. For Participants subject to United States income tax, such conversion shall be determined in a manner which does not result in any adverse tax consequences to the Participant pursuant to Section 409A of the Code.

## ARTICLE 5 DEFERRED SHARE UNITS

### 5.1 Granting of DSUs

- (a) The Plan Administrator may fix, from time to time, a portion of the Director Fees that is to be payable in the form of DSUs. In addition, subject to the approval of the Plan Administrator, each Electing Person is given, subject to the conditions stated herein, the right to elect in accordance with Section 5.1(b) to participate in the grant of additional DSUs pursuant to this Article 5. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 5 shall receive their Elected Amount (as that term is defined below) in the form of DSUs in lieu of cash. The “**Elected Amount**” shall be an amount, as elected by the Director, in accordance with applicable tax law, between 0% and 100% of any Director Fees that are otherwise intended to be paid in cash (the “**Cash Fees**”).
- (b) Each Electing Person who elects to receive their Elected Amount in the form of DSUs in lieu of cash will be required to file a notice of election in the form of Schedule “C” hereto (the “**Election Notice**”) with the Chief Financial Officer of the Corporation: (i) in the case of an existing Electing Person, by December 31 in the year prior to the year to which such election is to apply; and (ii) in the case of a newly appointed Electing Person who is not a U.S. Taxpayer, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. In the case of an existing Electing Person who is a U.S. Taxpayer as of the Effective Date of this Plan, an initial Election Notice may be filed by the date that is 30 days from the Effective Date only with respect to compensation paid for services to be performed after the Election Date; and, in the case of a newly appointed Electing Person who is a U.S. Taxpayer, an Election Notice may be filed within 30 days of such appointment only with respect to compensation paid for services to be performed after the Election Date. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Cash Fees in cash.
- (c) Subject to Section 5.1(d), the election of an Electing Person under Section 5.1(b) shall be deemed to apply to all Cash Fees that would be paid subsequent to the filing of the Election Notice, and such Electing Person is not required to file another Election Notice for subsequent calendar years.
- (d) Each Electing Person who is not a U.S. Taxpayer is entitled once per calendar year to terminate his or her election to receive DSUs in lieu of Cash Fees by filing with the Chief Financial Officer of the Corporation a notice in the form of Schedule “D” hereto. Such termination shall be effective immediately upon receipt of such notice, provided that the Corporation has not imposed a “black-out” on trading. Thereafter, any portion of such Electing Person’s Cash Fees payable or paid in the same calendar year and, subject to

complying with Section 5.1(b), all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her participation in the grant of DSUs pursuant to this Article 5, he or she shall not be entitled to elect to receive the Elected Amount, or any other amount of his or her Cash Fees in DSUs in lieu of cash again until the calendar year following the year in which the termination notice is delivered. An election by a U.S. Taxpayer to receive the Elected Amount in DSUs in lieu of cash for any calendar year is irrevocable for that calendar year after the expiration of the election period for that year and any termination of the election will not take effect until the first day of the calendar year following the calendar year in which the termination notice in the form of Schedule "D" is delivered.

- (e) Any DSUs granted pursuant to this Article 5 prior to the delivery of a termination notice pursuant to Section 5.1(d) shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.
- (f) The number of DSUs (including fractional DSUs) granted at any particular time pursuant to this Article 5 will be calculated by dividing (i) the amount of any compensation that is to be paid in DSUs (including Director Fees and any Elected Amount), as determined by the Plan Administrator, by (ii) the Market Price of a Share on the Award Date.
- (g) In addition to the foregoing, the Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant DSUs to any Participant.

## **5.2 DSU Account**

All DSUs received by a Participant (which, for greater certainty includes Electing Persons) shall be credited to an account maintained for the Participant on the books of the Corporation, as of the relevant date. The terms and conditions of each DSU grant shall be evidenced by an Award Agreement.

## **5.3 Vesting of DSUs**

Except as provided in Sections 10.1 and 11.2, no DSUs issued to a Participant may vest before the date that is one year following the date they are granted.

## **5.4 Settlement of DSUs**

- (a) DSUs shall be settled on the date established in the Award Agreement; provided, however that in no event shall an Award in the form of a DSU be settled prior to, or later than one (1) year following, the date of the applicable Participant's separation from service. In the case of a Participant (other than a Canadian Participant), in no event shall an Award in the form of a DSU be settled later than three (3) years following the date of the applicable Participant's separation from service. If the Award Agreement does not establish a date for the settlement of the DSUs, then the settlement date shall be the date of separation from service, subject to the delay that may be required under Section 12.6(d) below in the case of a U.S. Participant. Subject to Section 12.6(d) below in the case of a U.S. Participant, and except as otherwise provided in an Award Agreement, on the settlement date for any DSU, the Participant shall redeem each vested DSU for:
  - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct, or

- (ii) a cash payment, or
  - (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above, in each case as determined by the Plan Administrator in its sole discretion.
- (b) Any cash payments made under this Section 5.4 by the Corporation to a Participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
  - (c) Payment of cash to Participants on the redemption of vested DSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

## **ARTICLE 6 RESTRICTED SHARE UNITS**

### **6.1 Granting of RSUs**

- (a) The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any Participant in respect of services rendered in the year of grant. The terms and conditions of each RSU grant shall be evidenced by an Award Agreement.
- (b) The number of RSUs (including fractional RSUs) granted at any particular time pursuant to this Article 6 will be calculated by dividing (i) the amount of any compensation that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the Market Price of a Share on the relevant date.

### **6.2 RSU Account**

All RSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Award Date.

### **6.3 Vesting of RSUs**

Except as provided in Sections 10.1 and 11.2, no RSUs issued to a Participant may vest before the date that is one year following the date they are granted.

### **6.4 Settlement of RSUs**

- (a) The Plan Administrator shall have the sole authority to determine the settlement terms applicable to the grant of RSUs. Subject to Section 12.6(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the Participant shall redeem each vested RSU for:
  - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct, or
  - (ii) a cash payment, or
  - (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above, in each case as determined by the Plan Administrator in its sole discretion.

- (b) Any cash payments made under this Section 6.4 by the Corporation to a Participant in respect of RSUs to be redeemed for cash shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.
- (d) Subject to Section 12.6(d) below and except as otherwise provided in an Award Agreement, no settlement date for any RSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any RSU, under this Section 6.4 any later than the final Business Day of the third calendar year following the year in which the RSU is granted.

## **ARTICLE 7**

### **PERFORMANCE SHARE UNITS**

#### **7.1 Granting of PSUs**

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any Participant in respect of services rendered in the year of grant. The terms and conditions of each PSU grant shall be evidenced by an Award Agreement. Each PSU will consist of a right to receive a Share, cash payment, or a combination thereof (as provided in Section 7.6(a)), upon the achievement of such Performance Goals during such performance periods as the Plan Administrator shall establish.

#### **7.2 Terms of PSUs**

The Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a Participant's employment or consulting arrangement and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable Award Agreement.

#### **7.3 Performance Goals**

The Plan Administrator will issue Performance Goals prior to the Award Date to which such Performance Goals pertain. The Performance Goals may be based upon the achievement of corporate, divisional or individual goals, and may be applied relative to performance relative to an index or comparator group, or on any other basis determined by the Plan Administrator. The Plan Administrator may modify the Performance Goals as necessary to align them with the Corporation's corporate objectives, subject to any limitations set forth in an Award Agreement or an employment agreement, consulting agreement or other agreement with a Participant. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable Award Agreement.

#### **7.4 PSU Account**

All PSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Award Date.

## 7.5 Vesting of PSUs

Except as provided in Sections 10.1 and 11.2, no PSUs issued to a Participant may vest before the date that is one year following the date they are granted.

## 7.6 Settlement of PSUs

- (a) The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of PSUs. Subject to Section 12.6(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any PSU, the Participant shall redeem each vested PSU for:
  - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct, or
  - (ii) a cash payment, or
  - (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above, in each case as determined by the Plan Administrator in its sole discretion.
- (b) Any cash payments made under this Section 7.6 by the Corporation to a Participant in respect of PSUs to be redeemed for cash shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.
- (d) Subject to Section 12.6(d) below and except as otherwise provided in an Award Agreement, no settlement date for any PSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any PSU, under this Section 7.6 any later than the final Business Day of the third calendar year following the year in which the PSU is granted.

## ARTICLE 8 OTHER SHARE-BASED AWARDS

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Other Share-Based Awards to any Participant. The terms and conditions of each Other Share-Based Award grant shall be evidenced by an Award Agreement. Each Other Share-Based Award shall consist of a right (1) which is other than an Award or right described in Article 4, Article 5, Article 6, and (2) which is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Plan Administrator to be consistent with the purposes of the Plan; provided, however, that such right will comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Plan Administrator will determine the terms and conditions of Other Share-Based Awards. Shares or other securities delivered pursuant to a purchase right granted under this Article 8 will be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, other property, or any combination thereof, as the Plan Administrator shall determine in its discretion.

## **ARTICLE 9 ADDITIONAL AWARD TERMS**

### **9.1 Dividend Equivalents**

- (a) Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, as part of a Participant's grant of DSUs or RSUs (as applicable) and in respect of the services provided by the Participant for such original grant, DSUs and RSUs (as applicable) shall be credited with dividend equivalents in the form of additional DSUs or RSUs, as applicable, as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (i) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of DSUs or RSUs, as applicable, held by the Participant on the record date for the payment of such dividend, by (ii) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's account shall vest in proportion to the DSUs or RSUs, as applicable, to which they relate, and shall be settled in accordance with Section 6.4.
- (b) The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

### **9.2 Blackout Period**

In the event that the Award Date occurs, or an Award expires, during a Black-Out Period, the effective Award Date for such Award, or expiry of such Award, as the case may be, will be no later than 10 business days after the last day of the Black-Out Period, and the Market Price with respect to the grant of such Award shall be calculated based on the VWAP of the five business days after the last day of the Black-Out Period. For the purposes hereof, a "Black-Out Period" means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation's securities by a Participant.

### **9.3 Withholding Taxes**

Notwithstanding any other terms of this Plan, the granting, vesting or settlement of each Award under this Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or settlement, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator. In such circumstances, the Plan Administrator may require that a Participant pay to the Corporation the minimum amount as the Corporation or an Affiliate of the Corporation is obliged to withhold or remit to the relevant taxing authority in respect of the granting, vesting or settlement of the Award. Any such additional payment is due no later than the date on which such amount with respect to the Award is required to be remitted to the relevant tax authority by the Corporation or an Affiliate of the Corporation, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation may (a) withhold such amount from any remuneration or other amount payable by the Corporation or any Affiliate to the Participant, (b) require the sale of a number of Shares issued upon exercise, vesting, or settlement of such Award and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount, or (c) enter into any other suitable arrangements for the receipt of such amount.

### **9.4 Recoupment**

Notwithstanding any other terms of this Plan, Awards may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Corporation or the relevant subsidiary of the Corporation and in effect at the Award Date of the Award, or as set out in the Participant's employment agreement, Award Agreement or other written agreement, or as otherwise required by law or the rules of the Exchange. The Plan Administrator may at any time waive the application of this Section 9.4 to any Participant or category of Participants.

## **ARTICLE 10 TERMINATION OF EMPLOYMENT OR SERVICES**

### **10.1 Termination of Employees, Consultants, Directors and Officers**

Unless otherwise determined by the Plan Administrator or as set forth in an employment agreement, consulting agreement, Award Agreement or other written agreement (but in no event shall Options or Awards exceed one year following the Termination Date, death, or Disability of a Participant):

- (a) where a Participant's employment agreement, consulting agreement or arrangement is terminated, or the Participant ceases to hold the office of his or her position, as applicable, by reason of voluntary resignation by the Participant or termination by the Corporation or a subsidiary of the Corporation for Cause, then any Option or other Award held by the Participant that has not been exercised as of the Termination Date shall be immediately forfeited and cancelled as of the Termination Date;
- (b) where a Participant's employment agreement, consulting agreement or other position is terminated, or the Participant ceases to hold the office of his or her position, as applicable, by the Corporation or a subsidiary of the Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice) then all unvested Options or other Awards shall terminate, and all vested Options or other Awards may be exercised or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the date that is 90 days after the Termination Date (or such other period as may be determined by the Board, provided such period is not more than one year following the Termination Date). Any Option or other Award that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;
- (c) where a Participant becomes Disabled, then any Option or other Award held by the Participant that has not vested as of the date of Disability of such Participant shall terminate, and all Options or other Awards that are vested as of the date of Disability may be exercised or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the date that is six months after the date of Disability. Any Option or other Award that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;
- (d) where a Participant's employment agreement, consulting agreement or arrangement is terminated, or the Participant ceases to hold office of his or her position, as applicable, by reason of the death of the Participant, then any Option or other Award held by the Participant that has not vested as of the date of the death of such Participant shall terminate, and all Options or other Awards that are vested as of the date of death and may be exercised

or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the six month anniversary of the date of the death of such Participant. Any Option or other Award that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;

- (e) a Participant's eligibility to receive further grants of Options or other Awards under this Plan ceases as of:
  - (i) the date that the Corporation or a subsidiary of the Corporation, as the case may be, provides the Participant with written notification that the Participant's employment, consulting agreement or arrangement is terminated, notwithstanding that such date may be prior to the Termination Date; or
  - (ii) the date of the death, or Disability of the Participant; and notwithstanding Section 10.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options or other Awards are not affected by a change of employment or consulting agreement or arrangement, or directorship within or among the Corporation or a subsidiary of the Corporation for so long as the Participant continues to be a Director, Employee or Consultant, as applicable, of the Corporation or a subsidiary of the Corporation.

## **10.2 Discretion to Permit Acceleration**

- (a) Notwithstanding the provisions of Section 10.1, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in such Section, or in an employment agreement, consulting agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant, permit the acceleration of vesting of any or all Awards or waive termination of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator; provided that Awards may not be accelerated earlier than one year from the Award Date.
- (b) Notwithstanding the provisions of Section 10.2(a), the Plan Administrator may not permit the acceleration of vesting of any Options granted to any Persons employed to provide Investor Relations Activities without the prior written approval of the Exchange.

## **10.3 Participants' Entitlement**

Except as otherwise provided in this Plan, Awards previously granted under this Plan are not affected by any change in the relationship between, or ownership of, the Corporation and an Affiliate of the Corporation. For greater certainty, all grants of Awards remain outstanding and are not affected by reason only that, at any time, an Affiliate of the Corporation ceases to be an Affiliate of the Corporation.

# **ARTICLE 11 EVENTS AFFECTING THE CORPORATION**

## **11.1 General**

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination,

arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Article 11 would have an adverse effect on this Plan or on any Award granted hereunder.

## 11.2 Change in Control

Except as may be set forth in an employment agreement, consulting agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant:

- (a) The Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause (i) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value, as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such Change in Control; (iii) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction net of any exercise price payable by the Participant (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights net of any exercise price payable by the Participant, then such Award may be terminated by the Corporation without payment); (iv) the replacement of such Award with other rights or property selected by the Board in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this Section 11.2(a), the Plan Administrator will not be required to treat all Awards similarly in the transaction. Notwithstanding the foregoing, in the case of Options held by a Canadian Taxpayer, the Plan Administrator may not cause the Canadian Taxpayer to receive (pursuant to this Section 11.2(a)) any property in connection with a Change of Control other than rights to acquire shares of a corporation or units of a "mutual fund trust" (as defined in the Tax Act), of the Corporation or a "qualifying person" (as defined in the Tax Act) that does not deal at arm's length (for purposes of the Tax Act) with the Corporation, as applicable, at the time such rights are issued or granted.
- (b) Notwithstanding Section 11.2(a), and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on an Exchange, then the Corporation may terminate all of the Awards granted under this Plan (other than Options held by Canadian Taxpayers) at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably, or in the case of Options held by a Canadian Taxpayer by permitting the Canadian Taxpayer to surrender such Options to the Corporation for an amount for each such Option equal to the fair market value of such Option as determined by the Plan Administrator, acting reasonably, upon the

completion of the Change in Control (following which such Options may be cancelled for no consideration).

- (c) It is intended that any actions taken under this Section 11.2 will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.

### **11.3 Reorganization of Corporation's Capital**

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

### **11.4 Other Events Affecting the Corporation**

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange (if required), authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

### **11.5 Immediate Acceleration of Awards**

In taking any of the steps provided in Sections 11.3 and 11.4, the Plan Administrator will not be required to treat all Awards similarly and where the Plan Administrator determines that the steps provided in Sections 11.3 and 11.4 would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required, to permit the immediate vesting of any unvested Awards.

### **11.6 Issue by Corporation of Additional Shares**

Except as expressly provided in this Article 11, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards or other entitlements of the Participants under such Awards.

### **11.7 Fractions**

No fractional Shares will be issued pursuant to an Award. Accordingly, (whether as a result of any adjustment under this Article 11, a dividend equivalent or otherwise), a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

## **ARTICLE 12 U.S. TAXPAYERS**

### **12.1 Provisions for U.S. Taxpayers**

Options granted under this Plan to U.S. Taxpayers may be non-qualified stock options or incentive stock options qualifying under Section 422 of the Code (“**ISOs**”). Each Option shall be designated in the Award Agreement as either an ISO or a non-qualified stock option. The Corporation shall not be liable to any Participant or to any other Person if it is determined that an Option intended to be an ISO does not qualify as an ISO.

### **12.2 ISOs**

Subject to any limitations in Section 3.63.6(a), the aggregate number of Shares reserved for issuance in respect of granted ISOs shall not exceed 10,000,000 Shares, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Award Date hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Plan Administrator from time to time in accordance with this Plan. At the discretion of the Plan Administrator, ISOs may be granted to any employee of the Corporation, or of a “parent corporation” or “subsidiary corporation”, as such terms are defined in Sections 424(e) and (f) of the Code.

### **12.3 ISO Grants to 10% Shareholders**

Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a person who owns shares representing more than 10% of the voting power of all classes of shares of the Corporation or of a “parent corporation” or “subsidiary corporation”, as such terms are defined in Section 424(e) and (f) of the Code, on the Award Date, the term of the Option shall not exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110% of the Market Price of the Shares subject to the Option.

### **12.4 \$100,000 Per Year Limitation for ISOs**

To the extent the aggregate Market Price as at the relevant date of the Shares for which ISOs are exercisable for the first time by any person during any calendar year (under all plans of the Corporation) exceeds \$100,000, such excess ISOs shall be treated as non-qualified stock options.

### **12.5 Disqualifying Dispositions**

Each person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date he or she makes a disposition or transfer of any Shares acquired pursuant to the exercise of such ISO if such disposition or transfer is made (a) within two years from the Award Date or (b) within one year after the date such person acquired the Shares. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the person in such disposition or other transfer. The Corporation may, if determined by the Plan Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable person until the end of the later of the periods described in (a) or (b) above, subject to complying with any instructions from such person as to the sale of such Shares.

### **12.6 Section 409A of the Code**

- (a) This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code. In no event will the Corporation or any of its subsidiaries or Affiliates be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.
- (b) All terms of the Plan that are undefined or ambiguous must be interpreted in a manner that complies with Section 409A of the Code if necessary to comply with Section 409A of the Code.
- (c) The Plan Administrator, in its sole discretion, may permit the acceleration of the time or schedule of payment of a U.S. Taxpayer's vested Awards in the Plan under circumstances that constitute permissible acceleration events under Section 409A of the Code.
- (d) Notwithstanding any provisions of the Plan to the contrary, in the case of any "specified employee" within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a "separation from service" within the meaning set forth in Section 409A of the Code may not be made prior to the date which is six months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such six-month anniversary of such separation from service.

## **12.7 Section 83(b) Election**

If a Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Shares subject to vesting or other forfeiture conditions, the Participant shall be required to promptly file a copy of such election with the Corporation.

## **ARTICLE 13 AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN**

### **13.1 Amendment, Suspension, or Termination of the Plan**

The Plan Administrator may from time to time, without notice and without approval of the holders of voting shares of the Corporation, amend, modify, change, suspend or terminate the Plan or any Awards granted pursuant to the Plan as it, in its discretion, determines appropriate, provided, however, that:

- (a) no such amendment, modification, change, suspension or termination of the Plan or any Awards granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or Exchange requirements; and

- (b) any amendment that would cause an Award held by a U.S. Taxpayer be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the Code shall be null and void *ab initio* with respect to the U.S. Taxpayer unless the consent of the U.S. Taxpayer is obtained.

### 13.2 Shareholder Approval

Notwithstanding Section 13.1 and subject to any rules of the Exchange, approval of the holders of the Shares shall be required for any amendment, modification or change that:

- (a) increases the percentage of Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the limit on the number of Shares issuable or issued to Insiders as set forth in Section 3.7(d) and Section 3.7(e);
- (c) reduces the exercise price of an Award (for this purpose, a cancellation or termination of an Award of a Participant prior to its Expiry Date for the purpose of reissuing an Award to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Award) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) extends the term of an Award beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within five business days following the expiry of such a blackout period);
- (e) permits an Award to be exercisable beyond 10 years from its Award Date (except where an Expiry Date would have fallen within a blackout period of the Corporation);
- (f) increases or removes the limits on the participation of Directors or Officers;
- (g) permits Awards to be transferred to a Person;
- (h) changes the eligible participants of the Plan; or
- (i) deletes or reduces the range of amendments which require approval of shareholders under this Section 13.2.

### 13.3 Disinterested Shareholder Approval

Disinterested shareholder approval will be obtained:

- (a) for any reduction in the Exercise Price or extension of the term of an Option if the Participant is an Insider of the Corporation at the time of the proposed amendment; and
- (b) for any changes to the aggregate number of Shares reserved for issuance pursuant to all Awards, other than Options, granted under the Plan, together with any other Security Based Compensation Arrangement, as set out in Section 3.63.6(a).

Disinterested shareholder approval will also be required as specified in the Plan.

### **13.4 Permitted Amendments**

Without limiting the generality of Section 13.1, but subject to Section 13.2, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

- (a) making any amendments to the general vesting provisions of each Award;
- (b) making any amendments to the provisions set out in Article 10;
- (c) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;
- (d) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants; or
- (e) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

## **ARTICLE 14 MISCELLANEOUS**

### **14.1 Legal Requirement**

The Corporation is not obligated to grant any Awards, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any Exchange upon which the Shares may then be listed.

### **14.2 No Other Benefit**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

### **14.3 Rights of Participant**

No Participant has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a Participant a right to remain as an Employee, Consultant, Director or Officer. No Participant has any rights as a shareholder of the Corporation in respect of Shares issuable pursuant to any Award until the allotment and issuance to such Participant, or as such Participant may direct, of certificates

representing such Shares.

#### **14.4 Corporate Action**

Nothing contained in this Plan or in an Award shall be construed so as to prevent the Corporation from taking corporate action which is deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Award.

#### **14.5 Conflict**

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of the Award Agreement shall govern. In the event of any conflict between or among the provisions of this Plan or any Award Agreement, on the one hand, and a Participant's employment agreement or consulting agreement with the Corporation or a subsidiary of the Corporation, as the case may be, on the other hand, the provisions of the employment agreement, consulting agreement or other written agreement shall prevail.

#### **14.6 Anti-Hedging Policy**

By accepting the Option or Award, each Participant acknowledges that he or she is restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of Options or Awards.

#### **14.7 Participant Information**

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Participant acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such persons (including persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

#### **14.8 Participation in the Plan**

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

#### **14.9 International Participants**

With respect to Participants who reside or work outside Canada, the Plan Administrator may, in its discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

#### **14.10 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Corporation and its subsidiaries.

#### **14.11 General Restrictions on Assignment**

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant unless otherwise approved by the Plan Administrator.

#### **14.12 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

#### **14.13 Notices**

All written notices to be given by a Participant to the Corporation shall be delivered personally, e-mail or mail, postage prepaid, addressed as follows:

SPARQ Corp.  
Innovation Park  
945 Princess Street, Box 212  
Kingston, Ontario,  
K7L 0E9

Attention: Chief Financial Officer

All notices to a Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally or by e-mail, on the date of delivery, and if sent by mail, on the fifth business day following the date of mailing; provided that in the event of any actual or imminent postal disruption, notices shall be delivered to the appropriate party and not sent by mail. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

#### **14.14 Effective Date**

This Plan becomes effective on a date to be determined by the Plan Administrator, subject to the approval of the shareholders of the Corporation.

#### **14.15 Governing Law**

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the internal laws of the Province of Ontario and the federal laws of Canada applicable therein, without reference to conflicts of law rules.

#### **14.16 Submission to Jurisdiction**

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of

competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including, without limitation, with respect to the grant of Awards and any issuance of Shares made in accordance with the Plan.

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**SPARQ CORP.  
EQUITY INCENTIVE PLAN  
(THE "PLAN")**

**ELECTION NOTICE**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

The undersigned hereby irrevocably gives notice of the exercise of the Option to acquire and hereby subscribes for **(cross out inapplicable item)**:

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares;

which are the subject of the Award Agreement attached hereto.

The undersigned tenders herewith a certified cheque or bank draft **(circle one)** payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid Shares exercised and directs the Corporation to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

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

By executing this Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

**SPARQ CORP.  
EQUITY INCENTIVE PLAN  
(THE "PLAN")**

**NET EXERCISE NOTICE**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

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

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares;

which are the subject of the Award Agreement attached hereto.

Pursuant to Section 4.50 of the Plan and the approval of the Board, the number of Shares to be issued in accordance with the instructions of the undersigned shall be as is determined by application of the following formula, after deduction of any income tax or other amounts required by law to be withheld:

$$X=[Y(A-B)]/A$$

Where:

X = the number of Shares to be issued to the Participant upon the Net Exercise

Y = the number of Shares underlying the Options being exercised

A = the VWAP as at the date of the Net Exercise Notice, if such VWAP is greater than the Exercise Price

B = the Exercise Price of the Options being exercised

No fractional Shares will be issued upon the undersigned making a Net Exercise. If the number of Shares to be issued to the Participant in the event of a Net Exercise would otherwise include a fraction of a Share, the Corporation will pay a cash amount to such Participant equal to (i) the fraction of a Share otherwise issuable multiplied by (ii) the value attributed to "A" in the formula set out above.

The undersigned directs the Corporation to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

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

By executing this Net Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

---

**Signature of Option Holder**

**SPARQ CORP.  
EQUITY INCENTIVE PLAN  
(THE "PLAN")**

**ELECTION NOTICE**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Plan, I hereby elect to participate in the grant of DSUs pursuant to Article 5 of the Plan and to receive \_\_\_\_\_% of my Cash Fees in the form of DSUs in lieu of cash.

I confirm that:

I have received and reviewed a copy of the terms of the Plan and agreed to be bound by them.

I recognize that when DSUs credited pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Corporation will make all appropriate withholdings as required by law at that time.

The value of DSUs is based on the value of the Shares and therefore is not guaranteed.

To the extent I am a U.S. taxpayer, I understand that this election is irrevocable for the calendar year to which it applies and that any revocation or termination of this election after the expiration of the election period will not take effect until the first day of the calendar year following the year in which I file the revocation or termination notice with the Corporation.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan's text.

\_\_\_\_\_

Dated

\_\_\_\_\_

(Name of Participant)

\_\_\_\_\_

(Signature of Participant)

**SPARQ CORP.  
EQUITY INCENTIVE PLAN  
(THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUS**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule "C" to the Plan, I hereby elect that no portion of the Cash Fees accrued after the date hereof shall be paid in DSUs in accordance with Article 5 of the Plan.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

\_\_\_\_\_

Dated

\_\_\_\_\_

(Name of Participant)

\_\_\_\_\_

(Signature of Participant)

**Note:** An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

**SPARQ CORP.  
EQUITY INCENTIVE PLAN  
(THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUS  
(U.S. TAXPAYERS)**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule "C" to the Plan, I hereby elect that no portion of the Cash Fees accrued after the effective date of this termination notice shall be paid in DSUs in accordance with Article 5 of the Plan.

I understand that this election to terminate receipt of additional DSUs will not take effect until the first day of the calendar year following the year in which I file this termination notice with the Corporation.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

\_\_\_\_\_

Dated

\_\_\_\_\_

(Name of Participant)

\_\_\_\_\_

(Signature of Participant)

**Note:** An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

**SCHEDULE D  
BY-LAW NO. 2**

A by-law relating generally to the  
transaction of the business and affairs of

**SPARQ CORP.**

(herein called the “**Corporation**”)

**BE IT PASSED AND MADE** as a by-law of the Corporation as follows:

**ARTICLE 1 - DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this by-law, unless there is something in the subject matter or context inconsistent therewith,

- (i) “**Act**” means the *Business Corporations Act* (Ontario);
- (ii) “**affiliate**” means an affiliated body corporate, and one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person;
- (iii) “**articles**” means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent, a special act and any other instrument by which the Corporation is incorporated;
- (iv) “**auditor**” means an auditor of the Corporation, if appointed by the shareholders;
- (v) “**board**” means the board of directors of the Corporation;
- (vi) “**by-law**” means a by-law of the Corporation;
- (vii) “**Chair of the Board**”, “**President**”, “**Vice-President**”, “**Secretary**”, “**Treasurer**”, “**Managing Director**”, “**General Manager**”, “**Assistant Secretary**”, “**Assistant Treasurer**” or any other officer means such officer of the Corporation;
- (viii) “**committee**” means a committee appointed pursuant to section 4.1 of this by-law;
- (ix) “**director**” means a director of the Corporation;
- (x) “**day**” means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday;
- (xi) “**employee**” means an employee of the Corporation;

- (xii) **“number of directors”** means the number of directors set out in the articles or, where a minimum and maximum number of directors is set out in the articles, the number of directors as shall be determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, by resolution of the directors;
- (xiii) **“officer”** means an officer of the Corporation;
- (xiv) **“ordinary resolution”** means a resolution that is submitted to a meeting of the shareholders of the Corporation and passed, with or without amendment, at the meeting by at least a majority of the votes cast;
- (xv) **“person”** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;
- (xvi) **“shareholder”** means a shareholder of the Corporation;
- (xvii) **“special resolution”** means a resolution that is:
  - (A) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at such meeting by at least two-thirds of the votes cast; or
  - (B) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or his or her attorney authorized in writing;
- (xviii) **“STA”** means the *Securities Transfer Act*, 2006 (Ontario);
- (xix) **“subsidiary”** means in relation to another body corporate, a body corporate which
  - (A) is controlled by
    - (1) that other, or
    - (2) that other and one or more bodies corporate each of which is controlled by that other, or
    - (3) two or more bodies corporate each of which is controlled by that other; or
  - (B) is a subsidiary of a body corporate that is that other’s subsidiary;
- (xx) **“unanimous shareholder agreement”** means:
  - (A) a written agreement among all the shareholders or among all the shareholders and one or more persons who are not shareholders that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the Corporation; or
  - (B) a written declaration made by a person who is the beneficial owner of all the issued shares of the Corporation that restricts in whole or in part the powers of the

directors to manage or supervise the management of the business and affairs of the Corporation; and

subject to the foregoing, the words and expressions herein contained shall have the same meaning as corresponding words and expressions in the Act.

## **1.2 Interpretation**

In each by-law and resolution of the shareholders, the directors or any committee thereof, unless there is something in the subject matter or context inconsistent therewith, the singular shall include the plural and the plural shall include the singular and the masculine shall include the feminine. Wherever reference is made in this or any other by-law or in any resolution of the shareholders, the directors or any committee thereof, to any statute or section thereof, such reference shall be deemed to extend and refer to any amendment to or re-enactment of such statute or section, as the case may be.

## **1.3 Headings and Table of Contents**

The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of this by-law.

# **ARTICLE 2 - GENERAL**

## **2.1 Registered Office**

The Corporation may by resolution of the directors change the location of its registered office within the municipality or geographic township specified in the articles.

## **2.2 Corporate Seal**

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the directors.

## **2.3 Financial Year**

The directors may by resolution fix the financial year end of the Corporation and the directors may from time to time by resolution change the financial year end of the Corporation.

## **2.4 Execution of Documents**

- (i) The term **“instruments in writing”** as used in this section 2.4, shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings, and shall include share certificates and acknowledgements of a shareholder’s right to a share certificate.
- (ii) Instruments in writing requiring execution by the Corporation may be signed on behalf of the Corporation by any officer or director of the Corporation, and all instruments in writing so signed shall be binding upon the Corporation without any further authorization or

formality. The board may from time to time by resolution appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing.

- (iii) Any instruments in writing requiring execution by the Corporation may be signed manually or electronically.
- (iv) The corporate seal of the Corporation (if any) may be affixed to instruments in writing signed as aforesaid by any person authorized to sign the same or at the direction of any such person.
- (v) Subject to section 11.5 of this by-law, the signature or signatures of an officer or director, person or persons appointed as aforesaid by resolution of the directors, may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Corporation and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization by resolution of the directors, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

## **2.5 Resolutions in Writing**

- (i) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or such committee of directors.
- (ii) A resolution in writing signed by all the shareholders or their attorney authorized in writing entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or representations in writing are submitted by an auditor in accordance with the Act.
- (iii) Subject to subsection 2.5(v) of this by-law, a resolution in writing signed by the holders of at least a majority of the shares or their attorney authorized in writing entitled to vote on that resolution at a meeting of the shareholders is as valid as if it had been passed by ordinary resolution at a meeting of the shareholders.
- (iv) Within ten (10) business days after a resolution referred to in subsection 2.5(iii) of this by-law is signed by the holders of at least a majority of the shares or their attorney authorized in writing entitled to vote on that resolution at a meeting of the shareholders, the Corporation shall give written notice of the resolution to the shareholders entitled to vote on the resolution who did not sign it, containing the text of the resolution; and a statement that contains a description of and the reasons for the business dealt with by the resolution.
- (v) Where the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

## 2.6 Divisions

The board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time the board or any person authorized by the board may authorize, upon such basis as may be considered appropriate in each case:

- (i) the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions or sub-units;
- (ii) the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the name of the Corporation; and
- (iii) the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that any such officer shall not, as such, be an officer of the Corporation.

## ARTICLE 3 - DIRECTORS

### 3.1 General

Subject to any unanimous shareholder agreement, the directors shall manage or supervise the management of the business and affairs of the Corporation.

#### 3.1.1 Nomination Procedure

Only persons who are nominated in accordance with the procedures set out in this section 3.1.1 shall be eligible for election as directors to the board. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the board, as follows:

- (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of a meeting of shareholders made in accordance with the provisions of the Act; or
- (c) by any person entitled to vote at such meeting (a "**Nominating Shareholder**"), who: (A) is, at the close of business on the date of giving notice provided for in section 3.1.3 below and on the record date for notice of such meeting, either entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) has given timely notice in proper written form as set forth in this section 3.1.1.

#### 3.1.2 Exclusive Means to Bring Nomination

For the avoidance of doubt, the foregoing section 3.1.1 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders.

### 3.1.3 Timely Notice

For a nomination made by a Nominating Shareholder to be timely notice (a “**Timely Notice**”), the Nominating Shareholder's notice must be received by the Secretary at the registered office of the Corporation:

- (a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day before the date of the meeting; provided, however, if the first public announcement made by the Corporation of the date of the annual meeting is less than 50 days prior to the meeting date, not later than the close of business on the 10th day following the day on which the first public announcement of the date of such annual meeting is made by the Corporation; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by the Corporation.

### 3.1.4 Time Period for Giving Timely Notice

The time periods for giving of a Timely Notice shall in all cases be determined based on the original date of the annual meeting or the first public announcement of the annual or special meeting, as applicable. In no event shall an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof commence a new time period for the giving of a Timely Notice.

### 3.1.5 Form of Notice

To be in proper written form, a Nominating Shareholder's notice to the Secretary must comply with all the provisions of this section 3.1.5 and:

- (1) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Proposed Nominee**”):
  - (a) their name, age, business and residential address, principal occupation or employment for the past five years and status as a “resident Canadian” (as such term is defined in the Act);
  - (b) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
  - (c) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between (i) the Proposed Nominee (or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee), and (ii) the Nominating Shareholder;

- (d) a statement that the Proposed Nominee would not be disqualified from being a director pursuant to subsection 118(1) of the Act;
  - (e) a statement as to whether the Proposed Nominee would be an “independent” director (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected and the reasons and basis for such determination;
  - (f) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and
  - (g) a duly completed personal information form in respect of the Proposed Nominee in the form prescribed by the principal stock exchange on which the securities of the Corporation are then listed for trading; and
- (2) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
- (a) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
  - (b) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;
  - (c) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;
  - (d) any direct or indirect interest of such person in any contract with the Corporation or with any of the Corporation's affiliates or principal competitors;
  - (e) a representation that the Nominating Shareholder is a holder of record of securities of the Corporation, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;
  - (f) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder in connection with such nomination or otherwise solicit proxies or votes from shareholders in support of such nomination; and
  - (g) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law.

### **3.1.6 Currency of Information**

All information to be provided in a Timely Notice pursuant to section 3.1.5 shall be provided as of the date of such notice. The Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the meeting, or any adjournment or postponement thereof.

### **3.1.7 Additional Information**

If requested by the Corporation, a Proposed Nominee shall furnish any other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as a director of the Corporation or a member of any committee, with respect to any relevant criteria for eligibility, or that could be material to a shareholder's understanding of the eligibility, or lack thereof, of such Proposed Nominee.

### **3.1.8 Notice**

Notwithstanding any other provision of this by-law, any notice, or other document or information required to be given to the Secretary pursuant to this Article 3.1 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the registered office of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

### **3.1.9 Additional Matters**

- (a) The chair of any meeting of shareholders shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Article 3.1, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.
- (b) Despite any other provision of this Article 3.1, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear in person at the meeting of shareholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.
- (c) Nothing in this Article 3.1 shall obligate the Corporation or the board to include in any proxy statement or other shareholder communication distributed by or on behalf of the Corporation or board any information with respect to any proposed nomination or any Nominating Shareholder or Proposed Nominee.
- (d) The board may, in its sole discretion, waive any requirement of this Article 3.1.
- (e) For the purposes of this Article 3.1:

- (1) “public announcement” means disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (2) “business day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of Toronto, Ontario.
- (f) This Article 3.1 is subject to, and should be read in conjunction with, the Act and the articles. If there is any conflict or inconsistency between any provision of the Act or the articles and any provision of this Article 3.1, the provision of the Act or the articles will govern.

### **3.2 Qualification**

- (i) The following persons are disqualified from being a director:
  - (A) a person who is less than eighteen (18) years of age;
  - (B) a person who has been found under the *Substitute Decisions Act*, 1992 (Ontario) or under the *Mental Health Act* (Ontario) to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere;
  - (C) a person who is not an individual; and
  - (D) a person who has the status of bankrupt.
- (ii) Unless the articles otherwise provide, a director is not required to hold shares issued by the Corporation.

### **3.3 Election**

Subject to the Act, the shareholders shall, by ordinary resolution, at the first meeting of shareholders and at each succeeding annual meeting of the shareholders, at which an election of directors is required, elect the directors.

### **3.4 Fixing Number of Directors**

If the articles provide for a minimum and maximum number of directors, the number of directors of the Corporation and the number of directors to be elected at the annual meeting of the shareholders shall be such number as shall be determined from time to time by special resolution or, if the special resolution empowers the directors to determine the number, by resolution of the directors.

### **3.5 Term of Office**

Subject to the articles, the term of office of a director not elected for an expressly stated term shall commence at the close of the meeting of shareholders at which he or she is elected and shall terminate at the close of the first annual meeting of shareholders following his or her election. If an election of directors is not held at the proper time the incumbent directors continue in office until their successors are elected.

### **3.6 Ceasing to Hold Office**

A director ceases to hold office when:

- (i) he or she dies or, subject to section 3.7 of this bylaw, he or she resigns;
- (ii) he or she is removed from office in accordance with the Act or the by-laws; or
- (iii) he or she becomes disqualified from being a director under the Act or the by-laws.

### **3.7 Resignation of a Director**

A director may resign his or her office as a director by giving to the Corporation his or her written resignation, which resignation shall become effective at the later of:

- (i) the time at which such resignation is received by the Corporation; or
- (ii) the time specified in the resignation.

### **3.8 Removal**

Subject to the Act, the shareholders may by resolution at an annual or special meeting of shareholders remove any director or directors from office and may by resolution at such meeting elect any person to fill the vacancy created by the removal of such director, failing which the vacancy created by the removal of such director may be filled by the directors.

### **3.9 Vacancies**

- (i) Subject to the Act, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from:
  - (A) an increase in the number of directors or in the maximum number of directors, as the case may be; or
  - (B) a failure to elect the number of directors required to be elected at any meeting of shareholders.
- (ii) A director appointed or elected to fill a vacancy holds office for the unexpired term of his or her predecessor.
- (iii) If there is not a quorum of directors, or if there has been a failure to elect the number of directors required by the articles or by section 3.4 of this by-law, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.
- (iv) Subject to the articles or by-laws, where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

### **3.10 Remuneration**

Subject to the articles, the by-laws and any unanimous shareholder agreement, the directors may fix the remuneration of the directors, officers and employees of the Corporation.

### **3.11 Power to Borrow**

Unless the articles or by-laws or a unanimous shareholder agreement otherwise provide, the directors may without authorization of the shareholders from time to time:

- (i) borrow money upon the credit of the Corporation;
- (ii) issue, reissue, sell or pledge debt obligations of the Corporation;
- (iii) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

### **3.12 Delegation of Power to Borrow**

Unless the articles or by-laws or a unanimous shareholder agreement otherwise provide, the directors may by resolution delegate any or all of the powers referred to in section 3.11 of this by-law to a director, a committee or an officer.

## **ARTICLE 4 - COMMITTEES**

### **4.1 Appointment**

Subject to the Act, the articles or the by-laws, the directors may appoint from their number one or more committees and may by resolution delegate to any such committee any of the powers of the directors.

### **4.2 Provisions Applicable**

The following provisions shall apply to any committee appointed by the directors:

- (i) unless otherwise provided by resolution of the directors, each member of a committee shall continue to be a member thereof until the expiration of his or her term of office as a director;
- (ii) the directors may from time to time by resolution specify which member of a committee shall be the Chair thereof and, subject to section 4.1 of this by-law, may by resolution modify, dissolve or reconstitute a committee and make such regulations with respect to and impose such restrictions upon the exercise of the powers of a committee as the directors think expedient;
- (iii) the meetings and proceedings of a committee shall be governed by the by-laws of the Corporation for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors pursuant to subsection 4.2(ii) of this by-law;

- (iv) the members of a committee as such shall be entitled to such remuneration for their services as members of a committee as may be fixed by resolution of the directors, who are hereby authorized to fix such remuneration;
- (v) unless otherwise provided by resolution of the board, the Secretary of the Corporation shall be the secretary of any committee;
- (vi) subject to section 4.1 of this by-law, the directors shall fill vacancies in a committee by appointment from among their number; and
- (vii) unless otherwise provided by resolution of the board, meetings of a committee may be convened by the direction of any member thereof.

## **ARTICLE 5 - MEETINGS OF DIRECTORS**

### **5.1 Place of Meetings**

Meetings of the board and of any committee may be held at any place within or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board and a majority of the meetings of any committee need not be held within Canada.

### **5.2 Calling of Meetings**

A meeting of the board may be called at any time by the Chair of the Board, the President (if he or she is a director), a Vice-President (if he or she is a director) or any one of the directors and the Secretary shall cause notice of a meeting of directors to be given when so directed by any such person or persons.

### **5.3 Notice of Meetings**

- (i) Notice of any meeting of the board specifying the time and, except where the meeting is to be held as provided for in section 5.6 of this by-law, the place for the holding of such meeting shall be given in accordance with the terms of section 15.1 of this by-law to every director not less than two (2) days before the date of the meeting.
- (ii) Notice of an adjourned meeting of the board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.
- (iii) Meetings of the board may be held at any time without formal notice if all the directors are present or if all the directors who are not present, in writing or by cable, telegram or any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being held without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after such meeting. Attendance of a director at a meeting of the board is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **5.4 Regular Meetings**

The board may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the board specifying the time and place for the holding of regular meetings of the board shall be sent to each director at least two

(2) days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

### **5.5 First Meeting of New Board**

For the first meeting of the board to be held immediately following the election of directors at an annual or other meeting of the shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice need be given to the newly elected or appointed director or directors.

### **5.6 Participation by Telephone**

If all the directors present at or participating in the meeting consent, a meeting of the board or of a committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present in person at that meeting for the purposes of the Act and this by-law.

### **5.7 Chair**

The Chair of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and who is present at the meeting: Chair of the Board, Managing Director, President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be Chair.

### **5.8 Quorum**

- (i) Subject to the articles and subsection 5.8(i) of this by-law, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of the board, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be.
- (ii) Where the Corporation has fewer than three directors, the director or both directors, as the case may be, must be present at any meeting of the board to constitute a quorum.
- (iii) Directors shall not transact business at a meeting of directors unless a quorum of the board is present.

### **5.9 Voting**

All questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes, the Chair of the meeting shall not have, in addition to his or her original vote, a second or casting vote.

### **5.10 Auditor**

Each auditor shall be entitled to attend at the expense of the Corporation and be heard at meetings of the board on matters relating to his or her duties as auditor.

## **ARTICLE 6 - STANDARD OF CARE OF DIRECTORS AND OFFICERS**

### **6.1 Standard of Care**

Every director and officer in exercising his or her powers and discharging his or her duties to the Corporation shall:

- (i) act honestly and in good faith with a view to the best interests of the Corporation; and
- (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **6.2 Liability for Acts of Others**

Subject to section 6.1 of this by-law, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipts or acts for conformity or for any loss, damage, or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Corporation shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto, unless the same are occasioned by his or her own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

## **ARTICLE 7 - FOR THE PROTECTION OF DIRECTORS AND OFFICERS**

### **7.1 Indemnification by Corporation**

- (i) The Corporation shall indemnify and save harmless a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, or another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (ii) The Corporation shall advance money to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in subsection 7.1(i) of this by-law, but the individual shall repay the money to the Corporation if the individual does not fulfil the conditions set out in subsection 7.1(iii) of this by-law.
- (iii) The Corporation shall not indemnify an individual identified in subsection 7.1(i) of this by-law unless:
  - (A) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for

which the individual acted as a director or officer or in a similar capacity at the Corporation's request; and

- (B) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that his or her conduct was lawful.
- (iv) The Corporation shall, subject to the approval of the Ontario Superior Court of Justice, indemnify an individual referred to in subsection 7.1(i) of this by-law, or advance moneys under subsection 7.1(ii) of this by-law, in respect of an action by or on behalf of the Corporation or other entity to obtain a judgment in its favour, to which the individual is made a party because of the individual's association with the Corporation or other entity as described in subsection 7.1(i) of this by-law, against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfils the conditions set out in clauses 7.1(iii)(A) and 7.1(iii)(B) of this by-law.
- (v) Notwithstanding anything in this Article 7, an individual referred to in subsection 7.1(i) of this by-law is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is made a party because of the individual's association with the Corporation or other entity as described in subsection 7.1(i) of this by-law, if the individual seeking the indemnity:
  - (A) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
  - (B) fulfils the conditions set out in clauses 7.1(iii)(A) and 7.1(iii)(B) of this by-law.
- (vi) The Corporation shall also indemnify and save harmless an individual referred to in subsection 7.1(i) of this by-law in such other circumstances as the Act or the law permits or requires. Nothing in this by-law shall limit the right of any person entitled to claim indemnity apart from the provisions of this by-law.
- (vii) The Corporation may from time to time enter into agreements pursuant to which the Corporation agrees to indemnify one or more persons in accordance with section 7.1 of this by-law.

## **7.2 Insurance**

The Corporation may, from time to time as the Board may determine, purchase and maintain insurance for the benefit of an individual referred to in subsection 7.1(i) of this by-law against any liability incurred by the individual:

- (i) in the individual's capacity as a director or officer of the Corporation; or
- (ii) in the individual's capacity as a director or officer, or a similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

### **7.3 Directors' Expenses**

The directors shall be reimbursed for their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties and no confirmation by the shareholders of any such reimbursement shall be required.

### **7.4 Performance of Services for Corporation**

Subject to Article 8 of this by-law, if any director or officer shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his or her being a director or officer shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

## **ARTICLE 8 - INTEREST OF DIRECTORS AND OFFICERS IN CONTRACTS**

### **8.1 Disclosure of Interest**

A director or officer who:

- (i) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- (ii) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his or her interest.

### **8.2 Time of Disclosure by Director**

The disclosure required by section 8.1 of this by-law shall be made, in the case of a director:

- (i) at the meeting at which a proposed contract or transaction is first considered;
- (ii) if the director was not then interested in a proposed contract or transaction, at the first meeting after he or she becomes so interested;
- (iii) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he or she becomes so interested; or
- (iv) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he or she becomes a director.

### **8.3 Time of Disclosure by Officer**

The disclosure required by section 8.1 of this by-law shall be made, in the case of an officer who is not a director:

- (i) forthwith after he or she becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;

- (ii) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he or she becomes so interested; or
- (iii) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he or she becomes an officer.

#### **8.4 Time of Disclosure in Extraordinary Cases**

Notwithstanding sections 8.2 and 8.3 of this by-law, where section 8.1 of this by-law applies to a director or officer in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the Corporation's business, would not require approval by the directors or shareholders, the director or officer shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his or her interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction.

#### **8.5 Voting by Interested Director**

A director referred to in section 8.1 of this by-law shall not attend any part of a meeting of directors during which the contract or transaction is discussed and shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is:

- (i) one relating primarily to his or her remuneration as a director of the Corporation or an affiliate;
- (ii) one for indemnity or insurance pursuant to the Act; or
- (iii) one with an affiliate.

#### **8.6 Remaining directors deemed quorum**

If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of section 8.5 of this by-law, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution.

#### **8.7 Shareholder approval**

Where all of the directors are required to make disclosure as described in section 8.1 of this by-law, the contract or transaction may be approved only by the shareholders.

#### **8.8 Nature of Disclosure**

For the purposes of this Article 8, a general notice to the directors by a director or officer disclosing that he or she is a director or officer of or has a material interest in a person, or that there has been a material change in the director's or officer's interest in the person, and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any such contract or transaction.

#### **8.9 Effect of Disclosure**

Where a material contract is made or a material transaction is entered into between the Corporation and a director or officer of the Corporation, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he or she has a material interest:

- (i) the director or officer is not accountable to the Corporation or its shareholders for any profit or gain realized from the contract or transaction; and
- (ii) the contract or transaction is neither void nor voidable;

by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if the director or officer disclosed his or her interest in accordance with sections 8.2, 8.3 or 8.4 of this by-law, as the case may be, and the contract or transaction was reasonable and fair to the Corporation at the time it was so approved.

#### **8.10 Confirmation by Shareholders**

Notwithstanding anything in this Article 8, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit or gain realized from any such contract or transaction by reason only of his or her holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, where:

- (i) the contract or transaction is confirmed or approved by special resolution at a meeting of the shareholders duly called for that purpose; and
- (ii) the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in the information circular required pursuant to the Act.

### **ARTICLE 9 – OFFICERS**

#### **9.1 Officers**

Subject to the articles, by-laws and any unanimous shareholder agreement, the board may, annually or as often as may be required, by resolution appoint a President or Chair of the Board and a Secretary. In addition, the board may from time to time by resolution appoint such other officers as the board determines to be necessary or advisable in the interests of the Corporation, which officers shall, subject to the Act, have such authority and perform such duties as may from time to time be prescribed by resolution of the board. None of the said officers, other than the Chair of the Board, need be a member of the board. Any two or more offices of the Corporation may be held by the same person, except those of President and Vice-President. If the same person holds both the office of Secretary and the office of Treasurer, he or she may be known as Secretary-Treasurer.

#### **9.2 Appointment of President or Chair of the Board and Secretary**

At the first meeting of the board after each annual meeting of shareholders, the board may appoint a President or Chair of the Board and a Secretary.

#### **9.3 Remuneration and Removal of Officers**

The remuneration of all officers shall be determined from time to time by the board. The fact that any officer is a director or shareholder shall not disqualify him or her from receiving such remuneration as may be so determined. All officers shall be subject to removal by resolution of the board at any time.

#### **9.4 Duties of Officers may be Delegated**

In case of the absence or inability to act of the Chair of the Board or the President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers of such officer to any other officer or to any director for the time being.

#### **9.5 Chair of the Board**

The Chair of the Board shall, if present, preside at all meetings of directors and shareholders. He or she shall sign all instruments which require his or her signature and shall perform all duties incident to his or her office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

#### **9.6 President**

The President shall sign all instruments which require his or her signature and shall perform all duties incident to his or her office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

#### **9.7 Managing Director**

Subject to the Act, articles and by-laws, the directors may appoint from their number a Managing Director, and may delegate to such Managing Director any of the powers of the directors. The Managing Director shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

#### **9.8 General Manager**

The General Manager shall have such authority to manage the business of the Corporation and perform such duties as may from time to time be prescribed by resolution of the board.

#### **9.9 Vice-President**

During the President's absence or inability or refusal to act, the President's duties may be performed and his or her powers may be exercised by the Vice-President, or if there are more than one, by the Vice-Presidents in order of seniority or designation (as determined by the board), except that no Vice-President shall preside at a meeting of the board unless he or she is a director. A Vice-President shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

#### **9.10 Secretary**

The Secretary shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of any committee. He or she shall enter or cause to be entered in the books kept for that purpose minutes of all proceedings at meetings of directors and of shareholders. He or she shall be the custodian of the seal (if any) of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation. The Secretary shall have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

### **9.11 Treasurer**

The Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depository or depositories as the board may by resolution direct. He or she shall at all reasonable times exhibit his or her books and accounts to any director upon application at the office of the Corporation during business hours. He or she shall sign or countersign such instruments as require his or her signature and shall perform all duties incident to his or her office or that are properly required of him or her by resolution of the board. He or she may be required to give such bond for the faithful performance of his or her duties as the board in its uncontrolled discretion may require but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. The Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

### **9.12 Assistant Secretary and Assistant Treasurer**

- (i) During the Secretary's absence or inability or refusal to act, the Assistant Secretary shall perform all the duties of the Secretary. The Assistant Secretary shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.
- (ii) During the Treasurer's absence or inability or refusal to act, the Assistant Treasurer shall perform all the duties of the Treasurer. The Assistant Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

### **9.13 Delegation of Board Powers**

In accordance with the by-laws and subject to the Act, the board may from time to time by resolution delegate to any officer or officers power to manage the business and affairs of the Corporation.

### **9.14 Vacancies**

If any office of the Corporation shall for any reason be or become vacant, the directors by resolution may appoint a person to fill such vacancy.

### **9.15 Variation of Powers and Duties**

Notwithstanding the foregoing, the board may from time to time and subject to the Act, add to or limit the powers and duties of an office or of an officer occupying any office.

### **9.16 Chief Executive Officer**

- (i) The board may by resolution designate any one of the officers (including the Chair of the Board, if any) as the Chief Executive Officer of the Corporation and may from time to time by resolution rescind any such designation and designate another officer as the Chief Executive Officer of the Corporation.
- (ii) The officer designated as the Chief Executive Officer of the Corporation pursuant to subsection 9.16(i) of this by-law shall exercise general supervision over the affairs of the Corporation.

## ARTICLE 10 - MEETINGS OF SHAREHOLDERS

### 10.1 Calling of Meetings

A meeting of shareholders may be called at any time by resolution of the board or by the Chair of the Board or by the President, and the Secretary shall cause notice of a meeting of shareholders to be given when directed so to do by resolution of the board or by the Chair of the Board or by the President.

### 10.2 Annual Meeting

Subject to the Act, the Corporation shall hold an annual meeting of shareholders not later than eighteen (18) months after the Corporation comes into existence and subsequently not later than fifteen (15) months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report thereon, electing directors and appointing auditors.

### 10.3 Special Meeting

Subject to the Act, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.

### 10.4 Place of Meetings

Subject to the articles and any unanimous shareholder agreement, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

### 10.5 Business to be Transacted

No business may be transacted at an annual or special meeting of shareholders other than business that is either (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board, (ii) otherwise properly brought before the meeting by or at the direction of the board, or (iii) otherwise properly brought before the meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in section 10.6 below.

### 10.6 Proposal

For business to be properly brought before a meeting by a shareholder, such shareholder must submit a proposal to the Corporation for inclusion in the Corporation's management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall also comply with the requirements of paragraphs 3.1.1 through to and including 3.1.9.

### 10.7 Notice

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 15.1 of this by-law not less than ten (10) days but not more than fifty (50) days before the date of the meeting to each director, to each auditor and to each shareholder entitled to vote at such meeting. A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the Corporation or its transfer agent on the record date determined under subsection 10.11(i) of this by-law but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

### 10.8 Contents of Notice

The notice of a meeting of shareholders shall state the day, hour and place of the meeting, and shall state or be accompanied by a statement of:

- (i) the nature of any special business to be transacted at the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon; and
- (ii) the text of any special resolution or by-law to be submitted to the meeting.

For the purposes of this section 10.8, “**special business**” includes all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor’s report thereon, election of directors and reappointment of the incumbent auditor.

### 10.9 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where he or she attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### 10.10 Notice of Adjourned Meetings

- (i) If a meeting of shareholders is adjourned for less than thirty (30) days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.
- (ii) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting.

### 10.11 Record Date for Notice

- (i) The directors may by resolution fix in advance a time and date as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, which record date shall not precede by more than sixty (60) days or by less than thirty (30) days the date on which the meeting is to be held. Where no such record date for the determination of the shareholders entitled to notice of a meeting of the shareholders is fixed by the directors as aforesaid, such record date shall be:
  - (A) at the close of business on the day immediately preceding the day on which notice of such meeting is given; or
  - (B) if no notice is given, the day on which the meeting is held;
- (ii) If a record date is fixed pursuant to subsection 10.11(i) of this by-law, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the

directors fix the record date, notice thereof shall be given, not less than seven (7) days before the date so fixed, in accordance with section 13.3 of this by-law.

#### **10.12 Omission of Notice**

Subject to the Act, the accidental omission to give notice of any meeting of shareholders to any person entitled thereto or the non-receipt of any notice by any such person shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

#### **10.13 List of Shareholders**

- (i) The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder, which list shall be prepared:
  - (A) if a record date is fixed under subsection 10.11(i) of this by-law not later than ten (10) days after such record date; or
  - (B) if no record date is fixed:
    - (1) at the close of business on the day immediately preceding the day on which notice is given; or
    - (2) where no notice is given; on the day on which the meeting is held.
- (ii) A shareholder may examine the list of shareholders:
  - (A) during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained; and
  - (B) at the meeting of shareholders for which the list was prepared.

#### **10.14 Shareholders Entitled to Vote**

A person named in the list prepared under section 10.13 of this by-law is entitled to vote the shares shown opposite his or her name at the meeting to which the list relates.

#### **10.15 Persons Entitled to be Present**

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

#### **10.16 Proxies**

- (i) Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as his or her nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.

- (ii) A proxy shall be executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and shall conform with the requirements of the Act.

#### **10.17 Revocation of Proxies**

A shareholder may revoke a proxy

- (i) by depositing an instrument in writing executed by him or her or by his or her attorney authorized in writing:
  - (A) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (B) with the Chair of the meeting on the day of the meeting or an adjournment thereof; or
- (ii) in any other manner permitted by law.

#### **10.18 Deposit of Proxies**

The directors may by resolution fix a time not exceeding forty-eight (48) hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting.

#### **10.19 Joint Shareholders**

Where two (2) or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two (2) or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

#### **10.20 Chair and Secretary**

- (i) The Chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chair of the Board, President, Managing Director or, in the absence of the aforesaid officers, a Vice-President who is a director. If there is no such officer or if at a meeting none of them is present within fifteen (15) minutes after the time appointed for the holding of the meeting the shareholders present shall choose a person from their number to be the Chair.
- (ii) The Secretary shall be the secretary of any meeting of shareholders, but if the Secretary is absent, the Chair shall appoint some person who need not be a shareholder to act as secretary of the meeting.

#### **10.21 Scrutineers**

The Chair of any meeting of shareholders may appoint one or more persons to act as scrutineer or scrutineers at such meeting and in that capacity to report to the Chair such information as to attendance, representation, voting and other matters at the meeting as the Chair shall direct.

**10.22 Votes to Govern**

At all meetings of shareholders every question shall, unless otherwise required by law, the articles, the by-laws, or a unanimous shareholder agreement, be determined by the majority of the votes duly cast on the question. In case of an equality of votes, the Chair presiding at the meeting shall not have a second or casting vote in addition to the vote or votes to which he or she may be entitled as a shareholder.

**10.23 Show of Hands**

At all meetings of shareholders, every question submitted to the meeting shall be decided by a show of hands unless a ballot thereon is required by the Chair or is demanded by a shareholder or proxyholder present and entitled to vote. Upon a show of hands every person present who is either a shareholder entitled to vote or the duly appointed proxyholder of such a shareholder shall have one vote. Before or after a vote by a show of hands has been taken upon any question, the Chair may require, or any shareholder or proxyholder present and entitled to vote may demand, a ballot thereon. Unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the Chair declared a motion to be carried is admissible in evidence as prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

**10.24 Ballots**

If a ballot is required by the Chair of the meeting or is duly demanded by any shareholder or proxyholder and the demand is not withdrawn, a ballot upon the question shall be taken in such manner and at such time as the Chair of the meeting shall direct.

**10.25 Votes on Ballots**

Unless the articles otherwise provide, upon a ballot each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he or she is entitled to vote at the meeting and the result of the ballot shall be the decision of the meeting.

**10.26 Adjournment**

The Chair presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place and, subject to the Act and subsection 10.10(ii) of this by-law no notice of such adjournment or of the adjourned meeting need be given to the shareholders. Subject to the Act, any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such meeting.

**10.27 Quorum**

At any meeting of shareholders, two (2) individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, shall be a quorum for the choice of a Chair (if required) and for the adjournment of the meeting. For all other purposes a quorum for any meeting of shareholders (unless a greater number of shareholders and/or a greater number of shares are required by the Act or by the articles or the by-laws) shall be two (2) individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, holding or representing by proxy greater than ten percent (10%) of the total number of the issued shares of the

Corporation for the time being enjoying voting rights at such meeting. No business shall be transacted at any meeting of shareholders while the requisite quorum is not present.

#### **10.28 Only One Shareholder**

Where the Corporation has only one shareholder, or only one holder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

### **ARTICLE 11 - SHARES AND TRANSFERS**

#### **11.1 Issuance**

Subject to the Act, the articles and any unanimous shareholder agreement, shares of the Corporation, or options to purchase the whole or any part of the authorized and unissued shares of the Corporation, may be issued at such time and to such persons and for such consideration as the directors may by resolution determine, but no share shall be issued until it is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

#### **11.2 Commissions**

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

#### **11.3 Register of Transfers**

Subject to the STA, no transfer of a share shall be registered in a securities register except upon presentation of the certificate, if any, issued by the Corporation, representing the share with an endorsement which complies with the STA made on or delivered with it, duly executed by an appropriate person as provided by the STA, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, on payment of all applicable taxes and any reasonable fees prescribed by the Board, on compliance with the restrictions on issue, transfer or ownership authorized by the Articles or any Unanimous Shareholder Agreement and on satisfaction of any lien referred to in section 11.4 of this by-law.

#### **11.4 Lien on Shares**

Subject to the Act, the Corporation has a lien on a share registered in the name of a shareholder or his or her legal representative for a debt of that shareholder to the Corporation. Such lien may be enforced by the Corporation in any manner permitted by law.

#### **11.5 Share Certificates**

- (i) Unless otherwise provided in the Articles, the Board may provide by resolution that all or any classes and series of shares or other securities shall be uncertificated securities, provided that such resolution shall not apply to securities represented by a certificate until such certificate is surrendered to the Corporation.

- (ii) Subject to subsection 11.5(i) of this by-law, every holder of one or more securities of the Corporation is entitled at his or her option to a security certificate or to a non-transferable written acknowledgement of his or her right to obtain a security certificate from the Corporation, stating the number, class or series of securities held by him or her as shown in the securities register. Such certificates and acknowledgements may be in physical form or electronic form capable of being printed and may be signed by any officer or director of the Corporation and notwithstanding any change in the persons holding such offices between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that the officer or director signing may not have held office at the date of the issuance of such certificate or acknowledgment, any such signed certificate or acknowledgement shall be valid and binding upon the Corporation.
- (iii) Security certificates and acknowledgements of a shareholder's right to a security certificate, respectively, shall (subject to compliance with the Act) be in such form as the directors may from time to time by resolution approve and, unless otherwise provided by resolution of the board, such certificates and acknowledgements may be in physical form or electronic form capable of being printed, and notwithstanding any change in the persons holding the offices named on the certificate or acknowledgment between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that any officer or director named on the certificate or acknowledgment may not have held office at the date of the issuance of such certificate or acknowledgment, any such certificate or acknowledgement shall be valid and binding upon the Corporation.
- (iv) Notwithstanding section 2.4 of this by-law, the signature of the officer or director may be printed, engraved, lithographed or otherwise mechanically or electronically reproduced upon certificates and acknowledgements for shares of the Corporation, and certificates and acknowledgements so signed shall be deemed to have been manually signed by the officer or director whose signature is so printed, engraved, lithographed or otherwise mechanically or electronically reproduced thereon and shall be as valid as if they had been signed manually. Where the Corporation has appointed a transfer agent pursuant to subsection 10.8(i) of this by-law the signature of the officer or director may also be printed, engraved, lithographed or otherwise mechanically reproduced, and when countersigned by or on behalf of a transfer agent, share certificates and acknowledgements so signed shall be as valid as if they had been signed manually.

## 11.6 Transfer Agent

- (i) For each class of securities and warrants issued by it, the Corporation may, from time to time, appoint or remove:
  - (A) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons or agents to keep branch registers; and
  - (B) a registrar, trustee or agent to maintain a record of issued security certificates and warrants;

and the person or persons appointed pursuant to this subsection 11.6(i) shall be referred to in this by-law as a **“transfer agent”**.
- (ii) Subject to compliance with the Act, the directors may by resolution provide for the transfer and the registration of transfers of shares of the Corporation in one or more places. A

transfer agent shall keep all necessary books and registers of the Corporation for the registration and transfer of such shares of the Corporation. All share certificates issued by the Corporation for shares for which a transfer agent has been appointed as aforesaid shall be countersigned by or on behalf of the said transfer agent.

### **11.7 Transfer of Shares**

Subject to the restrictions on transfer set forth in the articles, shares of the Corporation shall be transferable on the books of the Corporation in accordance with the applicable provisions of the Act.

### **11.8 Defaced, Destroyed, Stolen or Lost Certificates**

Where the owner of a share or shares of the Corporation claims that the certificate for such share or shares has been lost, apparently destroyed or wrongfully taken, the Corporation shall issue a new share certificate in place of the original share certificate if such owner:

- (i) so requests before the Corporation has notice that shares represented by the original certificate have been acquired by a bona fide purchaser;
- (ii) files with the Corporation an indemnity bond sufficient in the Corporation's opinion to protect the Corporation and any transfer agent from any loss that it or any of them may suffer by complying with the request to issue a new share certificate; and
- (iii) satisfies any other reasonable requirements imposed by the Corporation.

### **11.9 Joint Shareholders**

If two (2) or more persons are registered as joint holders of any share or shares, the Corporation is not bound to issue more than one share certificate in respect thereof and delivery of a share certificate to one of such persons is sufficient delivery to all of them.

### **11.10 Deceased Shareholders**

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register or register of transfers in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation or any of its transfer agents.

## **ARTICLE 12 - DIVIDENDS**

### **12.1 Declaration of Dividends**

Subject to the Act and the articles, the directors may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

### **12.2 Joint Shareholders**

- (i) In case several persons are registered as joint holders of any share or shares of the Corporation, the cheque for any dividend payable to such joint holders shall, unless such

joint holders otherwise direct, be made payable to the order of all such joint holders and if more than one address appears on the books of the Corporation in respect of such joint holding the cheque shall be mailed to the first address so appearing.

- (ii) In case several persons are registered as the joint holders of any share or shares of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends on such shares and/or payments in respect of the redemption of such shares.

## **ARTICLE 13 - RECORD DATES**

### **13.1 Fixing Record Dates**

For the purpose of determining shareholders:

- (i) entitled to receive payment of a dividend;
- (ii) entitled to participate in a liquidation or distribution; or
- (iii) for any other purpose except the right to receive notice of or to vote at a meeting;

the directors may fix in advance a date as the record date for such determination of shareholders, but such record date shall not precede by more than fifty (50) days the particular action to be taken.

### **13.2 No Record Date Fixed**

If no record date is fixed pursuant to section 13.1 of this by-law, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

### **13.3 Notice of Record Date**

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven (7) days before the date so fixed:

- (i) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and
- (ii) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

### **13.4 Effect of Record Date**

In every case where a record date is fixed pursuant to section 13.1 of this by-law in respect of the payment of a dividend, the making of a liquidation distribution or the issue of warrants or other rights to subscribe for shares or other securities, only shareholders of record at the record date shall be entitled to receive such dividend, liquidation distribution, warrants or other rights.

## ARTICLE 14 - CORPORATE RECORDS AND INFORMATION

### 14.1 Keeping of Corporate Records

- (i) The Corporation shall prepare and maintain, at its registered office or at such other place in Ontario designated by the directors:
    - (A) the articles and the by-laws and all amendments thereto, and a copy of any unanimous shareholder agreement known to the directors;
    - (B) minutes of meetings and resolutions of shareholders;
    - (C) a register of directors in which are set out the names and residence addresses, while directors, including the street and number, if any, of all persons who are or have been directors with the several dates on which each became or ceased to be a director;
    - (D) a securities register in which are recorded the securities issued by the Corporation in registered form, showing with respect to each class or series of securities:
      - (1) the names, alphabetically arranged, of persons who:
        - (a) are or have been within six (6) years registered as shareholders and the address including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder;
        - (b) are or have been within six (6) years registered as holders of debt obligations of the Corporation and the address including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder; or
        - (c) are or have been within six (6) years registered as holders of warrants of the Corporation, other than warrants exercisable within one year from the date of issue and the address including the street and number, if any, of every such person while a registered holder, and the class or series and number of warrants registered in the name of such holder; and
      - (2) the date and particulars of the issue of each security and warrant.
- (ii) In addition to the records described in section 14.1 of this by-law, the Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee. The records described in this subsection shall be kept at the registered office of the Corporation or at such other place in Ontario as is designated by the directors and shall be open to examination by any director during normal business hours of the Corporation.

- (iii) The Corporation shall also cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

#### **14.2 Access to Corporate Records**

Shareholders and creditors of the Corporation and their agents and legal representatives may examine the records referred to in subsection 14.1(i) of this by-law during the usual business hours of the Corporation and may take extracts therefrom, free of charge. If the Corporation is an offering corporation, any other person may examine such records during the usual business hours of the Corporation and may take extracts therefrom upon payment of a reasonable fee.

#### **14.3 Copies of Certain Corporate Records**

A shareholder is entitled upon request and without charge to one copy of the articles and by-laws and of any unanimous shareholder agreement.

#### **14.4 Report to Shareholders**

A copy of the financial statements of the Corporation, a copy of the auditor's report thereon, if any, to the shareholders and a copy of any further information respecting the financial position of the Corporation and the results of its operations required by the articles, the by-laws or any unanimous shareholder agreement which are to be placed before an annual meeting of shareholders pursuant to the Act shall be sent to each shareholder not less than ten (10) days before such annual meeting of shareholders or before the signing of a resolution in accordance with the Act in lieu of such annual meeting, except to a shareholder who has informed the Corporation in writing that he or she does not wish to receive a copy of those documents.

#### **14.5 No Discovery of Information**

Except as specifically provided for in this Article 14, and subject to all applicable law, no shareholder shall be entitled to or to require discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors would be inexpedient or inadvisable in the interests of the Corporation to communicate to the public.

#### **14.6 Conditions for Inspection**

The board may from time to time by resolution determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Corporation, except as specifically provided for in this Article 14 or as otherwise provided for by statute or as authorized by resolution of the board.

### **ARTICLE 15 - NOTICES**

#### **15.1 Method of Giving**

Any notice, communication or other document to be sent or given by the Corporation to a shareholder, director, officer, or auditor under the Act, the articles or by-laws shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his or her last address as shown in the records of the Corporation or its transfer agent or if mailed by prepaid ordinary mail in a

sealed envelope addressed to him or her at his or her last address as shown on the records of the Corporation or its transfer agent or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the records of the Corporation of any shareholder in accordance with any information believed by him or her to be reliable. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been sent and given on the day it is deposited in a post office or public letter box and shall be deemed to be received by the addressee on the fifth day after such mailing. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when sent.

### **15.2 Shares Registered in More Than One Name**

All notices or other documents with respect to any shares of the Corporation registered in the names of two (2) or more persons as joint shareholders shall be addressed to all of such persons and sent to the address or addresses for such persons as shown in the records of the Corporation or its transfer agent but notice to one of such persons shall be sufficient notice to all of them.

### **15.3 Persons Becoming Entitled by Operation of Law**

Subject to the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares of the Corporation shall be bound by every notice or other document in respect of such share or shares which previous to his or her name and address being entered on the records of the Corporation shall be duly given to the person or persons from whom he or she derives his or her title to such share or shares.

### **15.4 Deceased Shareholder**

Any notice or document delivered or sent to any shareholder as his or her address appears on the records of the Corporation shall, notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of his or her death, be deemed to have been duly given or served in respect of the shares whether held solely or jointly with other persons by such shareholder until some other person is entered in his or her stead on the records of the Corporation as the holder or one of the joint holders thereof and such service of such notice shall for all purposes be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and on all persons, if any, interested with him or her in such shares.

### **15.5 Signature to Notice**

The signature, if any, to any notice to be given by the Corporation may be written, stamped, typewritten, printed or otherwise mechanically reproduced in whole or in part.

### **15.6 Proof of Service**

A certificate of the Chair of the Board, the President, a Vice-President, the Secretary or the Treasurer or of any other officer in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall, in the absence of evidence to the contrary, be proof thereof.

**15.7 Computation of Time**

Where a given number of days' notice or notice extending over any period is required to be given, the number of days or period shall be computed in accordance with the definition of "**day**" contained in section 1.1 of this by-law.

**15.8 Waiver of Notice**

Any shareholder (or his or her duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her under any provisions of the Act, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

**ENACTED AND CONFIRMED** \_\_\_\_\_, 2022.

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Richard M. Kimel – Corporate Secretary

**SPARQ CORP. (formerly, MJ Innovation Capital Corp.)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(Expressed in Canadian dollars)**

To the Shareholders of Sparq Corp. (formerly MJ Innovation Capital Corp.):

## Opinion

We have audited the consolidated financial statements of Sparq Corp. (formerly MJ Innovation Capital Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company had a deficit of and, for the year then ended, incurred a net loss and negative cash flows from operating activities. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brad Frampton.

Calgary, Alberta

April 20, 2022

*MNP LLP*

Chartered Professional Accountants

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

As at:	Note	December 31, 2021	December 31, 2020
		\$	\$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents		9,297,999	1,346,904
Accounts and other amounts receivable		82,661	17,773
Investment tax credits recoverable	13(d)	330,000	333,232
Inventory	5	529,331	177,598
Prepaid expenses		6,840	6,840
Government assistance receivable	13(a,b)	-	41,633
<b>Total current assets</b>		<b>10,246,831</b>	<b>1,923,980</b>
Property and equipment	6	40,004	22,071
<b>Total assets</b>		<b>10,286,835</b>	<b>1,946,051</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable and accrued liabilities		607,440	76,120
<b>Total current liabilities</b>		<b>607,440</b>	<b>76,120</b>
Term Loan	7	38,196	30,000
<b>Total liabilities</b>		<b>645,636</b>	<b>106,120</b>
<b>Shareholders' Equity</b>			
Share Capital	8	26,462,308	15,248,419
Contributed Surplus	9	1,560,658	1,113,378
Warrants	8	3,946,176	-
Deficit		(22,327,943)	(14,521,866)
<b>Total shareholders' equity</b>		<b>9,641,199</b>	<b>1,839,931</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,286,835</b>	<b>1,946,051</b>

Going concern (Note 2(e))  
 Commitments and contingencies (Note 14)  
 Subsequent events (Note 17)

Approved on behalf of the Board of Directors:

"Praveen Jain", Director

"Nishith Goel", Director

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Expressed in Canadian dollars)

	Note	2021	2020
<b>Revenue</b>		-	<b>1,169</b>
<b>Cost of sales</b>	5	<b>45,104</b>	<b>97,542</b>
<b>Gross loss</b>		<b>(45,104)</b>	<b>(96,373)</b>
<b>Expenses</b>			
Research and development		972,178	887,281
Sales and marketing		15,873	4,207
General and administration	8(iv)	6,328,167	284,347
Depreciation of property and equipment	6	18,112	22,186
Listing cost	4	676,255	-
Stock based compensation	9	402,885	433,671
<b>Loss before the undernoted items</b>		<b>(8,458,574)</b>	<b>(1,728,065)</b>
<b>Other income (expense)</b>			
Investment tax credits	13(d)	330,000	333,232
Government assistance - wage subsidy	13(a)	307,307	296,887
Forgivable portion of CEBA loan	7	11,804	10,000
Interest income		2,381	1,250
Foreign exchange gain (loss)		1,005	(5,292)
		652,497	636,077
<b>Net loss and comprehensive loss for the year</b>		<b>(7,806,077)</b>	<b>(1,091,988)</b>
Basic and diluted loss per share		(0.19)	(0.06)
Weighted average shares outstanding		42,110,808	16,853,417

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Expressed in Canadian dollars)

	Note	Number of Shares	Common Shares	Contributed Surplus	Warrants	Deficit	Total
			\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>		<b>15,395,644</b>	<b>11,830,847</b>	<b>1,113,378</b>	-	<b>(13,429,878)</b>	<b>(485,653)</b>
Conversion of shareholder loan	10(b)	23,232,663	2,989,700	-	-	-	2,989,700
Share issuance costs	8	-	(5,801)	-	-	-	(5,801)
Issuance of stock options	9	-	-	433,671	-	-	433,671
Exercise of stock options	8	3,371,693	433,673	(433,671)	-	-	2
Net loss for the year		-	-	-	-	(1,091,988)	(1,091,988)
<b>Balance, December 31, 2020</b>		<b>42,000,000</b>	<b>15,248,419</b>	<b>1,113,378</b>		<b>(14,521,866)</b>	<b>1,839,931</b>
Issued pursuant to Qualifying Transaction		2,444,752	771,580	44,395	-	-	815,975
Units issued pursuant to the Offering	8	20,000,000	6,312,140	-	3,687,860	-	10,000,000
Share issue costs - cash	8	-	(1,292,441)	-	-	-	(1,292,441)
Share issue costs - compensation options	8	-	(258,316)	-	258,316	-	-
Share based payments	9	-	-	402,885	-	-	402,885
Management share bonus		18,000,000	5,680,926	-	-	-	5,680,926
Net loss for the period		-	-	-	-	(7,806,077)	(7,806,077)
<b>Balance, December 31, 2021</b>		<b>82,444,752</b>	<b>26,462,308</b>	<b>1,560,658</b>	<b>3,946,176</b>	<b>(22,327,943)</b>	<b>9,641,199</b>

The accompanying notes are an integral part of these consolidated financial statements

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Expressed in Canadian dollars)

	Note	2021	2020
		\$	\$
<b>Operating activities:</b>			
Net loss for the year		(7,806,077)	(1,091,988)
Items not involving cash			
Depreciation expense	6	18,112	22,186
Forgivable portion of CEBA loan	7	(11,804)	(10,000)
Listing cost		676,255	-
Management share bonus		5,680,926	-
Stock-based compensation	9	402,885	433,671
Changes in non-cash working capital:			
Accounts and other amounts receivable		(64,888)	354,975
Investment tax credits recoverable		3,232	12,688
Inventory		(351,733)	32,048
Prepaid expenses		-	14,351
Government assistance receivable		41,633	(41,633)
Accounts payable and accrued liabilities		505,314	(58,439)
<b>Cash flow used in operating activities</b>		<b>(906,145)</b>	<b>(332,141)</b>
<b>Investing activities</b>			
Cash acquired on the Qualifying Transaction		165,726	-
Acquisition of equipment	6	(36,045)	(2,414)
<b>Cash flow from (used in) investing activities</b>		<b>129,681</b>	<b>(2,414)</b>
<b>Financing activities:</b>			
Advances of term loan	7	20,000	40,000
Proceeds from issuance of units	8	10,000,000	-
Proceeds from option conversion	9	-	2
Issuance costs	8	(1,292,441)	(5,801)
Advances from shareholders		-	1,589,700
<b>Cash flow from financing activities</b>		<b>8,727,559</b>	<b>1,623,901</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>7,951,095</b>	<b>1,289,346</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,346,904</b>	<b>57,558</b>
<b>Cash and cash equivalents at end of the year</b>		<b>9,297,999</b>	<b>1,346,904</b>
<b>Supplementary cash flow information:</b>			
Advances from shareholders converted to share capital		-	2,989,700

The accompanying notes are an integral part of these consolidated financial statements

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Expressed in Canadian dollars)

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**1. Nature of business**

SPARQ Corp. (formerly, MJ Innovation Capital Corp.) (the “**Company**”) was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018. On December 31, 2021, the Company completed its qualifying transaction pursuant to the rules of the TSX Venture Exchange (the “**Qualifying Transaction**”), resulting in a reverse takeover of the Company by SPARQ Systems Inc. (“**SPARQ**”). The Qualifying Transaction was completed by way of a three-cornered amalgamation (the “**Amalgamation**”) pursuant to which, among other things, (i) SPARQ amalgamated with a wholly-owned subsidiary of the Company, incorporated for the purposes of the Amalgamation, pursuant to the provisions of the *Business Corporations Act* (Ontario), and (ii) all of the outstanding common shares in the capital of SPARQ (the “**SPARQ Shares**”) were cancelled and, in consideration therefor, the holders thereof received post-consolidation common shares in the capital of the Company on a 1:1 basis.

Prior to the completion of the Qualifying Transaction, the Company changed its name to “SPARQ Corp.” and consolidated its common shares on a 1.25:1 basis (the “**Consolidation**”). In addition, SPARQ completed a consolidation of the SPARQ Shares on a 10.8085146:1 basis.

In connection with the Qualifying Transaction, on December 22, 2021, SPARQ completed a brokered private placement of subscription receipts (each, a “**Subscription Receipt**”) at a price of \$0.50 per Subscription Receipt, pursuant to which SPARQ issued an aggregate of 20,000,000 Subscription Receipts for aggregate gross proceeds of \$10,000,000 (the “**Offering**”). Concurrent with closing of the Qualifying Transaction, each Subscription Receipt was converted into units of the Company (each, a “**Unit**”) consisting of one common share and one common share purchase warrant (the “**Warrants**”) with each such Warrant entitling the holder thereof to acquire one common share at an exercise price of \$0.75 per share for a period of 24 months from the date of issuance, pursuant to the provisions of a subscription receipt agreement entered into among the Company, SPARQ, Echelon Capital Markets (the “**Agent**”) and TSX Trust Company dated December 22, 2021. In connection with the Offering, 1,258,250 compensation options (the “**Compensation Options**”) were issued to members of the selling group, with each such Compensation Option being exercisable for one common share and one Warrant on the same terms as those issued pursuant to the Offering.

The Company designs and manufactures next generation single-phase microinverters for residential and commercial solar electric applications. The Company has developed a proprietary photovoltaic (“**PV**”) solution called the Quad; the Quad inverter optimizes four PV modules with a single microinverter, simplifying design and installation, and lowering cost for solar power installations when compared to existing market offerings.

The address of the Company’s registered and head office is 945 Princess Street, Box 212, Kingston, Ontario K7L 0E9. The common shares are listed for trading on the TSX Venture Exchange under the symbol “SPRQ” and the Warrants are listed for trading under the symbol “SPRQ.WT”.

*COVID-19*

Since the commencement of the COVID-19 outbreak in the early part of the year ended December 31, 2020, there have been significant disruptions to organizations throughout Canada and the rest of the world, resulting in a general economic slowdown.

The Company has been monitoring announcements and guidelines published by civil authorities with regards to the health and safety matters at its premises. The Company has experienced challenges to its sales during the COVID-19 pandemic, and has attempted to mitigate the resulting cash flow reductions by accessing available federal government support programs.

Going forward, it is not possible to estimate the duration or severity of the impacts on the Company’s revenue stream or cost patterns arising from the COVID-19 pandemic.

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)**  
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**2. Basis of presentation, measurement, and consolidation**

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were authorized for issue by the Board of Directors of the Company on April 20, 2022.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and share-based compensation transactions which have been measured at fair value.

On December 31, 2021, the Company acquired all of the issued and outstanding securities of SPARQ, which resulted in the shareholders of SPARQ holding the majority of the issued and outstanding common shares. While the Company is the legal acquirer, SPARQ is the accounting acquirer since shareholders of SPARQ held and controlled the majority of the issued and outstanding common shares upon completion of the Qualifying Transaction. Accordingly, these consolidated financial statements are presented with SPARQ as the continuing entity.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, SPARQ and Sparq Systems (USA) Inc., the former of which was incorporated under the laws of the Province of Ontario and the latter of which was incorporated under the laws of the State of Delaware. Inter-company transactions and balances between the Company and its subsidiaries have been eliminated on consolidation. All subsidiaries have a reporting date of December 31.

Profit or loss and other comprehensive loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable

d) Functional and presentation Currency

The functional currency of the Company and its subsidiaries is determined using the currency of the primary economic environment in which each entity operates. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

e) Going concern assumption

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2021, the Company had a deficit of \$22,327,943 (2020 - \$14,521,866) and, for the year then ended, incurred a net loss of \$7,806,077 (2020 - \$1,091,988) and negative cash flows from operating activities of \$906,145 (2020 – \$332,141). The Company has used debt and equity financing from both related and unrelated sources to supplement its operations and will continue to be reliant on additional debt and/or equity financing in order to fully develop its business plan.

Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future or available under terms acceptable to the Company, or that the Company will be able to generate sufficient returns from operations.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue and debt and/or equity financing sufficient to fund its cash flow needs.

**SPARQ CORP. (Formerly, MJ Innovation Capital Corp.)**  
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**3. Significant accounting policies**

These circumstances indicate the existence of material uncertainty that casts significant doubt on the ability of the Company to meet its business plan and its obligations as they come due, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported expenses and the classifications used in the consolidated statement of financial position. Such differences in amounts could be material.

a) Revenue recognition

The Company has adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers (“**IFRS 15**”). IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company derives revenue from the sale of hardware, including microinverters and their associated peripherals. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company’s activities as described below.

Revenue from hardware sales is recognized when the hardware is shipped, and when all significant contractual obligations have been satisfied. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Once products are delivered to the Company’s customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from contracts with customers is recognized as earned, based on the Company’s performance obligation according to specific terms of the contract. Foreseeable losses, if any, are recognized in the year in which the loss is determined.

b) Warranty provision

The Company provides a warranty on its hardware devices against defects in material and workmanship for a period of 12 years from the date of purchase. The Company’s obligation during the warranty period is to either replace or repair a defective unit, at its sole option. Estimated costs associated with the repair or replacement are included in the Company’s direct cost of sales.

c) Inventory

Inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. Cost is determined by the weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

Inventory is written down to its net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices. The Company makes estimates related to obsolescence, future selling prices, seasonality, customer behaviour, and fluctuations in inventory levels.

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d) Property and equipment

Property and equipment are recorded at cost, net of accumulated depreciation and any accumulated impairment losses. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the depreciable asset using the following terms and methods:

Computer equipment	-	straight line basis over 3 years
Furniture and fixtures	-	straight line basis over 5 years
Equipment	-	straight line basis over 5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. An item of equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in net loss and comprehensive loss in the year the asset is derecognized.

e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are de-recognized when the contractual rights to receive cash flows from the financial asset expire and financial liabilities are de-recognized when obligations under the contract expire, are discharged or cancelled. The Company's financial assets, which includes cash and cash equivalents, accounts and other amounts receivable, investment tax credits recoverable, and government assistance receivable are classified as amortized cost. The Company's financial liabilities, which includes accounts payable and accrued liabilities, advances from shareholders and term loan, are classified as amortized cost.

Financial assets are initially measured at fair value and subsequently measured at amortized cost using the effective interest method if both of the following conditions are met and they are not designated as FVTPL:

- i. the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as amortized cost as described above are measured at FVTPL.

Financial liabilities are initially measured at fair value, less any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method.

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions using the best information available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.
- Level 2 - Valuations based on quoted inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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f) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

g) Foreign currency translation

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net loss and comprehensive loss for the year.

h) Taxes

Taxes are comprised of current and deferred tax. Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' (deficiency) equity, in which case the income tax is also recognized directly in shareholders' (deficiency) equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable the assets can be recovered.

i) Stock-based compensation

The Company records stock-based compensation related to stock options granted using the estimated fair value of the options at the date of grant. The estimated fair value is expensed as benefits over the period in which the option holder unconditionally become entitled to the award.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related services and non-market performance conditions at the vesting date. The corresponding charge is to contributed surplus. Any consideration paid on the exercise of stock options is credited to common shares.

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The Company estimates the fair value of stock options using the Black-Scholes valuation model. This model requires the Company to make estimates and assumptions, including, among other things, estimates regarding the length of time an employee will retain vested stock options before exercising them, the estimated volatility of the price of the Company's common shares and the number of options that will be forfeited prior to vesting. Changes in these estimates and assumptions can materially affect the determination of the fair value of stock-based compensation and, consequently, the related amount recognized in the Company's consolidated statements of loss and comprehensive loss.

For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of goods and services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it measures their value by reference to the fair value of the equity instrument granted. Transactions measured by reference to the fair value of the equity instrument granted have their fair values re-measured each vesting and reporting date until fully vested.

j) Government assistance

The Company recognizes government assistance received, or estimated government assistance to be received, when there is reasonable assurance that the Company has complied and will continue to comply with all relevant conditions stipulated in funding arrangements. Assistance related to the acquisition of equipment is deducted from the cost of the related assets, while assistance related to current operations is recognized in the statement of loss and comprehensive loss.

k) Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributed to shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that may add to the total number of common shares to the extent that they are not anti-dilutive.

l) Research and development expenditures

Expenditures on research are expensed as incurred. Research activities include formulation, design, evaluation and final selection of possible alternatives, products, processes, systems or services. Development expenditures are expensed as incurred unless the Company can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; and, (iv) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and, (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

m) Leases

The Company assesses, at inception of a contract, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

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Where the Company is a lessee in a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures all right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset.

The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment. The determination of the depreciation period is dependent on whether the Company expects that the ownership of the underlying asset will transfer to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability are comprised of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On re-measurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognized the lease payments associated with these leases of \$43,470 (2020 - \$44,309) as an expense during the year ended December 31, 2021.

n) Share capital

Common shares are classified as equity. The share capital presents the amounts received upon issuance of shares. Incremental costs directly attributed to the issuance of shares are recognized as a deduction from the proceeds in equity in the year in which the transaction occurs.

o) Significant accounting judgments, estimates and assumptions

*Estimated useful lives and depreciation of property and equipment*

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

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*Valuation of deferred tax assets*

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

*Going concern risk assessment*

The assessment of the Company's ability to continue as a going concern and meet its liabilities for the ensuing year involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

*Valuation of research and development costs and tax credits*

The Company claims investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Investment tax credits are recognized when the related expenditures are incurred, and there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. The Company's claim is subject to audit by Canada Revenue Agency who may allow more than the amount recorded or may disallow all or a portion of the amount recorded.

*Fair value of stock options*

Stock-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, interest rate, and rate of forfeitures and making assumptions about them. Expected volatility is estimated using price history of comparable companies that are publicly listed over the expected life of the options granted.

*Expected credit losses*

The Company's accounts receivables are typically short-term in nature, with the exception of holdbacks and the Company recognized an amount equal to the lifetime expected credit losses ("ECLs"). The Company measures ECLs based on historical experience and forecasted economic conditions. The amount of the ECLs is sensitive to changes in future circumstance and economic conditions.

*Valuation of inventory*

The Company's inventory is valued at the lower of average cost or net realizable value and management makes an estimate for any item that cannot be sold. If realization of inventory values differ from estimates, future earnings would be affected.

p) Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. Adoption of these pronouncements is mandatory for entities with year ends beginning on or after January 1, 2021.

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IFRS 3, Business Combinations In October 2018, IFRS 3 – Business Combinations (“**IFRS 3**”) was amended to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The extent of the impact on the Company of adopting these amendments has not yet been determined. Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 10 – Consolidated Financial Statements (“**IFRS 10**”) and IAS 28 – Investments in Associates and Joint Ventures (“**IAS 28**”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 1, Presentation of Financial Statements IAS 1 – Presentation of Financial Statements (“**IAS 1**”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37, Provisions, Contingent Liabilities, and Contingent Assets IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets was amended on May 14, 2020. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16, Property, Plant and Equipment IAS 16 – Property, Plant and Equipment was amended on September 20, 2020. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022. The Company is currently assessing the impact of adopting these pronouncements.

#### **4. Qualifying Transaction**

On December 31, 2021, the Company completed the Qualifying Transaction, pursuant to which it acquired all of the issued and outstanding SPARQ Shares (Note 1). While the Company was the legal acquirer, SPARQ was the accounting acquirer since shareholders of SPARQ held and controlled the majority of the issued and outstanding Common shares upon completion of the Qualifying Transaction. Accordingly, the consolidated financial statements are presented with SPARQ as the continuing entity.

The Qualifying Transaction was accounted for as an asset acquisition, as the assets acquired and liabilities assumed did not constitute a business, as defined in IFRS 3, Business Combinations. The total consideration was allocated to the fair value of the net assets acquired and liabilities assumed, as follows:

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	Estimated fair value
<b>Consideration Paid</b>	<b>\$</b>
2,444,752 common shares at \$0.3156 per share	771,580
244,000 stock options at an exercise price of \$0.25	44,395
	<u>815,975</u>
<b>Allocation</b>	<b>\$</b>
Cash	165,726
Accounts payable	(26,006)
Net assets acquired	<u>139,720</u>

In connection with the Qualifying Transaction, the Company recognized a listing expense in the amount of \$676,255 in the year ended December 31, 2021, such amount being equal to the consideration paid less the net assets acquired under the Qualifying Transaction.

**5. Inventory**

	2021	2020
Finished goods	\$ 155,932	\$ 88,496
Raw materials	388,802	123,387
	<u>544,734</u>	211,883
Provision	(15,403)	(34,285)
	<u>\$ 529,331</u>	<u>\$ 177,598</u>

Inventory expensed in cost of sales during the year ended December 31, 2021 was \$Nil (2020 - \$Nil). During the year ended December 31, 2021, inventory provision related to obsolescence of \$45,104 have been expensed within cost of sales (2020 - \$97,542).

**6. Property and equipment**

	Equipment \$	Furniture and fixtures \$	Computer equipment \$	Computer software \$	Total \$
<b>Cost</b>					
<b>Balance, December 31, 2019</b>	<b>376,243</b>	<b>24,826</b>	<b>55,864</b>	<b>-</b>	<b>456,933</b>
Additions	-	-	2,414	-	2,414
<b>Balance, December 31, 2020</b>	<b>376,243</b>	<b>24,826</b>	<b>58,278</b>	<b>-</b>	<b>459,347</b>
Additions	29,695	-	-	6,350	36,045
<b>Balance, December 31, 2021</b>	<b>405,938</b>	<b>24,826</b>	<b>58,278</b>	<b>6,350</b>	<b>495,392</b>
<b>Accumulated depreciation</b>					
<b>Balance, December 31, 2019</b>	<b>338,328</b>	<b>23,487</b>	<b>53,275</b>	<b>-</b>	<b>415,090</b>
Depreciation	19,235	1,339	1,612	-	22,186
<b>Balance, December 31, 2020</b>	<b>357,563</b>	<b>24,826</b>	<b>54,887</b>	<b>-</b>	<b>437,276</b>
Depreciation	10,992	-	1,829	5,291	18,112
<b>Balance, December 31, 2021</b>	<b>368,555</b>	<b>24,826</b>	<b>56,716</b>	<b>5,291</b>	<b>455,388</b>

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<b>Net book value</b>					
At December 31, 2020	18,680	-	3,391	-	22,071
At December 31, 2021	37,382	-	1,563	1,059	40,004

**7. Term loan**

During the year ended December 31, 2020, the Company obtained an unsecured loan of \$40,000 in respect of the Canada Emergency Business Account (the “CEBA”). The loan bears interest at a rate of 0% per annum during the initial term. No principal repayments are required during the initial term. If the Company has repaid 75% of the loan amount prior to December 31, 2022, the lender will forgive the remaining outstanding balance of the loan (see note 17). If a balance still exists at January 1, 2023, interest will commence at a rate of 5% per annum, payable monthly. Any balance remaining on the loan will be repayable in full on December 31, 2025. As at December 31, 2020, management had determined that it is likely that the non-forgivable portion of the loan will be repaid by December 31, 2022, and had recognized the \$10,000 forgivable portion of the arrangement in income during the year ended December 31, 2020.

**8. Share capital**

**Authorized**

An unlimited number of common shares

**Issued**

	Number of shares	Dollar Amount
	#	\$
Balance, December 31, 2019	15,395,644	11,830,847
Conversion of loans (i)	23,232,663	2,983,899
Exercise of stock options (ii)	3,371,693	433,673
Balance, December 31, 2020	42,000,000	15,248,419
Shares issued pursuant to Qualifying Transaction (note 4)	2,444,752	771,580
Management share bonus (iv)	18,000,000	5,680,926
Shares issued in accordance with a private placement (iii)	20,000,000	10,000,000
Valuation of warrants (iii)	-	(3,687,860)
Share issue costs – cash (iii)	-	(1,292,441)
Share issue costs - compensation options (ii)	-	(258,316)
Balance, December 31, 2021	82,444,752	26,462,308

- (i) During the year ended December 31, 2020, the Company issued an aggregate of 23,232,663 SPARQ Shares as repayment of \$2,989,700 of advances from shareholders (see Note 10(b)).

The Company recorded share issuance costs of \$5,801 in connection with the transaction, and have been included in the carrying amount of share capital.

- (ii) During the year ended December 31, 2020, stock options were exercised (see Note 9(i)), resulting in the issuance of 36,442,989 SPARQ Shares. Total cash proceeds of \$2 were received upon the exercise of stock options, which were granted outside of SPARQ’s stock option plan.

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- (iii) On December 22, 2021, SPARQ completed a brokered private placement of Subscription Receipts, which converted into units of SPARQ (each, a “**SPARQ Unit**”) immediately prior to the completion of the Qualifying Transaction, with each SPARQ Unit consisting of one SPARQ Share and one common share purchase warrant (each, a “**SPARQ Warrant**”). Each SPARQ Warrant entitled the holder thereof to acquire one additional SPARQ Share at a price of \$0.75 per share for a period of 24 months. Upon completion of the Qualifying Transaction, the SPARQ Units were exchanged for Units on a one-for-one basis. The SPARQ Warrants were allocated an estimated fair value of \$3,687,860 using the Black-Scholes option pricing model using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 0.96%, an expected dividend yield of 0%, an expected stock price volatility of 152%, and an expected life of two years. On the private placement, the Company paid commissions of \$856,072 and professional fees of \$436,369 which have been accounted for as share issuance costs.

In addition, the Company issued the Agent an aggregate of 1,258,250 Compensation Options. Each Compensation Option will be exercisable to acquire one Unit at \$0.50, consisting of one common share and one Warrant, for a period of 24 months. The Compensation Options issued were allocated an estimated fair value of \$258,315 using the Black-Scholes option pricing model using the same assumptions as the SPARQ Warrants above.

- (iv) In accordance with the articles of SPARQ, upon completion of the Qualifying Transaction, the Company issued 18,000,000 common shares to certain eligible employees. 12,000,000 of such common shares were issued to Praveen Jain. As at December 31, 2021, an aggregate of 40,296,564 common shares were held in escrow.

**9. Stock-based compensation**

The Company has a stock option plan (the “**Plan**”) which provides for the granting of options to purchase common shares to a maximum of 10% of the issued and outstanding common shares to officers, directors, and other service providers of the Company at the discretion of the directors. Each option granted under the Plan shall be exercisable for a maximum period of ten years from the date the option is granted to the optionee.

The following are the details of all stock options granted under the Plan during 2021 and 2020:

	Number of options	Weighted average exercise price
	#	\$
Balance December 31, 2019	150,000	0.01
Granted (i)	36,442,989	-
Exercised (i)	(36,442,989)	-
Expired	(150,000)	0.01
Balance, December 31, 2020	-	-
Granted pursuant to the initial public offering (i)	244,000	0.25
Granted (ii)	5,025,000	0.50
Balance, December 31, 2021	5,269,000	0.49

- (i) During the year ended December 31, 2020, the Company granted options outside of the stock option plan. A total of 36,442,989 options were granted to two directors. The options vested immediately, had an exercise price of \$1 in the aggregate for each of the recipients and had a term of seven years. The options were exercised immediately after they were granted. These options were recognized in contributed surplus at an aggregate fair value of \$433,671, using the Black-Scholes model with the following inputs: stock price of \$0.01 per share; strike price of \$0.00; term to maturity of 1-year, annualized risk-free rate of 0.25% and volatility of 99.95%.

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In connection with the Company's initial public offering completed on August 9, 2019, the Company granted options to acquire up to an aggregate of 305,000 common shares at a price of \$0.20 per share to its directors and officers for a period of 10 years from the date of grant. Following the completion of the Consolidation and the Qualifying Transaction with SPARQ, the number of common shares issuable pursuant to the options was reduced to 244,000 common shares and the exercise price per share was increased from \$0.20 to \$0.25 per share.

- (ii) On December 31, 2021, an aggregate of 5,025,000 options were granted to directors, officers and consultants, under the Plan. Options issued were allocated an estimated fair value of \$1,263,994 using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 1.25%, an expected dividend yield of 0%, an expected stock price volatility of 123%, and an expected life of five years. The underlying expected stock price volatility is based on historical data of similar companies, as the Company has limited historical data itself on which it could be based. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

The options have various vesting terms. In total, \$402,885 of stock-based compensation expense relating to options was included in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2021 (2020 – \$433,671) and credited to contributed surplus.

As at December 31, 2021 the Company had the following options outstanding:

Number of Options Outstanding	Exercise Price (\$'s)	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life (years)
132,000	0.25	3/31/2022	132,000	0.25
112,000	0.25	8/9/2029	112,000	7.61
5,025,000	0.50	12/31/2026	1,601,668	5.00
5,269,000				4.94

**10. Related party transactions**

- (a) As at December 31, 2021, accounts payable and accrued liabilities included \$181,620 (2020 - \$nil) payable to certain shareholders of the Company, which are non-interest bearing, unsecured and due on demand.
- (b) During the year ended December 31, 2020, the Company converted \$2,989,700 of unsecured advances from shareholders (Note 9) into common shares of the Company. These advances were non-interest bearing and due on demand.
- (c) During the year ended December 31, 2021, the Company paid \$140,000 (2020 - \$132,999) for consulting services provided by PE Consultants Inc., an entity which is controlled by Praveen Jain, the CEO of the Company. These expenses have been recorded in research and development and general and administrative expenses.
- (d) Transactions with related parties are incurred during the course of normal operations and initially recorded at fair value. Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following for the years ended December 31, 2021 and 2020:

	2021		2020	
Short-term compensation	\$	140,000	\$	132,999
Management share bonus (note 8(iv))		3,787,284		-
Share-based payments		402,885		433,671
Total	\$	4,330,169	\$	566,670

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**11. Government grant**

In April 2016, the Company was approved for a government grant and was eligible to receive up to a maximum of \$1,500,000. During the year ended December 31, 2021, the Company received \$Nil (2020 - \$Nil) of funding under the program.

**12. Taxes**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

	<b>2021</b>	<b>2020</b>
Net Income (Loss) before recovery of income taxes	\$ (7,806,075)	\$ (1,091,988)
Expected income tax (recovery) expense	\$ (2,068,610)	\$ (289,377)
Difference in tax rates	-	-
Non-deductible for tax purposes	210	161
Stock based compensation	1,612,210	114,923
True-up	(61,447)	-
Tax benefits not recognized	517,637	174,293
Income tax (recovery) expense	\$ -	\$ -
The Company's income tax (recovery) is allocated as follows:		
Current tax (recovery) expense	\$ -	\$ -
Deferred tax (recovery) expense	-	-
	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

At December 31, 2021 and 2020 the Company had unrecognised deductible temporary differences as follows:

	<b>2021</b>	<b>2020</b>
Non-capital losses carried forward	\$ 8,784,780	\$ 7,413,289
Equipment and Intangible	1,163,398	465,067
Share issuance costs	1,240,606	-
SRED and ITCs	4,682,770	4,114,597
	\$ 15,871,554	\$ 11,992,953

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The Company's unused deductible SR&ED expenditures can be carried forward to reduce taxable income in future years. The Company's non-capital losses that may be used to reduce taxable income in future years with expiry between 2035-2041 and SR&ED tax credit will expire between 2030-2035 that may be used to reduce future provincial income tax payable. The Company's Canadian non-capital income tax losses expire as follows:

2035	<b>2,838,423</b>
2036	<b>2,131,899</b>
2037	<b>403,622</b>
2038	<b>921,672</b>
2039	<b>599,309</b>
2040	<b>603,753</b>
2041	<b>1,286,102</b>
	<hr/>
	<b>8,784,780</b>

### 13. Government assistance

- (a) During the year ended December 31, 2021, the Company submitted applications in the amount of \$307,307 (2020 - \$296,887) under the Canada Emergency Wage Subsidy and Temporary Wage Subsidy program. Of the amount submitted, \$Nil (2020 - \$29,026) is included in government assistance receivable as at December 31, 2021.
- (b) The Company applied for rent assistance through the Canada Emergency Commercial Rental Assistance ("CECRA") program. The application for assistance of \$25,500 under the CECRA program was submitted during the year ended December 31, 2020 in respect of rent reductions provided to qualifying tenants during the period from April, 2020 to August, 2020. The funds applied for under the CECRA program were recognized as a reduction of rent payable to the landlord and also reduced rent expense on the Company's consolidated financial statements for the year ended December 31, 2020.
- (c) During the year ended December 31, 2021, the Company submitted applications in the amount of \$39,761 (2020 - \$12,607) under the Canada Emergency Rent subsidy program. The funds applied for under the program were recognized as a reduction of rent on the Company's consolidated financial statements. Of the amount submitted, \$nil (2020 - \$12,607) is included in government assistance receivable at December 31, 2021.
- (d) During the year ended December 31, 2021, the Company accrued \$330,000 (2020 - \$333,232) of SR&ED tax credits on eligible expenditures incurred in 2021.

### 14. Commitments and contingencies

#### *Commitments*

The Company is party to a one-year facility lease agreement expiring June 30, 2022 at a rate of \$7,004 per month plus applicable sales tax.

On July 31, 2013, the Company entered into a licensing agreement with PARTEQ Research and Development Innovations ("PARTEQ Agreement") for commercial rights to certain power generation, conversion, and switching technologies used in its products. Pursuant to the terms of the PARTEQ Agreement, the Company is obligated to pay 1% of specified net sales generated from the sale of products using the licensed technology. During the year-ended December 31, 2021, the Company paid licensing fees of \$771 (2020 - \$12).

#### *Contingencies*

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As at December 31, 2021 and 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

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**15. Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

a) Credit risk

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at December 31, 2021 and 2020 relates to the carrying amount of cash and cash equivalents, accounts receivable, investment tax credit recoverable, and government assistance receivable. To reduce credit risk, all significant cash balances are placed with major financial institutions.

The Company provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The maximum exposure to credit risk is the carrying value of the accounts receivable. The Company does not normally require a guarantee. The largest one customer represented an aggregate of \$nil (2020 - 1,092 (93%)) of the Company's billings for the year ended December 31, 2021. As at December 31, 2021, 0% of the Company's accounts receivables were comprised of outstanding balances from these customers (2020- 34%).

The Company's expected credit loss allowance is estimated using historical loss information, current industry conditions and payment practices, as well as reasonable and supportable forecasts of future economic conditions. Credit risk is assessed based on days outstanding and utilizes both internal credit assessments and publicly available credit information. As a result, the allowance reflects anticipated effects caused by recent market deterioration. As at December 31, 2021, the current expected credit loss allowance was \$nil (2020 - \$25,103).

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due. The Company has the following contractual obligations:

	Less than 1 Year \$	1 to 3 years \$	3 to 5 years \$	Greater than 5 years \$	Total \$
Accounts payable and accrued liabilities	607,440	-	-	-	607,440
Term loan	-	38,196	-	-	38,196
<b>December 31, 2021</b>	<b>607,440</b>	<b>38,196</b>	<b>-</b>	<b>-</b>	<b>645,636</b>

	Less than 1 Year \$	1 to 3 years \$	3 to 5 years \$	Greater than 5 years \$	Total \$
Accounts payable and accrued liabilities	76,120	-	-	-	76,120
Term loan	-	30,000	-	-	30,000
<b>December 31, 2020</b>	<b>76,120</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>106,120</b>

c) Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial liabilities are non-interest bearing at December 31, 2021 and 2020, and therefore the Company is not exposed to interest rate risk.

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(Expressed in Canadian dollars)

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d) Foreign exchange risk

The Company is exposed to foreign exchange risk from various currencies, primarily the US dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the Canadian dollar, which is the functional currency of the Company.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The following amounts were denominated in foreign currency:

	Currency	December 31, 2021	December 31, 2020
Cash	US Dollar	\$ 2,744	\$ 91,864
Accounts Receivable	US Dollar	\$ 5,685	\$ -
Accounts Payable	US Dollar	\$ 121,834	\$ 10,768

On December 31, 2021, an increase of 1% in the value of US dollar will result in a gain of \$35 (2020 - \$1,170) in the value of cash, \$72 (2020 - \$nil) in accounts receivable and loss of \$1,545 (2020 - \$137) in accounts payable. Similarly, a decrease of 1% in the value of US dollar will have similar effects but in opposite direction.

## 16. Capital management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders. The Company considers the items included in shareholders' equity of \$9,641,199 as capital, as at December 31, 2021 (2020 - \$1,839,931). The Company manages the capital structure and makes adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the Company's business. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

## 17. Subsequent events

On January 12, 2022, the Government of Canada announced an extension of the forgiveness repayment date for eligible CEBA loan holders in good standing from December 31, 2022 to December 31, 2023.

On February 24, 2022, the Company appointed Dr. Arul Shanmugasundaram to the Board of Directors. Concurrently, the Company granted Dr. Shanmugasundaram options to purchase up to 275,000 common shares pursuant to the Plan. Each option is exercisable at a price of \$0.50 per share for a period of five years from the date of grant, subject to certain vesting provisions.

On March 23, 2022, the Company has signed a non-binding memorandum of understanding (the "MOU") with Ti-Lane Precision Electronic Company Limited ("Ti-Lane") to manufacture turn-key Q1200 microinverters for the Company on a high volume basis. Ti-Lane is a shareholder in the Company and is controlled by Baojun (Robbie) Luo, one of the Company's directors. Under the MOU, the parties are to finalize a working manufacturing services agreement within 90 days of signing the MOU and achieve a manufacturing capacity of 5,000 – 10,000 units per month by July 1, 2022.



**SPARQ CORP.**  
**(formerly, MJ Innovation Capital Corp.)**

**Management's Discussion and Analysis**

**For the years ended December 31, 2021 and 2020**

**Dated April 20, 2022**

## ***Management's Discussion and Analysis***

This Management's Discussion and Analysis ("MD&A") has been prepared by management of SPARQ Corp. (formerly, MJ Innovation Capital Corp.) (the "**Company**") and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ending December 31, 2021 and December 31, 2020 (the "**Financial Statements**"). The Financial Statements have been prepared using International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. All amounts are in Canadian dollars unless otherwise specified. The Financial Statements may be found under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) .

This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. Management is responsible for the accuracy, integrity, and objectivity of the MD&A, and develops, maintains and supports the necessary systems and controls to provide reasonable assurance as to the accuracy of the comments contained herein.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

### ***Forward-Looking Statements***

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements". All statements other than statements of historical fact contained in this MD&A. Such statements can, in some cases, be identified by the use of forward-looking terminology such as "expect," "likely", "may," "will," "should," "intend," or "anticipate," "potential," "proposed," "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. The forward-looking statements included in this MD&A are made only as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by applicable securities laws.

Forward-looking statements in this MD&A are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes.

Factors which could cause the actual results to differ materially from current expectations include but are not limited to:

- if demand for solar energy solutions does not grow or grows at a slower rate than anticipated, including as a result of the ongoing COVID-19 pandemic, the Company's business will suffer;
- the rapidly changing solar industry makes it difficult to evaluate the Company's current business and future prospects;
- an increase in interest rates or tightening of the supply of capital in the global financial markets could make it difficult for end-users to finance the cost of a solar PV system and could reduce the demand for smart energy products and thus demand for the Company's products;
- defects or performance problems in our products could result in loss of customers, reputational damage, and decreased revenue, and the Company may face warranty, indemnity, and product liability claims arising from defective products;
- the Company depends on sole-source and limited-source suppliers for key components and products. If the Company is unable to source these components and products on a timely basis, the Company will not be able to deliver its products to customers;
- the Company depends upon a sole-source and small number of outside contract manufacturers,

and business and operations could be disrupted if the Company encounters problems with these contract manufacturers;

- if the Company or its contract manufacturers are unable to obtain raw materials in a timely manner or if the price of raw materials increases significantly, production time and product costs could increase, which may adversely affect the Company's business;
- manufacturing problems could result in delays in product shipments, which would adversely affect the Company's revenue, competitive position and reputation;
- the products manufactured by the Company use a number of electronic components such as semiconductor switches, semiconductor chips, magnetics and capacitors. The impact of COVID19 has resulted in a shortage of some of these components. It is unclear if the shortage will improve in the near future and such supply shortages could negatively impact the Company's ability to supply its products to customers, which could have an impact on revenue;
- the Company relies primarily on distributors, installers and providers of solar financing to assist in selling products to customers, and the failure of these customers to perform at the expected level, or at all, would have an adverse effect on the Company's business, financial condition and results of operations;
- mergers in the solar industry among the Company's current or potential customers may adversely affect its competitive position;
- the solar industry is highly competitive, and the Company expects to face increased competition as new and existing competitors introduce products or develop alternative technologies, which could negatively impact its business, financial condition and results of operations;
- the loss of, or events affecting, one of the Company's major customers could reduce its sales and have an adverse effect on the Company's business, financial condition and results of operations;
- the Company's microinverter products may not achieve broader market acceptance, which would prevent the Company from increasing its revenue and market share;
- the Company's recent and planned expansion into existing and new markets could subject it to additional business, financial and competitive risks;
- we may fail to capture customers in the new product and geographic markets that we are pursuing;
- if the Company fails to retain key personnel or if the Company fails to attract additional qualified personnel, the Company may not be able to achieve its anticipated level of growth and its business could suffer;
- any failure by management to properly manage growth could have a material adverse effect on its business, operating results, and financial condition;
- if the Company is unsuccessful in continuing to expand its direct-to-consumer sales channel by driving purchases through its website, the Company's business and results of operation could be harmed;
- use of social media may materially and adversely affect the Company's reputation or subject it to fines or other penalties;
- the Company is subject to insurance-related risks;
- credit risk;
- liquidity risk;
- foreign currency risk;
- conflicts of interest;
- if the Company fails to protect or incur significant costs in defending its intellectual property and other proprietary rights, the Company's business and results of operations could be materially harmed;
- third parties may assert that the Company is infringing upon their intellectual property rights, which could divert management's attention, cause the Company to incur significant costs and prevent it from selling or using the technology to which such rights relate;
- the Company's failure to obtain the right to use necessary third-party intellectual property rights on reasonable terms, or the Company's failure to maintain, and comply with the terms and conditions applicable to these rights, could harm the Company's business and prospects;
- the Company may not be able to protect and enforce its trademarks and trade names, or build name recognition in our markets of interest thereby harming its competitive position;

- obtaining and maintaining patent protection depends on compliance with various required procedures, document submissions, fee payments and other requirements imposed by governmental patent agencies, and the Company's patent protection could be reduced or eliminated for non-compliance with these requirements;
- patent terms may be inadequate to protect the Company's competitive position on its products for an adequate amount of time;
- the Company relies on trade secrets;
- changes in laws and regulations;
- the Company's anticipated international sales subject us to additional risks that could adversely affect its business, results of operations and financial condition;
- the Company may be involved in legal proceedings from time to time and, while management cannot predict the outcomes of such proceedings and other contingencies with certainty, some of these outcomes could adversely affect the Company's business and financial condition;
- the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications could reduce demand for solar PV systems and harm the Company's business;
- the Company's gross profit may fluctuate over time, which could impair our ability to achieve or maintain profitability;
- we may be under pressure to reduce the prices of the Company's products, which may adversely affect the Company's gross margins;
- a drop in the retail price of electricity derived from the utility grid or from alternative energy sources, or a change in utility pricing structures, may harm the Company's business, financial condition and results of operations;
- if the Company does not forecast demand for its products accurately, the Company may experience product shortages, delays in product shipment, excess product inventory, difficulties in planning expenses or disputes with suppliers, any of which will adversely affect the Company's business and financial condition;
- currently the Company has two major customers and the loss of one or both may cause fluctuations or declines in the Company's revenues;
- parties with whom the Company does business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to the Company;
- natural disasters, public health events, significant disruptions of information technology systems, data security breaches, or other catastrophic events could adversely affect the Company's operations;
- COVID-19;
- general global economic conditions;
- access to capital;
- estimates or judgments relating to critical accounting policies;
- quarterly performance variation;
- market for the Common Shares;
- no history of payment of cash dividends;
- reporting issuer status;
- significant sales of Common Shares;
- analyst coverage;
- tax issues; and
- potential undisclosed liabilities associated with the Amalgamation.

Please refer to the Company's filing statement dated December 23, 2021 (the "**Filing Statement**") for a detailed description of the risk factors associated with the Company. The Filing Statement may be found under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### ***Description of the Company's Business***

The Company was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018. On December 31, 2021, the Company completed its qualifying transaction pursuant to the rules of the

TSX Venture Exchange (the “**Qualifying Transaction**”), resulting in a reverse takeover of the Company by SPARQ Systems Inc. (“**SPARQ**”). The Qualifying Transaction was completed by way of a three-cornered amalgamation (the “**Amalgamation**”) pursuant to which, among other things, (i) SPARQ amalgamated with a wholly-owned subsidiary of the Company, incorporated for the purposes of the Amalgamation, pursuant to the provisions of the *Business Corporations Act* (Ontario), and (ii) all of the outstanding common shares in the capital of SPARQ (the “**SPARQ Shares**”) were cancelled and, in consideration therefor, the holders thereof received post-consolidation common shares in the capital of the Company (the “**Common Shares**”) on a 1:1 basis.

Prior to the completion of the Qualifying Transaction, the Company changed its name to “SPARQ Corp.” and consolidated its Common Shares on a 1.25:1 basis. In addition, SPARQ completed a consolidation of the SPARQ Shares on a 10.8085146:1 basis.

In connection with the Qualifying Transaction, on December 22, 2021, SPARQ completed a brokered private placement of subscription receipts (each, a “**Subscription Receipt**”) at a price of \$0.50 per Subscription Receipt, pursuant to which SPARQ issued an aggregate of 20,000,000 Subscription Receipts for aggregate gross proceeds of \$10,000,000 (the “**Offering**”). Concurrent with closing of the Qualifying Transaction, each Subscription Receipt was converted into units of the Company consisting of one Common Share and one common share purchase warrant (each, a “**Warrant**”) with each such Warrant entitling the holder thereof to acquire one Common Share at an exercise price of \$0.75 per share for a period of 24 months from the date of issuance, pursuant to the provisions of a subscription receipt agreement entered into among the Company, SPARQ, Echelon Capital Markets (the “**Agent**”) and TSX Trust Company dated December 22, 2021. In connection with the Offering, 1,258,250 compensation options (the “**Compensation Options**”) were issued to members of the selling group, with each such Compensation Option being exercisable for one Common Share and one Warrant on the same terms as those issued pursuant to the Offering.

The Company designs and manufactures next generation single-phase microinverters for residential and commercial solar electric applications. The Company has developed a proprietary photovoltaic (“**PV**”) solution called the Quad; the Quad inverter optimizes four PV modules with a single microinverter, simplifying design and installation, and lowering cost for solar power installations when compared to existing market offerings.

The address of the Company’s registered and head office is 945 Princess Street, Box 212, Kingston, Ontario K7L 0E9. The Common Shares are listed for trading on the TSX Venture Exchange under the trading symbol “SPRQ”.

### ***COVID-19***

Since the commencement of the COVID-19 outbreak in the early part of the year ended December 31, 2020, there have been significant disruptions to organizations throughout Canada and the rest of the world, resulting in a general economic slowdown.

The Company has been monitoring announcements and guidelines published by civil authorities with regards to the health and safety matters at its premises. The Company has experienced supply chain issues and challenges to its sales during the COVID-19 pandemic, and has attempted to mitigate the resulting cash flow reductions by accessing available federal government support programs.

Going forward, it is not possible to estimate the duration or severity of the impacts on the Company’s revenue stream or cost patterns arising from the COVID-19 pandemic.

### ***Highlights of the year ended December 31, 2021 to the date of this MD&A***

- On December 31, 2021, the Company completed its Qualifying Transaction.
- On January 7, 2022, the Common Shares commenced trading on the TSX Venture Exchange under the symbol “SPRQ” and the Warrants commenced trading under the symbol “SPRQ.WT”.

- On February 24, 2022, the Company announced the appointment of Dr. Arul Shanmugasundaram to the Board of Directors.
- On March 23, 2022, the Company announced that it has entered into a memorandum of understanding (the “MOU”) with Ti-Lane Precision Electronic Company Limited (“**Ti-Lane**”) for the manufacturing of Q1200 microinverters. Ti-Lane is a global leader in providing connector and cable assembly products for communications, computer, medical, automotive and clean energy applications. Ti-Lane is a shareholder in the Company and is controlled by Baojun (Robbie) Luo, one of the Company’s directors. The terms of the MOU contemplate that Ti-Lane will construct, at its own cost, a manufacturing facility in GuangDong Province, China. The facility is expected to be completed by July 2022, and producing for the Company 5,000 to 10,000 units per month on a cost-effective basis by Q4 2022. The facility’s initial capacity is expected to be 200 MW per annum with expansion potential to 1 GW as demand grows. The additional capacity to be provided by Ti-Lane is expected to be a critical supplement to the Company’s existing manufacturing capacity in Canada, which has been impacted by an acute chip shortage. As the Company’s current manufacturing partner in Canada will not be able to produce inverters for the Company in sufficient quantities for this year, the Company does not foresee the generation of any material revenue until 2023.

### *Selected Annual Information*

	As at and for the year ended December 31, 2021	As at and for the year ended December 31, 2020	As at and for the year ended December 31, 2019
	\$	\$	\$
Total revenue	-	1,169	590,683
Basic and diluted loss per-share	(0.19)	(0.06)	(0.01)
Net loss and comprehensive loss	(7,806,077)	(1,091,988)	(1,010,516)
Total assets	10,286,835	1,946,051	1,048,906
Total non-current financial liabilities	38,196	30,000	-
Distributions or cash dividends declared	Nil	Nil	Nil

### *Results of Operations*

For the year ended December 31, 2021, the Company incurred a net loss and net comprehensive loss of \$7,806,077, compared to a net loss and comprehensive loss of \$1,091,988 for the year ended December 31, 2020. The increased net loss and comprehensive loss of \$6,714,089 was primarily due to the management share bonus expense of \$5,680,926 and listing cost of \$676,255, as described below.

### *Revenue*

The Company generated revenue of \$nil during the period ended December 31, 2021 and \$1,169 during the year ended December 31, 2020. The revenue in 2020 was from a small one-time order. No revenues were earned in 2021, as the Company was still in the R&D stage, as well, unable to build material quantities of inventory due to a lack of funding and supply chain issues as a result of COVID.

### ***Cost of Finished Goods Sold***

During the year ended December 31, 2021, the Company recognized cost of sales of \$45,104 and \$97,542 for the year ended December 31, 2020. The amount expensed in cost of sales in the year is composed of both the provision recorded to bring inventory to the lower of cost and net realizable value and the write off of finished goods and raw materials for items no longer expected to be manufactured and sold. During the year ended December 31, 2021, inventory adjustments related obsolescence of \$45,104 which was expensed within cost of sales (2020 - \$97,542).

### ***Gross Profit***

The Company did not realize any gross profit for the years ended December 31, 2021 and 2020. This was due to not recording any revenues in 2021, as noted above.

### ***Operating Expenses***

For the year ended December 31, 2021, total operating expenses increased to \$8,413,470 from \$1,631,692 for the year ended December 31, 2020, and detailed as follows:

<b>Expenses</b>	<b>2021</b>	<b>2020</b>
Research and development	\$ 972,178	\$ 887,281
Sales and marketing	15,873	4,207
General and administration	6,328,167	284,347
Depreciation of property and equipment	18,112	22,186
Listing cost	676,255	-
Stock based compensation	402,885	433,671
	<hr/>	<hr/>
	\$8,413,470	\$1,631,692

Research and development costs include, building prototypes, certification, testing, salaries of personnel working on the projects, and consultants' fees. The increase in sales and marketing was due to costs for building a website, developing and printing of marketing material in anticipation of listing on a stock exchange. The \$6,043,820 increase in general and administration was due, in part, to the issuance of 18,000,000 Common Shares issued to certain management and employees pursuant to a management bonus entitlement, which was payable upon the completion of the Qualifying Transaction. In connection with the Qualifying Transaction, the Company incurred non-cash listing costs which consisted of the fair value of Common Shares retained by the former shareholders of SPARQ and Compensation Options issued to the Agent.

### ***Liquidity***

As at December 31, 2021, the Company had working capital of \$9,639,391 (2020 - \$1,847,860). The increase in working capital resulted from the Offering. The Company is in a pre-revenue stage so is not therefore able to generate sufficient amounts of cash and cash equivalents from its operations in the short term to meet its planned growth.

Cash used in operating activities during the year ended December 31, 2021 was \$906,145 compared to \$332,141 for the year ended December 31, 2020. The cash inflows from operating activities mainly related to non-cash expenses of \$6,766,374 and from non-cash working capital changes of \$133,558. Cash outflows from operating activities mainly relate to a net loss for the period of \$7,806,077.

Cash gained from financing activities during the year ended December 31, 2021 was \$8,727,559, being net proceeds of \$8,707,559 from the Offering and \$20,000 from loan proceeds (compared to \$1,623,901 in 2020, primarily from shareholder advances).

Cash used in investing activities during the year ended December 31, 2021 included \$165,726 in cash acquired on completion of the Qualifying Transaction, which amount was reduced by \$36,045 to acquire equipment.

### ***Capital Resources***

The Company regularly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion. As at December 31, 2021, the Company had a cash balance of \$9,297,999 and working capital of \$9,639,391.

As of the date of this MD&A, the Company's current resources are sufficient to settle its current liabilities for at minimum the next 12 months.

Management will continue to raise the capital necessary to execute on its business objectives and believes the current resources available will provide for operations and fundraising activities barring any unforeseen delays or complications.

### ***Selected Quarterly Information***

The following table summarizes the Company's financial information for the last eight quarters:

<b>Financial Results</b>	<b>Q4 2021 \$</b>	<b>Q3 2021 \$</b>	<b>Q2 2021 \$</b>	<b>Q1 2021 \$</b>	<b>Q4 2020 \$</b>	<b>Q3 2020 \$</b>	<b>Q2 2020 \$</b>	<b>Q1 2020 \$</b>
Revenue	-	-	-	-	393	700	76	-
Gross Profit (Loss)	(19,894)	(2,014)	(11,509)	(11,687)	(31,373)	(29,356)	(2,453)	(33,191)
Total Expenses	6,587,873	462,232	446,139	264,729	727,980	327,752	262,573	313,387
Net Income (Loss)	(6,919,623)	(372,756)	(351,685)	(162,013)	(533,463)	(205,298)	(95,559)	(257,668)
Basic profit (loss) per share	(0.16)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)	(0.02)
Fully-diluted profit (loss) per share	(0.16)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)	(0.02)

The Company's level of activity and expenditures during a specific quarter have been influenced by the availability of working capital, the availability of additional external financing and the status of projects and level of expenditures required to complete them. Given the past start up phases of the Company, there has been no seasonality factors or other trends that have affected the quarterly results.

### ***Proposed Transactions***

As at the date of this MD&A there are no proposed transactions.

### ***Off-balance Sheet Arrangements***

As at the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

### ***Transactions Between Related Parties***

- As at December 31, 2021, accounts payable and accrued liabilities included \$181,620 (2020 - \$nil) payable to certain shareholders of the Company, which are non-interest bearing, unsecured and due on demand.

- During the year ended December 31, 2020, the Company converted \$2,989,700 of unsecured advances from shareholders into SPARQ Shares. These advances were non-interest bearing and due on demand.
- During the year ended December 31, 2021, the Company paid \$140,000 (2020 - \$132,999) for consulting services provided by PE Consultants Inc., an entity which is controlled by Praveen Jain. These expenses have been recorded in research and development and general and administrative expenses.
- Transactions with related parties are incurred during the course of normal operations and initially recorded at fair value. Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Short-term compensation	140,000	132,999
Management share bonus	3,787,284	-
Share-based payments	402,885	433,671
<b>Total</b>	<b>4,330,169</b>	<b>566,670</b>

### ***Risks and Uncertainties***

The Company's business is subject to a number of risk factors which are described in the Filing Statement. See "Forward-looking Statements" above.

### ***Financial Risk Management***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

#### ***Credit Risk***

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at December 31, 2021 and December 31, 2020 relates to the carrying amount of cash and cash equivalents, accounts receivable, investment tax credit recoverable, and government assistance receivable. To reduce credit risk, all significant cash balances are placed with major financial institutions.

The Company provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The maximum exposure to credit risk is the carrying value of the accounts receivable. The Company does not normally require a guarantee. The largest one customer represented an aggregate of \$nil (2020 - 1,092 (93%)) of the Company's billings for the year ended December 31, 2021. As at December 31, 2021, 0% of the Company's accounts receivable were comprised of outstanding balances from these customers (2020- 34%).

The Company's expected credit loss allowance is estimated using historical loss information, current industry conditions and payment practices, as well as reasonable and supportable forecasts of future economic conditions. Credit risk is assessed based on days outstanding and utilizes both internal credit assessments and publicly available credit information. As a result, the allowance reflects anticipated effects caused by recent market deterioration. As at December 31, 2021, the current expected credit loss allowance was \$nil (2020 - \$25,103).

#### ***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity

at all times to settle obligations and liabilities when due. The Company has the following contractual obligations:

	Less than 1 Year	1 to 3 years	3 to 5 years	Greater than 5 years	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	607,440	-	-	-	607,440
Term loan	-	38,196	-	-	38,196
<b>December 31, 2021</b>	<b>607,440</b>	<b>38,196</b>	<b>-</b>	<b>-</b>	<b>645,636</b>

	Less than 1 Year	1 to 3 years	3 to 5 years	Greater than 5 years	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	76,120	-	-	-	76,120
Term loan	-	30,000	-	-	30,000
<b>December 31, 2020</b>	<b>76,120</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>106,120</b>

#### *Interest Rate Risk*

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial liabilities are non-interest bearing as at December 31, 2021 and December 31, 2020, and therefore the Company is not exposed to interest rate risk.

#### *Foreign Exchange Risk*

The Company is exposed to foreign exchange risk from various currencies, primarily the US dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the Canadian dollar, which is the functional currency of the Company.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The following amounts were denominated in foreign currency:

	Currency	December 31, 2021	December 31, 2020
Cash	US Dollar	\$ 2,744	\$ 91,864
Accounts Receivable	US Dollar	\$ 5,685	\$ -
Accounts Payable	US Dollar	\$ 121,834	\$ 10,768

On December 31, 2021, an increase of 1% in the value of US dollar will result in a gain of \$35 (2020 - \$1,170) in the value of cash, \$72 (2020 - \$nil) in accounts receivable and loss of \$1,545 (2020 - \$137) in accounts payable. Similarly, a decrease of 1% in the value of US dollar will have similar effects but in opposite direction.

#### *Critical Accounting Estimates*

##### *Estimated Useful Lives and Depreciation of Property and Equipment*

Depreciation of property and equipment is dependent upon estimates of useful lives which are

determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

#### *Valuation of Deferred Tax Assets*

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

#### *Going Concern Risk Assessment*

The assessment of the Company's ability to continue as a going concern and meet its liabilities for the ensuing year involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

#### *Valuation of Research and Development Costs and Tax Credits*

The Company claims investment tax credits as a result of incurring scientific research and experimental development expenditures. Investment tax credits are recognized when the related expenditures are incurred, and there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. The Company's claim is subject to audit by Canada Revenue Agency who may allow more than the amount recorded or may disallow all or a portion of the amount recorded.

#### *Fair Value of Stock Options*

Stock-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, interest rate, and rate of forfeitures and making assumptions about them. Expected volatility is estimated using price history of comparable companies that are publicly listed over the expected life of the options granted.

#### *Expected Credit Losses*

The Company's accounts receivables are typically short-term in nature, with the exception of holdbacks and the Company recognized an amount equal to the lifetime expected credit losses ("ECLs"). The Company measures ECLs based on historical experience and forecasted economic conditions. The amount of the ECLs is sensitive to changes in future circumstance and economic conditions.

#### *Valuation of Inventory*

The Company's inventory is valued at the lower of average cost or net realizable value and management makes an estimate for any item that cannot be sold. If realization of inventory values differs from estimates, future earnings would be affected.

#### *New Accounting Standards and Interpretations Not Yet Adopted*

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 1, Presentation of Financial Statements IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37, Provisions, Contingent Liabilities, and Contingent Assets IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets was amended May 14, 2020. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16, Property, Plant and Equipment IAS 16 – Property, Plant and Equipment was amended on September 20, 2020. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022. The Company is currently assessing the impact of adopting these pronouncements.

### ***Outstanding Share Data***

The authorized capital of the Company consists of an unlimited number of Common Shares. The Company has the following securities issued and outstanding as at the date of this MD&A:

<b>Securities</b>	<b>Number Outstanding</b>
Common Shares	82,444,752
Options <sup>(1)</sup>	5,412,000
Warrants <sup>(2)</sup>	20,000,000
Compensation Options <sup>(3)</sup>	1,258,250

#### **Notes:**

(1) Consists of: (i) options to purchase up to 112,000 Common Shares at a price of \$0.25 per share granted to former directors and officers of the Company prior to the completion of the Qualifying Transaction; and (ii) options to purchase up to 5,300,000 Common Shares at a price of \$0.50 per share granted to current directors and officers of the Company.

(2) Issued upon the conversion of the Subscription Receipts that were issued pursuant to the Offering. Each Warrant is exercisable into one Common Share at a price of \$0.75 per share for a period of 24 months from the date of issuance.

(3) Issued to the Agent and members of the selling group as partial compensation for their services provided in the Offering. Each Compensation Option is exercisable into one Common Share and one Warrant, with each such Warrant entitling the holder thereof to acquire one Common Share at an exercise price of \$0.75 per share for a period of 24 months from the date of issuance.

### ***Internal Control Over Financial Reporting***

Internal control over financial reporting (“ICFR”) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management or the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial instruments.

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal controls over financial reporting and concluded that as at December 31, 2021, the Company's internal control over financial reporting was effective.

During the year ended December 31, 2021, the Company did not make any significant changes to its internal controls over financial reporting that would have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

The Company's management believe that due to inherent limitations, any disclosure controls and procedures or internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating controls and procedures.

#### ***Additional Information***

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Approval***

The Board of Directors has approved the disclosure contained in this MD&A.