

SPITFYRE CAPITAL INC.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF
SPITFYRE CAPITAL INC.**

TO BE HELD ON DECEMBER 20, 2022

AND

**MANAGEMENT INFORMATION CIRCULAR
DATED NOVEMBER 14, 2022**

This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult your financial, legal, tax or other professional advisor.

SPITFYRE CAPITAL INC.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, DECEMBER 20, 2022**

Only registered shareholders and/or their duly appointed proxyholders may attend the meeting. However, in order that as many shares as possible are represented at the meeting, we are requesting that shareholders vote their common shares by proxy prior to the meeting, as per the voting and proxy instructions that are set out in the accompanying Circular.

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Common shares (“**Common Shares**”) of Spitfyre Capital Inc. (the “**Corporation**”) will be held at 100 King Street West, Suite 1600, Toronto, Ontario M5G 1G5 at 10:00 a.m. (Toronto time) on Tuesday, December 20 2022, and at any adjournment or postponement thereof for the following purposes, as more particularly described in the accompanying management information circular (the “**Circular**”):

1. to receive the audited financial statements of the Corporation as at and for the financial year ended December 31, 2021, together with the notes thereto and the auditor’s report thereon;
2. to fix the number of directors to be elected at the Meeting at five (5);
3. to elect the board of directors of the Corporation to hold office until the next annual meeting of Shareholders or until their successors are duly elected or appointed;
4. to re-appoint MNP LLP as auditors of the Corporation for the ensuing year at such remuneration as may be determined by the Board;
5. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the stock option plan of the Corporation, as more particularly described in the Circular; and
6. to transact any other business as may properly be brought before the Meeting or any adjournment(s) or postponement thereof.

Shareholders of record at the close of business on November 11, 2022 will be entitled to vote at the Meeting. Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of such Shareholder’s Common Shares after such date and the transferee of those Common Shares establishes that the transferee owns the shares and requests, by 4:30 p.m. (Toronto time) not later than ten (10) days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting. If you are a non-registered Shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or other intermediary. If you are a non-registered Shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.

If you are unable to attend the Meeting, Shareholders are encouraged to vote by the form of proxy pursuant to the instructions in this Notice of Meeting. To be effective, you must date, sign and return the enclosed form of proxy to the Corporation’s transfer agent, Odyssey Trust Company, Trader’s Bank Building, Suite 702, 67 Yonge St., Toronto, Ontario, M5E 1J8, Attention: Proxy Department in the enclosed self-addressed envelope or registered shareholders can vote online at <https://login.odysseystrust.com/pxlogin> with their control number, not later than 10:00 a.m. (Toronto time) on December 16, 2022 or not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment or postponement thereof.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder’s attorney authorized in writing or, if the Shareholder is a company, by an officer or attorney thereof duly authorized.

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

All documents required to be delivered by a Shareholder should be delivered to Odyssey Trust Company at:

Mail: Odyssey Trust Company, at Trader's Bank Building, Suite 702, 67 Yonge St., Toronto, Ontario M5E 1J8,
Attention: Proxy Department

Internet: <https://login.odysseytrust.com/pxlogin>, control number required

DATED this 14th day of November, 2022.

**BY ORDER OF THE BOARD OF
DIRECTORS OF SPITFYRE CAPITAL INC.**

Per: /s/ "Matthew McMillan"

Name: Matthew McMillan

Title: Chief Executive Officer and Director

I have authority to bind the Corporation

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SPITFYRE CAPITAL INC.

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, DECEMBER 20, 2022

MANAGEMENT INFORMATION CIRCULAR

GENERAL

This management information circular (the “**Circular**”) is furnished to holders (“**Shareholders**”) of Common shares (“**Common Shares**”) of Spitfyre Capital Inc. (the “**Corporation**”) in connection with the solicitation of proxies by the management of the Corporation for use at the Annual General and Special Meeting (the “**Meeting**”) of Shareholders to be held at 100 King Street West, Suite 1600, Toronto, Ontario M5G 1G5 at 10:00 a.m. (Toronto time) on Tuesday, December 20 2022, and at any adjournment or postponement thereof for the following purposes set forth in the accompanying Notice of Annual General and Special Meeting (the “**Notice of Meeting**”).

Unless otherwise stated, the information contained in this Circular is given as at November 14, 2022. Enclosed herewith is a form of proxy for use at the Meeting. Each Shareholder who is entitled to attend meetings of Shareholders is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy.

If you hold Common Shares through a broker, investment dealer, bank, trust company, nominee or other intermediary (the “**Non-Registered Shareholders**”), you should contact your intermediary for instructions and assistance in voting the Common Shares that you beneficially own.

No person has been authorized by the Corporation to give any information or make any representations in connection with the transactions herein described other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation.

Persons Making the Solicitation

This solicitation is made by and on behalf of the management of the Corporation. The costs incurred in the preparation of both the form of proxy and this Circular will be borne by the Corporation. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Company’s transfer agent, Odyssey Trust Company, at nominal cost.

The Corporation is not sending its proxy-related materials to the registered Shareholders using “notice and access” procedures contained in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

The Corporation has determined not to deliver the proxy solicitation materials directory to the non-objecting beneficial Shareholders. Additionally, the Corporation does not intend to pay for intermediaries to deliver proxy-related materials or Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* to the objecting beneficial owners of Common Shares (“**OBOs**”) and as such, OBOs will not receive such materials unless their intermediary assumes the costs thereof. See also *Advice to Non-Registered Shareholders* in this Circular.

PROXY RELATED INFORMATION

Appointment of Proxies

Those Shareholders desiring to be represented at the Meeting by proxy must deposit their proper form of proxy to the Corporation’s transfer agent, Odyssey Trust Company, at Trader’s Bank Building, Suite 702, 67 Yonge St., Toronto, Ontario M5E 1J8, Attention: Proxy Department (the “**Transfer Agent**”), in the enclosed self-addressed envelope. In order to be valid, proxies must be received by the Transfer Agent at least forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays in Ontario, prior to the Meeting or any adjournments or postponements thereof. A proxy must be executed by the Shareholder or by his duly appointed attorney authorized in writing, or if the Shareholder is a corporation, under its seal or

by an officer or attorney thereof duly authorized. A proxy is valid only at the Meeting in respect of which it is given or any adjournment or postponement of the Meeting.

Registered Shareholders may use the internet site (<http://login.odysseytrust.com/pxLogin>) to vote their Common Shares. Shareholders will be prompted to enter the control number which is located on the form of proxy when voting by the internet. Votes by the internet must be received not later than forty-eight (48) hours excluding Saturdays, Sundays and statutory holidays in Ontario, prior to the Meeting or any adjournment or postponement thereof. **The website may also be used to appoint a proxyholder to attend and vote at the Meeting on the Shareholder's behalf and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, only the most recently submitted proxy will be recognized as valid, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

The Corporation may refuse to recognize any form of proxy deposited in writing or by the internet received later than forty-eight (48) hours excluding Saturdays, Sundays and statutory holidays in Ontario, prior to the Meeting or any adjournment or postponement thereof.

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation and each is a management designee (collectively, the "Management Designees"). **Each Shareholder submitting a proxy has the right to appoint a person, who need not be a Shareholder, to represent him/her or it at the Meeting other than the Management Designees.** A Shareholder may exercise this right by striking out the name of the Management Designees named in the proxy and inserting the name of the desired representative in the blank space provided in the form of proxy or by completing another form of proxy and, in either case, depositing the completed proxy to the Transfer Agent, at the place and within the time specified above for the deposit of proxies.

Revocation of Proxies

A Shareholder who has given a proxy has the power to revoke it at any time prior to the exercise thereof. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing signed by the Shareholder or by the Shareholder's attorney authorized in writing, and either delivered to the Transfer Agent at the place specified above at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or deposited with the chairman of the Meeting prior to the commencement of the Meeting or any adjournment or postponement thereof.

Exercise of Discretion with Respect to Proxies

The Common Shares represented by the form of proxy enclosed with the accompanying Notice of Meeting and this Circular will be voted or withheld from voting in accordance with the instructions of the Shareholder. **In the absence of any such instruction, the Common Shares will be voted IN FAVOUR of the matters set forth in the form of proxy.**

If any amendments or variations are proposed at the Meeting or any adjournment thereof to matters set forth in the form of proxy and described in the accompanying Notice of Meeting and this Circular, or if any other matters properly come before the Meeting or any adjournment thereof, the form of proxy confers upon the Shareholder's nominee, including the Management Designees, discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the Meeting. At the date of this Circular, management of the Corporation knew of no such amendments or variations or other matters to come before the Meeting. No director of the Corporation has informed management of the Corporation that he or she intends to oppose any action intended to be taken by management.

Advice to Non-Registered Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Common Shares in their own name. Non-Registered Shareholders are advised that only proxies from Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in most cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation, such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, such shares will likely be registered under the name of CDS & Co. (the registration

name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Non-Registered Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder. In Canada, the vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of its broker (or agent of the broker), a Non-Registered Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.**

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Rights

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value. As at the date of this Circular, there are 5,750,000 Common Shares issued and outstanding. Each Common Share carries one vote at all meetings of shareholders. Shareholders on the Record Date (as defined below) are entitled to receive notice of, and vote at the Meeting.

Record Date

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting or any adjournment or postponement thereof is November 11, 2022 (the "**Record Date**").

Only Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date, who either attend the Meeting or who have completed and delivered a form of proxy or voting information form in the manner and subject to the provisions described herein, as applicable, will be entitled to vote or have their Common Shares voted at the Meeting. **To the extent a Shareholder transfers the ownership of any of its Common Shares after the Record Date and the transferee of those Common Shares establishes that it owns such Common Shares and requests, at least ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such Common Shares at the Meeting.**

Quorum

Under the by-laws of the Corporation, a quorum of Shareholders is present at the Meeting if holders of shares representing, in the aggregate, 5% of the Common Shares entitled to vote at a meeting are present, whether in person or represented by proxy.

Principal Holders of Common Shares

To the best of the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of the voting rights attached to all the issued and outstanding Common Shares, except as set forth below:

Name and Municipality of Residence	Number of Common Shares	Percentage of Common Shares ⁽¹⁾
Matthew McMillan Oakville, ON	900,000	15.65%
Simon Sokol Toronto, ON	200,000	3.48%
Ralph Garcea Caledon, ON	800,000	13.91%
Ben Sokol Toronto, ON	800,000	13.91%
Gordon McMillan Oakville, ON	777,000	13.51%
Bülent Pakdil Toronto, ON	800,000	13.91%
Pat DiCapo Toronto, ON	800,000	13.91%

Note:

(1) The Corporation has 5,750,000 Common Shares issued and outstanding.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Circular, no person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's most recently completed financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of them, 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 or appointment of auditors.

MATTERS TO BE ACTED UPON AT THE MEETING

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

1. Presentation of Financial Statements

At the Meeting, Shareholders will receive and consider the audited annual financial statements of the Company for the year ended December 31, 2021 together with the auditors' report thereon (the "**Financial Statements**"). The Financial Statements are available on SEDAR at www.sedar.com. No formal action will be taken at the Meeting to approve the Financial Statements.

2. Fixing the Number of Directors

At the Meeting, Shareholders will be asked to fix the number of directors to be elected at the Meeting at five (5).

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote proxies IN FAVOUR of the resolution fixing the number of directors to be elected at the Meeting at five (5).

2. Election of Directors

At the Meeting, Shareholders will be asked to elect the five (5) nominees set forth in the table below as directors of the Corporation, to hold office until the next annual meeting of Shareholders or until their successors are duly elected or appointed. Each of the nominees, if elected as a director of the Corporation, will hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed or his or her office is vacated earlier in accordance with the articles of the Corporation. Each director nominee will be elected on an individual basis and not as a member of a slate.

The following table sets forth a brief description of the nominees, including the name and province or state and country of residence of each of the nominees, the date each first became a director of the Corporation, their principal occupation during the past five (5) years and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of the nominees as of the date of this Circular. The information contained herein is based upon information furnished by the respective nominees.

Nominee Name and Place of Residence	Present and Principal Occupation, Business or Employment for Previous 5 years	Became Director ⁽¹⁾	Number of Common Shares beneficially owned, controlled or directed ⁽²⁾
Matthew McMillan ⁽³⁾ <i>Oakville, Ontario, Canada</i>	CEO of Spitfyre Capital Inc.	June 24, 2021	900,000
Simon Sokol <i>Toronto, Ontario, Canada</i>	Investment Analyst and Investment Vice President, Relay Ventures	June 24, 2021	200,000
Ralph Garcea ⁽³⁾ <i>Caledon, Ontario, Canada</i>	Managing Partner, Focus Merchant Group	June 24, 2021	800,000
Ben Sokol ⁽³⁾ <i>Toronto, Ontario, Canada</i>	Business Development & Sales Specialist, The Commencement Group	June 24, 2021	800,000
Gordon McMillan <i>Oakville, Ontario, Canada</i>	Independent Businessman	November 8, 2021	777,000

Notes:

- (1) The Corporation's directors will hold office until the next annual general meeting of Shareholders or until each director's successor is appointed or elected.
- (2) Information as to the number of Common Shares beneficially owned or over which they exercise control or direction, has been furnished by the respective nominees.
- (3) Member of the audit committee of the Corporation. Ralph Garcea is the chair of the audit committee.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote proxies IN FAVOUR of the election of each nominee set forth in the table above as directors of the Corporation.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such persons) is, as at the date of this Circular, or has been within ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than thirty (30) consecutive days (collectively, an "**Order**"), that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) 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.

To the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such persons) is, as at the date of this Circular, or has been within ten (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.

Personal Bankruptcies

To the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such persons) has, within the ten (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 the assets of the proposed director.

Penalties and Sanctions

To the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such persons) has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

4. Appointment of Auditors

At the Meeting, Shareholders will be asked to approve the re-appointment of MNP LLP (“MNP”) as the auditors of the Corporation, to hold office for the ensuing year until the close of the next annual meeting of Shareholders or until MNP is removed from office or resigns, at such remuneration to be fixed by the Board. MNP has been auditors of the Corporation since October 12, 2021.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote IN FAVOUR of appointing MNP as auditor for the Corporation for the next ensuing year, and IN FAVOUR for authorizing the Board to fix the remuneration.

5. Approval of the Stock Option Plan

In accordance with the policies of the TSX Venture Exchange (the “TSXV”), a rolling 10% stock option plan must be approved on a yearly basis by the shareholders at their annual general meetings. Accordingly, the Shareholders will be asked to pass an ordinary resolution ratifying and approving the stock option plan of the Corporation (the “**Stock Option Plan**”). A full copy of the Stock Option Plan was filed on October 26, 2021 under the Corporation’s profile on SEDAR and is accessible at www.sedar.com.

The Corporation has a Stock Option Plan which permits the granting of options to certain directors, officers, employees, consultants and other service providers of the Corporation. The purpose of the Stock Option Plan is to attract and motivate directors, officers, employees, consultants and others providing services to the Corporation, and thereby advance the Corporation’s interest, by affording such persons with an opportunity to acquire an equity interest in the Corporation through the issuance of stock options. The Board is responsible for the general administration of the Stock Option Plan.

Accordingly, the directors of the Company wish to ratify and approve the Stock Option Plan.

The material terms of the Stock Option Plan are as follows:

- (a) the total number of Common Shares reserved for issuance under the Stock Option Plan at any point in time is 10% of the issued and outstanding Common Shares at the time the Common Shares are reserved for issuance as a result of the grant, less any Common Shares reserved for issuance under other share compensation agreements other than the Stock Option Plan;
- (b) options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Stock Option Plan. As the Stock Option Plan is a “rolling” plan, the issuance of additional Common Shares by the Corporation or the exercise of options will also give rise to additional availability under the Stock Option Plan;

- (c) no options may be issued to persons providing investor relations activities, promotional or market-making services to the Corporation;
- (d) options may only entitle the holder to acquire Common Shares;
- (d) the maximum aggregate number of Common Shares which may be reserved for issuance to any individual director or senior officer pursuant to the Stock Option Plan shall not exceed 5% of the Common Shares issued and outstanding as at the time of grant;
- (e) without the prior approval of the disinterested Shareholders, the Board may not: (i) grant options to a single individual which would allow for such individual to purchase a number of Common Shares equaling more than 5% of the issued Common Shares of the Corporation in any twelve (12) month period; and (ii) reduce the exercise price of any outstanding options held by insiders of the Corporation (as defined in the TSXV policies). Subject to the policies, rules and regulations of any lawful authority having jurisdiction (including the TSXV), the Board may amend the Stock Option Plan and options granted thereunder at any time;
- (f) the maximum number of Common Shares reserved for issuance, within a one (1) year period, pursuant to the Stock Option Plan, to any one (1) consultant of the Corporation (or its subsidiaries), shall not exceed 2% of the number of issued and outstanding Common Shares, calculated as at the date of grant, without the prior consent of the TSXV;
- (g) the maximum number of Common Shares reserved for issuance pursuant to the Stock Option Plan, within a one (1) year period, to persons providing investor relations activities, in aggregate shall not exceed 2% of the number of issued and outstanding Common Shares, calculated as at the date of grant, without the prior consent of the TSXV;
- (h) options granted to consultants performing investor relations activities will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and further 25% on each successive date that is three months from the date of the previous vesting, or such longer vesting period as the Board may determine;
- (i) the exercise price of an option is determined by the Board and may be amended only if at least six (6) months have elapsed since the later of the date of the commencement of the term of the option, the date the Common Shares commenced trading on the TSXV or the date of the last amendment of the exercise price. However, in no event shall such exercise price be lower than the fair market price of a Common Share at the date thereof;
- (j) an option shall be exercisable for a maximum term of ten (10) years and shall vest as determined by the Board; and
- (k) if an individual ceases to be a director or officer of the Corporation or its subsidiaries, such individual shall be entitled to exercise an option, to the extent it was entitled to exercise at the date of such cessation, within ninety (90) days of the cessation or within thirty (30) days of the cessation if the individual is an employee or consultant. If such individual was dismissed for cause, such options will immediately terminate without any exercise right. Notwithstanding, in the event of the death of the individual, the option previously granted shall be exercisable by the individual's legal representative until the earlier of one (1) year after such death and the date of expiration of the term of such option.

A copy of the Stock Option Plan is attached hereto as Schedule A. The description of the Stock Option Plan set forth above is qualified in its entirety by the Stock Option Plan attached hereto as Schedule A.

At the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

“BE IT RESOLVED THAT:

1. subject to the final approval of the TSXV, the Stock Option Plan substantially in the form tabled at this Meeting and as set out in Schedule A of the Circular, be and is hereby approved.
2. the total number of Common Shares issuable under the Stock Option Plan shall not exceed 10% of the aggregate of the issued and outstanding Common Shares from time to time, subject to any limitations imposed by applicable regulations, laws, rules and policies.
3. Any one (1) director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution.”

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

STATEMENT OF EXECUTIVE COMPENSATION BACKGROUND TO EXECUTIVE COMPENSATION

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

Summary Compensation Table

The following table (presented in accordance with Form 51-102F6V—*Statement of Executive Compensation—Venture Issuers* under NI 51-102) sets out all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the most recently completed financial year of the Company ended December 31, 2021, in respect of the Named Executive Officers as well as the directors of the Corporation.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and Position	Year(1)	Salary Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Matthew McMillan ⁽²⁾ <i>Director, Chief Executive Officer and Corporate Secretary</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Simon Sokol ⁽²⁾ <i>Director and Chief Financial Officer</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Ralph Garcea <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Ben Sokol <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Gordon McMillan <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil

Note:

(1) The Corporation was incorporated on June 24, 2021 and as such, all information is from the date of incorporation until the end of the financial year.

External Management Companies

None of the NEOs or directors of the Corporation have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Corporation to provide executive management services to the Company, directly or indirectly.

Stock Options and Other Compensation Securities

Securities legislation requires the disclosure of compensation securities received or exercised during the Corporation's most recently completed financial year for the directors of the Corporation and the NEOs. The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year. The Corporation did not grant any stock options to the directors or Named Executive Officers during the most recently completed financial year ended December 31, 2021.

As such, there were no stock options exercised by any directors or Named Executive Officers during the most recently completed financial year ended December 31, 2021.

Stock Option Plan

Information pertaining to the Stock Option Plan can be found under the heading "*Approval of the Stock Option Plan*".

As at December 31, 2021, no options have been granted or are outstanding.

Employment, Consulting and Management Agreements

Other than as set out herein, the Corporation does not have any agreements or arrangements under which compensation was provided during the most recently completed financial year ended December 31, 2021 or is payable in respect of services provided to the Corporation or any of its subsidiaries that were performed by a director or NEO.

Oversight and Description of Director and Named Executive Officer Compensation

The Board as a whole is responsible for determining the overall strategy of the Corporation and administering the Corporation's executive compensation program. The Board sets guidelines for determining the short-term and long-term compensation of Chief Executive Officer and Chief Financial Officer based on their respective duties and responsibilities, their performance, the compensation of executive officers at comparable companies, compensation in previous years, the experience and skills of the officer, and any other factor the Board determines to be relevant. The Board evaluates the performance of the Chief Executive Officer and Chief Financial Officer in light of these criteria.

Methods of compensation are salary, annual bonus and the Corporation's Stock Option Plan. The annual bonus and Stock Option Plan awards are determined near year end and are based primarily on skills and experience, duties and responsibilities carried out, compensation at comparable companies and other factors. There is also an element of considering whether or not specific objectives were achieved throughout the year. However, given the size of the Corporation and the regulatory circumstances of the industry, these milestones and objectives can change quickly and it is of high competitive value to be nimble in this marketplace. All of these practices taken together have proven to be a practical and effective approach in light of the Corporation's particular circumstances.

The Corporation's total compensation mix places a significant portion of the executive's compensation at risk. The design takes into account individual and corporate performance. Compensation practices, including the mix of base salary, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends, and support the Corporation's long-term growth strategies. A peer group is not used to determine compensation.

Other than as noted above, there have been no significant changes to the Corporation's compensation policies made during or after the most recently completed financial year end.

Pension Plan Benefits

During the year ended December 31, 2021, the Corporation did not provide a defined benefit plan or actuarial plan for its employees, officers or directors.

Securities Authorized for Issuance Under Equity Compensation Plan Information

The following table sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2021.

Plan Category	Number of Securities to be Issued upon Exercise of Options, Warrants and Rights	Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
(a)	(b)	(c)	
Equity Compensation Plans Approved by Securityholders	Nil	-	Nil
Equity Compensation Plans Not Approved by Securityholders	Nil	-	Nil
Total	Nil	-	Nil

AUDIT COMMITTEE

Audit Committee Charter

The text of the Corporation's Audit Committee Charter is set forth in Schedule B attached hereto.

Composition of the Audit Committee

The Audit Committee of the Board consists of Ralph Garcea (Chair), Matthew McMillan and Ben Sokol. Other than Matthew McMillan, the remaining Audit Committee members are "Independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Each Audit Committee member is "Financially Literate" as such term is defined in NI 52-110.

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management; and
- external and internal audit processes.

Ralph Garcea

Mr. Garcea co-founded Focus Merchant Group in September 2018 and has more than 22 years' experience in senior positions at major domestic and international firms, as well as boutiques. He was a top-ranked research analyst, well regarded for the depth and breadth of knowledge of Canadian technology, gaming and industrial companies across a broad range of market capitalizations. Over the years, he has received top three rankings from Brendan Woods, Greenwich, Starmine and Thomson Reuters surveys. Before becoming a sell-side analyst, Mr. Garcea was a research engineer for Bombardier Aerospace, and a business unit manager for Michigan-based LMS North America to manage sales, marketing, and services efforts.

Mr. Garcea holds a Bachelor's degree (Honours) in Engineering Science (Aerospace) from the University of Toronto and an M.B.A (Honours) from the Schulich School of Business at York University. He is a member of the Professional Engineers of Ontario (PEO), the American Institute of Aeronautics and Astronautics (AIAA), and the Society of Automotive Engineers

(SAE). He currently serves as a Director on the board of TSX-listed Converge Technology Solutions, TSXV-listed Edgewater Wireless Systems, TSXV-listed Turnium Technology and TSXV-listed Deal Pro Capital Corp.

Ben Sokol

Mr. Sokol is a director of the Corporation. He has previously worked in asset management for Firm Capital REIT and was the Toronto community lead for Silofit. He currently manages the largest accounts for The Commencement Group. Mr. Sokol has been a private investor in the technology and retail sector for the past five years.

Mr. Sokol holds a Bachelor of Arts at Western University and has held various executive positions in the Western University chapter of the Sigma Chi Fraternity, including President.

Matthew McMillan

Mr. McMillan is the Chief Executive Officer and a director of the Corporation. He is also a director of Chartwell Global Foundation, a private Canadian charitable foundation. Mr. McMillan has been a private investor in the technology sector for the past four years. In 2019, he completed an internship at The Taylor Group, a global brand agency.

Mr. McMillan holds a Bachelor of Arts from Western University and has held various executive positions in the Western University chapter of the Sigma Chi Fraternity.

Education and Experience of Audit Committee Members

Based on the individual experience and education as noted above, the Audit Committee Members have the following abilities:

	Understanding of accounting principles used to prepare financial statements	General application of such accounting principles to estimates, accruals and provisions	Experience with financial statements having a similar complexity to those of the Corporation	Understanding of internal controls and procedures for financial reporting
Ralph Garcea	✓	✓	✓	✓
Ben Sokol	✓	✓	✓	✓
Matthew McMillan	✓	✓	✓	✓

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial period has the Corporation relied on the exemption in:

- (a) section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*);
- (c) subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);
- (d) subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*), or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110 as the Corporation is a “venture issuer”. As a result, the Corporation is exempt from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee will pre-approve all non-audit services to be provided to the Corporation by the external auditors, as required by the Audit Committee Charter. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, so long as the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

External Auditor Service Fees

The aggregate fees billed by MNP LLP in the last fiscal year is set out below:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2021 ⁽¹⁾	\$12,000	Nil	Nil	Nil

Notes

(1) The Corporation was incorporated on June 24, 2021.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of: (a) the individuals who are, or at any time since the beginning of the last financial year of the Corporation were, a director, officer, employee, or former director, officer or employee; (b) the proposed nominees for election as Directors; or (c) any associates of a director, executive officer or proposed nominee, is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any subsidiary of the Corporation, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary.

CORPORATE GOVERNANCE DISCLOSURE

General

The Board views effective corporate governance as an essential element for the effective and efficient operation of the Corporation. The Corporation believes that effective corporate governance improves corporate performance and benefits all of its Shareholders. The following statement of corporate governance practices sets out the Board’s review of the Corporation’s governance practices relative to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* and National Policy 58-201 - *Corporate Governance Guidelines*.

Board of Directors

Following the Meeting, the Board will likely be comprised of five (5) members, three (3) are independent within the meaning of section 1.4 of National Instrument 52-110. Matthew McMillan and Simon Sokol are not independent on account of their roles in the management of the Corporation.

As three (3) of the members of the Board are independent, the Board believes it can function independently of management. The Board facilitates its exercise of independent supervision over the Corporation’s management through frequent discussions with management and regular meetings of the Board.

Directorships

The following table sets out information for the proposed directors of the Corporation that are directors of other reporting issuers.

Name	Name of Reporting Issuer	Exchange or Market
Ralph Garcea	Converge Technology Solutions Corp. Turnium Technology Group Inc. Edgewater Wireless Systems Inc.	TSX TSXV TSXV

Orientation and Continuing Education of Board Members

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors join the Board, management will provide these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures will prove to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited changes to members of the Board and the experience and expertise of the members of the Board.

Ethical Business Conduct

The Board is of the view that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Corporation or an affiliate of the Corporation, (ii) is for indemnity or insurance for the benefit of the director in connection with the Corporation, or (iii) is with an affiliate of the Corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Corporation at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Corporation for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Corporation and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

Pursuant to their mandate, the Board has the responsibility of recruiting and recommending new members to the Board. It is expected that any new candidates will be identified having regard to: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board. The Board reviews on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs.

Compensation

The Board conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. The Board decides the compensation of the Corporation's officers, based on industry standards and the Corporation's financial situation.

Other Board Committees

As at the date of this Circular, the Board has no standing committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, the communications between the Board and management and the strategic direction and processes of the Board and its Audit Committee to satisfy itself that the Board, its Audit Committee and its individual directors are performing effectively.

MANAGEMENT CONTRACTS

Other than as described elsewhere in this Circular, the Corporation does not have any agreement or arrangement under which management functions are performed other than by directors or executive officers since the start of the most recently completed financial year.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as elsewhere herein, none of the proposed directors, or Informed Persons (as defined in National Instrument 51-102 — *Continuous Disclosure Obligations*), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect the Corporation or its subsidiaries.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are MNP LLP. The transfer agent and registrar for the Corporation is Odyssey Trust Company, at Trader's Bank Building, Suite 702, 67 Yonge St., Toronto, Ontario M5E 1J8.

OTHER MATTERS COMING BEFORE THE MEETING

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the forms of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional financial and other information is provided in the Corporation's Consolidated Financial Statements and Management's Discussion and Analysis for the financial year ended December 31, 2021. Any request for these documents can be made by contacting the Chief Executive Officer of the Corporation at (905) 484-7698. Information relating to the Corporation can also be obtained on SEDAR under the Corporation's profile at www.sedar.com.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board. A copy of this Circular has been sent to each Shareholder who is eligible to receive notice of, and vote his, her or its Common Shares, at the Meeting, as well as to each director and to the auditors of the Corporation.

DATED at Toronto, Ontario this 14th day of November, 2022.

By Order of the Board

/s/ "Matthew McMillan"

**Matthew McMillan,
Chief Executive Officer and Director**

SCHEDULE A
STOCK OPTION PLAN OF SPITFYRE CAPITAL INC.

Dated for Reference October 26, 2021

ARTICLE 1
PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

Definitions

1.2 In this Plan

- (a) “**Affiliate**” means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) “**Associate**” has the meaning set out in the Securities Act;
- (c) “**Blackout Period**” means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) “**Board**” means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) “**Business Day**” means a day other than a Saturday, Sunday, a statutory holiday in the Province of Ontario or any other day on which banks are authorized to be closed in Toronto, Ontario;
- (f) “**Change of Control**” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
 - (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
 - (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to materially affect control of the Company or its successor and, in the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or resulting company is deemed to materially affect control of the Company or resulting company;

- (g) **“Common Shares”** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture (or, NEX, as the case may be);
- (h) **“Company”** means Spitfyre Capital Inc., unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **“Consultant”** means an individual or Consultant Company, other than an Employee, Officer or Director that:
 - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
 - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (j) **“Consultant Company”** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **“CPC”** means a capital pool company as defined in Policy 2.4 of the TSX Venture Policies;
- (l) **“Directors”** means the directors of the Company as may be elected from time to time;
- (m) **“Discounted Market Price”** has the meaning given in Policy 1.1 of the TSX Venture Policies;
- (n) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (o) **“Distribution”** has the meaning given in the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (p) **“Effective Date”** for an Option means the date of grant thereof by the Board;
- (q) **“Eligible Charitable Organization”** has the meaning given in Policy 4.4 of the TSX Venture Policies;
- (r) **“Employee”** means an individual who is considered an employee of the Company or an Affiliate under the ITA, which for greater certainty, includes Directors and Officers.
- (s) **“Exercise Price”** means the amount payable per Common Share issuable on the exercise of an Option, as determined in accordance with the terms hereof;
- (t) **“Expiry Date”** means the day on which an Option lapses as specified in the Stock Option Agreement therefor or in accordance with the terms of this Plan;
- (u) **“Fair Market Value”** means
 - (i) if the Common Shares are listed on a national securities exchange or traded in the over-the-counter market, the closing or, if not applicable, the last price of, the Common Shares on the composite tape or other comparable reporting system for the trading day on the applicable date; and

- (ii) if the Common Shares are neither listed on a national securities exchange nor traded in the over-the-counter market, the value of a Common Share as determined in good faith by the Board in its sole discretion after taking into account such factors as the Board determines in good faith are reasonable and appropriate to consider.
- (v) “**Insider**” means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (w) “**Investor Relations Activities**” has the meaning given in Policy 1.1 of the TSX Venture Policies;
- (x) “**IPO**” means the initial public offering of the Company on the TSX Venture pursuant to a prospectus offering of its Common Shares from treasury;
- (y) “**ITA**” means the *Income Tax Act* (Canada) and any regulations thereunder, as amended from time to time;
- (z) “**Management Company Employee**” means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (aa) “**NEX**” means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (bb) “**NEX Policies**” means the rules and policies of NEX as amended from time to time;
- (cc) “**Officer**” means a Board appointed officer of the Company;
- (dd) “**Option**” means the right to purchase Common Shares granted hereunder to a Service Provider;
- (ee) “**Optioned Shares**” means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (ff) “**Optionee**” means the recipient of an Option hereunder;
- (gg) “**Outstanding Shares**” means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (hh) “**Participant**” means a Service Provider that becomes an Optionee;
- (ii) “**Person**” includes a company, any unincorporated entity, or an individual;
- (jj) “**Plan**” means this Stock Option Plan, the terms of which are set out herein or as may be amended;
- (kk) “**Plan Shares**” means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (ll) “**Regulatory Approval**” means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (mm) “**Remittance Amount**” is defined in Section 4.4(a);
- (nn) “**Securities Act**” means the *Securities Act* (Ontario) and any regulation thereunder, as amended from time to time or any successor legislation;
- (oo) “**Service Provider**” means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;

- (pp) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (qq) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (rr) **“Stock Option Agreement”** means the agreement evidencing the grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of 0 attached hereto;
- (ss) **“Takeover Bid”** means a takeover bid as defined in Section 89 of the Securities Act or the analogous provisions of securities legislation applicable to the Company;
- (tt) **“TSX Venture”** means the TSX Venture Exchange and any successor thereto; and
- (uu) **“TSX Venture Policies”** means the rules and policies of the TSX Venture as amended from time to time.

Other Words and Phrases

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

Gender

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 STOCK OPTION PLAN

Establishment of Stock Option Plan

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

Maximum Plan Shares

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under share options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies (and, if applicable, NEX Policies).

Eligibility

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its Affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

2.4 As a condition precedent to the issuance of an Option, the Company and the Optionee must be able to represent to the TSX Venture Exchange as of the Effective Date that the Optionee is a bona fide Service Provider of the Company, or its Affiliates.

Options Granted Under the Plan

2.5 All Options granted under the Plan will be evidenced by a Stock Option Agreement in the form attached as 0, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.6 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of a Stock Option Agreement made hereunder.

Limitations on Issue

2.7 Subject to Section 2.11 and Section 6 of TSX Venture Policy 2.4, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Options may be issued to persons providing Investor Relations Activities, promotional or market-making services to the Company;
- (b) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (c) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or NEX, as the case may be); and
- (d) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

2.8 While the Company is classified as a CPC, the Company shall comply with the following restrictions on issuances of Options pursuant to Section 6 of TSX Venture Policy 2.4, including but not limited to:

- (a) Options may only entitle the holder to acquire Common Shares;
- (b) the total number of Optioned Shares reserved under option for issuance to any individual director or senior officer may not exceed 5% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option;
- (c) the total number of Optioned Shares reserved under option for issuance to all technical consultants may not exceed 2% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option;
- (d) the total number of Optioned Shares reserved under option for issuance to all Eligible Charitable Organizations may not exceed 1% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option;
- (e) no Options may be granted to a person who is not a director or senior officer of the Company, and where permitted by applicable Securities Laws, a technical consultant whose particular industry expertise in relation to the business of the Vendors (as defined in TSX Venture Policy 2.4) or the Target Company (as defined in TSX Venture Policy 2.4), as the case may be, is required to evaluate the proposed Qualifying Transaction (as defined in TSX Venture Policy 2.4), a corporation, all of whose securities are owned by such a director, officer or technical consultant, or an Eligible Charitable Organization;
- (f) the exercise price per Option cannot be less than \$0.05 prior to the completion of its IPO;
- (g) all Options granted by the Company must be granted in compliance with TSX Venture Policy 4.4 and TSX Venture Policy 2.4;

- (h) no Options may be granted by the Company unless the Optionee first enters into a CPC Escrow Agreement (as defined in TSX Venture Policy 2.4) agreeing to deposit the Options, and the Optioned Shares acquired pursuant to the exercise of such Options, into escrow as described in Part 10 of TSX Venture Policy 2.4; and
- (i) the Expiry Date of an Option must not be later than 12 months after the Optionee ceases to be a director, senior officer or technical consultant of the Company, or of the Resulting Issuer (as defined in TSX Venture Policy 2.4), as the case may be, subject to any earlier Expiry Date of such Option.

Options Not Exercised

2.9 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

Powers of the Board

2.10 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) grant Options hereunder;
- (b) allot Common Shares for issuance in connection with the exercise of Options; and
- (c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Amendment of the Plan by the Board

2.11 Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan as follows:

- (a) the Board may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) the Board may amend provisions of the Plan relating to the vesting of Options or the termination of Options subject to prior written Regulatory Approval, if applicable, but no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (c) subject to any necessary Regulatory Approval, the Board may amend, suspend, terminate or discontinue the Plan except that no such action shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (d) the Board may make such amendments as are required to comply with applicable Securities Laws (as defined in TSX Venture Policy 1.1); and
- (e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, the Board may make such amendments as may be required by the policies of such senior stock exchange or stock market.

Amendments Requiring Disinterested Shareholder Approval

2.12 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other previous Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider. With respect to an Option granted to an Employee, the Exercise Price shall not be reduced to an amount that is less than the Fair Market Value of the Common Share at the Effective Date; or
- (c) any extension of the term of an Option previously granted to an Insider.

Options Granted Under the Company's Previous Stock Option Plans

2.13 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

Exercise Price

3.1 Subject to Section 7 of TSX Venture Policy 2.4, the Exercise Price of an Option will be set by the Board at the Effective Date and cannot be less than the Discounted Market Price. The Exercise Price in respect of each Common Share issuable under an Option granted to an Employee will not be less than the Fair Market Value of a Common Share at the Effective Date.

Term of Option

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

Option Amendment

3.3 Subject to Section 2.12(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price. However, in no event shall the Exercise Price in respect of a Common Share issuable under an Option granted to an Employee be amended to an amount that is less than the Fair Market Value of a Common Share at the Effective Date.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

Vesting of Options

3.6 Subject to Section 3.7, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified in the applicable Stock Option Agreement, all such Options shall vest immediately. Vesting of Options may be made subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period,

and any such conditions shall be set out in the applicable Stock Option Agreement.

Vesting of Options Granted to Consultants Conducting Investor Relations Activities

3.7 Notwithstanding Section 3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine,

all as set out in the applicable Stock Option Agreement.

Effect of Takeover Bid

3.8 If a Takeover Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Takeover Bid, notify each Optionee currently holding an Option of the Takeover Bid, with full particulars thereof whereupon such Option may, notwithstanding Section 3.6 and Section 3.7 or any vesting requirements set out in the applicable Stock Option Agreement, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture (or the NEX, as the case may be) for vesting requirements imposed by the TSX Venture Policies.

Extension of Options Expiring During Blackout Period

3.9 Should the Expiry Date for an Option fall within a Blackout Period, or within nine Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the 10th Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.10, the 10th Business Day period referred to in this Section 3.9 may not be extended by the Board.

Optionee Ceasing to be Director, Employee or Service Provider

3.10 Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;

- (b) an Option granted to (i) Directors or Officers of the Company or an Affiliate will expire 90 days and (ii) all others including, but not limited to, Employees (other than Directors and Officers) and Consultants, will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee in writing at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same.

Change of Control

3.11 Despite any other provision of this Plan or any Option Agreement, in the event of an actual or potential Change of Control, the Board has the right, in its sole discretion and on the terms it sees fit, without any action or consent required on the part of any Participant, to deal with any Options (or any portion of any Options) in the manner it deems equitable and appropriate in the circumstances, including the right to:

- (a) determine that any Options (or any portion of any Options) will remain in full force and effect in accordance with their terms after the Change of Control;
- (b) cause any Options (or any portion of any Options) to be converted or exchanged for options to acquire shares of another entity involved in the Change of Control, having the same value and terms and conditions as the Options;
- (c) accelerate the vesting of any unvested Options;
- (d) provide Participants with the right to surrender any Options (or any portion of any Options) for an amount per underlying Common Share equal to the positive difference, if any, between the Fair Market Value of the Common Share on the date of surrender and the Exercise Price; and
- (e) accelerate the date by which any Options (or any portion of any Options) must be exercised.

3.12 The Company will use its best efforts to give the affected Participants written notice of any determination made by the Board under Section 3.11(a) at least 14 days before the effective date of a transaction leading to a Change of Control.

Non Assignable

3.13 Subject to Section 3.10, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Optioned Shares

3.14 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of

Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.14;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.14, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.14, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees.

ARTICLE 4

COMMITMENT AND EXERCISE PROCEDURES

Stock Option Agreement

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee a Stock Option Agreement detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

Manner of Exercise

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
 - (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

Tax Procedures

- 4.3 In addition to the procedures set out in Section 4.2, an Optionee who wishes to exercise an Option must:
- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company, or an Affiliate, for the amount determined by the Company, or an Affiliate, to be the appropriate amount on account of such taxes or related amounts; or
 - (b) otherwise ensure, in a manner acceptable to the Company, or an Affiliate, (if at all) in its sole and unfettered discretion, that the amount will be securely funded,

and must in all other respects follow any related procedures and conditions imposed by the Company.

Withholding of Tax

4.4 The Company and any Affiliate may take reasonable steps for the withholding of any taxes or other source deductions that it is required by applicable laws or the requirements of any governmental authority to remit in connection with this Plan, any Option or any issuance of Common Shares upon the exercise of an Option, including:

- (a) deducting and withholding the amount required to be remitted (the “**Remittance Amount**”) from any cash remuneration or any other amount payable to a Participant, whether or not related to the Plan, the exercise of any Options or the issue of any Common Shares;
- (b) permitting the Participant to make a cash payment to the Company equal to the Remittance Amount; or
- (c) selling, or causing a broker engaged by the Company to sell, on behalf of any Participant, that number of Common Shares issued to the Participant pursuant to an exercise of Options, such that the amount received by the Company or Affiliate from the proceeds of the sale will be sufficient to satisfy the obligation to remit the Remittance Amount (and to fund any commissions payable to the broker and other costs and expenses of the transaction).

4.5 Any Common Shares of a Participant that are sold by the Company, or by a broker engaged by the Company, to fund a Remittance Amount will be sold as soon as practicable, and, if applicable, in transactions effected on the exchange on which the Common Shares are then listed for trading. In effecting the sale of any Common Shares, the Company or the broker will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the Company nor the broker will be liable for any loss arising out of any sale of Common Shares, including any loss relating to the manner or timing of any sale, the prices at which the Common Shares are sold, or otherwise. In addition, neither the Company nor the broker will be liable for any loss arising from a delay in transferring any Common Shares to a Participant. The sale price of Common Shares sold on behalf of Participants will fluctuate with the market price of the Common Shares and no assurance can be given that any particular price will be received upon any sale.

Delivery of Optioned Shares and Hold Periods

4.6 As soon as practicable after receipt of the notice of exercise described in Section 4.2, payment in full for the Optioned Shares being acquired and receipt by the Company of any applicable taxes or assurance acceptable to the Company that such taxes will be securely funded in accordance Section 4.3, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. If the Exercise Price is set below the Fair Market Value of a Common Shares at the Effective Date, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month TSX Venture hold period commencing the date of the Stock Option Agreement.

ARTICLE 5 GENERAL

Employment and Services

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to

lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

No Representation or Warranty

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the ITA or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable Securities Laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

Interpretation

5.3 The Plan will be governed and construed in accordance with the laws of the Province of Ontario.

Continuation of Plan

5.4 The Plan will become effective from and after the reference date of this Plan as noted on page A-1 hereof, and will remain effective provided that the Plan, or any amended version thereof receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to the reference date of the Plan.

Amendment of the Plan

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

SCHEDULE A
SPITFYRE CAPITAL INC.

STOCK OPTION AGREEMENT

Spitfyre Capital Inc. (the “**Company**”) has granted to _____ (the “**Optionee**”), an option to acquire common shares (the “**Options**”) of the Company, subject to the terms and conditions of the Company’s stock option plan (the “**Plan**”) established by the Company or any successor plan thereto, as amended from time to time in accordance with its terms, or as may be required by the TSX Venture Exchange (the “**TSX-V**”), which are deemed to be incorporated in this stock option agreement (the “**Option Agreement**”), and to the following specific provisions:

Option Agreement and Grant Date

Position with Company

Number of Options

Exercise Price

Expiry Date

Option Vesting Schedule

The Optionee agrees to be bound by the terms of the Plan. The terms of the Plan are deemed to be incorporated and to form a part of this Option Agreement. In the event of any inconsistency between the terms of the Plan and the terms of this agreement, the terms of the Plan will prevail.

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX-V policies. At the date of grant of the Options, the Company is classified as a Tier 2 Issuer under TSX-V policies.

Each Optionee is solely responsible for reporting any tax benefit arising from the grant or exercise of the Option, as applicable, in his, her or its income tax return in the particular jurisdiction of residence.

If you exercise your Options before four months from the Option Grant date, a certificate for the common shares so acquired will be issued bearing the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE _____ [insert date that is four months and a day after the distribution date].”

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL 12:00 A.M. (MIDNIGHT) ON _____ [insert date that is four months from grant date].”

[delete if not applicable:] If you are a U.S. resident, the following additional legend will apply:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF

AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF INVESTOR'S COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS."

Acknowledgement – Personal Information

The information set out in this Option Agreement about the undersigned Optionee will be used by the Company for making certain filings with the TSX-V and other applicable regulatory authorities. The Optionee acknowledges and consents to the collection and use of the Personal Information contained in this Option Agreement by the Company for the above purposes or as otherwise required by the TSX-V or other applicable regulatory authorities from time to time in accordance with their regulations. If you are in doubt about the above applicable requirements, please contact the Company.

Acknowledged and agreed by the Optionee:

SPITFYRE CAPITAL INC.

[insert name of optionee]

Authorized Signatory

Address

Address (continued)

Telephone number

Email Address

SPITFYRE CAPITAL INC.
(the “Company”)

STOCK OPTION EXERCISE NOTICE

TO: Spitfyre Capital Inc.
100 King Street West
Suite 1600, 1 First Canadian Place
Toronto, ON M5X 1G5

The undersigned hereby gives notice of exercise of Options as detailed below and encloses a cheque or bank draft, payable to the Company, in the designated amount representing payment in full for those shares.

Option Agreement and Grant Date:

Number of Options Exercised:

Position with Company:

Exercise Price:

Option Exercise Amount:

Plus Tax Withholding Amount: [if applicable]

TOTAL

**Balance of number of Options remaining
exercisable until ●**

[insert option expiry date]:

\$ _____
\$ _____

\$ _____

DATED _____

Print name of Optionee

Signature of Optionee

Address (for registration of shares)

Delivery address (if different from
share registration address)

Telephone Number

Email Address

SCHEDULE B
AUDIT COMMITTEE CHARTER OF SPITFYRE CAPITAL INC.

1. Introduction

The Audit Committee (the “Committee” or the “Audit Committee”) of Spitfyre Capital Inc. (the “Corporation”) is a committee of the board of directors of the Corporation (the “Board”). The Committee shall oversee the accounting and financial reporting practices of the Corporation and the audits of the Corporation’s financial statements and exercise the responsibilities and duties set out in this Mandate.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

A majority of the member of the Committee must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Instrument 52-110 – *Audit Committees*, as may be amended from time to time.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board may appoint a Chair of the Audit Committee. If so appointed, the Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee’s compliance with this Mandate, work with management to develop the Audit Committee’s annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, 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.

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Corporation's Corporate

Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair (or if no Chair is appointed, any member of the Committee) may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

Meetings without Management

The Committee may hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management

The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**").

Financial Reports

(a) General

The Audit Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports

The Audit Committee shall review the interim consolidated financial statements of the Corporation, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) discuss with management, the auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS;
- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results;
- (x) review results of the Corporation's audit committee whistleblower program; and
- (xi) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Approval of Other Financial Disclosures

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

(f) Periodical Review of Procedures

The Audit Committee shall assess the adequacy of the procedures set out in (d) and (e) above on an annual basis and shall make recommendation to the Board with respect to any necessary amendments to this Audit Committee Charter.

Auditors

(a) General

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) Nomination and Compensation

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) Resolution of Disagreements

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) Discussions with Auditors

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) Audit Plan

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Corporation.

(g) Independence of Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Corporation; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation and Rotation of Lead Partner

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) Requirement for Pre-Approval of Non-Audit Services

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Corporation that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit.

Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) Approval of Hiring Policies

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(k) Communication with Internal Auditor

The internal auditor, when appointed, shall report regularly to the Committee. The Committee shall review with the internal auditor any problem or difficulty the internal auditor may have encountered including, without limitation, any restrictions on the scope of activities or access to required information, and any significant reports to management prepared by the internal auditing department and management's responses thereto.

The Committee shall periodically review and approve the mandate, plan, budget and staffing of the internal audit department. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

The Committee shall review the appointment, performance and replacement of the senior internal auditing executive and the activities, organization structure and qualifications of the persons responsible for the internal audit function.

Financial Executives

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) General

The Audit Committee shall review the Corporation's system of internal controls.

(b) Establishment, Review and Approval

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;
- (iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Corporation's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Corporation; the effectiveness of the Corporation's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Whistleblower Procedures

The Audit Committee shall establish for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and legal counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. Authority

The Audit Committee shall have the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) to set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) to communicate directly with the internal and external auditors.

6. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

7. Mandate Review

The Audit Committee shall review and update this Mandate annually and present it to the Board for approval where the Audit Committee recommends amendments to this Mandate.

