



**01 COMMUNIQUE LABORATORY INC.**

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

**AND**

**INFORMATION CIRCULAR**

**for the Annual and Special Meeting of Shareholders to be held on**

**Wednesday April 24, 2019  
At 4:15 P.M. (Toronto time)  
Location, at the offices of:**

**Fogler, Rubinoff LLP,  
77 King Street West  
Suite 3000  
Toronto, Ontario  
M5K 1G8**

## 01 COMMUNIQUE LABORATORY INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "**Meeting**") of the shareholders of 01 Communique Laboratory Inc. (the "**Company**") will be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8 on April 24, 2019 at the hour of 4:15 p.m. (Toronto time) for the following purposes:

1. TO RECEIVE the financial statements of the Company for the year ended October 31, 2018, together with the report of the auditors thereon;
2. TO FIX the number of directors at five;
3. TO ELECT directors for the ensuing year;
4. TO RE-APPOINT auditors of the Company for the ensuing year and authorize the directors to fix their remuneration;
5. TO APPROVE the ratification of the Company's 10% rolling Stock Option Plan;
6. TO TRANSACT such other business as may properly come before the Meeting.

**A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited his duly executed form of proxy not later than 4:15 p.m. (Toronto time) on Monday April 22, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, at the offices of TSX Trust Company, 100 University Avenue, Suite 301, Toronto, Ontario M5H 4H1, Attention: Proxy Department, or by fax at (416) 595-9593.**

This year, as described in the notice and access notification mailed to shareholders of the Company, the Company has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: <https://docs.tsxtrust.com/2002> (the "Website"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Company's printing and mailing costs. The Meeting materials will be available on the Website as of March 20, 2019, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access please call 1-800-668-2185. In order to receive a paper copy in time to vote before the meeting, your request should be received by April 12, 2019.

A form of proxy solicited by management in respect of the Meeting is enclosed herewith. Shareholders who are unable to be personally present at the Meeting are requested to date, sign and return in the envelope provided for that purpose the enclosed form of proxy for use at the Meeting.

DATED at Toronto, Ontario, this 14th day of March, 2019.

BY ORDER OF THE BOARD

*/s/ "Gigi Loo"*

Gigi Loo  
Corporate Secretary

**01 COMMUNIQUE LABORATORY INC.**  
**MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

**This Management Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of 01 Communique Laboratory Inc. (the "Company") for use at the annual and special meeting of the shareholders of the Company (the "Meeting") to be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8 on April 24, 2019 at the hour of 4:15 p.m. (Toronto time) for the purposes set forth in the annexed notice of the Meeting.** Unless otherwise noted, all information set forth herein is given as at March 14, 2019. The cost of solicitation by or on behalf of management will be borne by the Company. The Company may reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding the proxy material to beneficial owners of common shares in the capital of the Company ("Common Shares"). It is expected that such solicitation will be primarily by mail. In addition to solicitation by mail, certain officers, directors and employees of the Company may solicit proxies by telephone or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

**MANNER IN WHICH PROXIES WILL BE VOTED**

The Common Shares represented by the accompanying form of proxy, if the same is properly executed in favour of Andrew Cheung, President, Chief Executive Officer and a director of the Company, or failing him, William A. Train, Chairman of the board of directors of the Company (the "Board"), the management nominees, and is received at the offices of TSX Trust Company, 100 University Avenue, Suite 301, Toronto, Ontario M5H 4H1 not later than 4:15 p.m. (Toronto time) Monday, April 22, 2019, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, will be voted at the Meeting, and where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specifications made. **In the absence of such a specification, such Common Shares will be voted in favour of such matter.**

**The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the annexed notice of Meeting, and with respect to other matters which may properly come before the Meeting.** At the date hereof, management of the Company knows of no such amendments, variations or other matters.

**ALTERNATE PROXY**

**Each shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him and on his behalf at the Meeting.** Any shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy, the name of the person whom such shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

**REVOCABILITY OF PROXY**

A shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited with the Company c/o TSX Trust Company, 100 University Avenue, Suite 301, Toronto, Ontario M5H 4H1 at any time up to and including the close of business on Tuesday April 23, 2019 or thereafter with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

## ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many public shareholders of the Company, as a substantial number of the public shareholders of the Company do not hold Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Management Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of the Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The CDS 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 Common Shares for their clients. The directors and officers of the Company do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

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

Since the Company does not have access to the names of its non-registered shareholders, if a Beneficial Shareholder attends the Meeting the Company will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

## NOTICE AND ACCESS

In accordance with the notice-and-access rules adopted by the Ontario Securities Commission under NI 54-101, the Company has sent its proxy-related materials directly to registered holders and non-objecting beneficial owners using notice-and-access. Therefore, although shareholders still receive a proxy or Voting Instruction Form (as applicable) in paper copy, this Information Circular, annual consolidated financial statements and related MD&A are not physically delivered. Instead, shareholders may access these materials on the Company's website at <https://docs.tsxtrust.com/2002> or under the Company's profile page on SEDAR at [www.sedar.com](http://www.sedar.com)

Registered holders or beneficial owners may request paper copies of the Meeting materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Meeting materials are posted on the Company's website. In order to receive a paper copy of the Meeting materials or if you have questions concerning Notice-and-Access, please call toll free at 1-866-600-5869. **Requests for paper materials should be received by Friday, April 12, 2019 in order to receive the Meeting materials in advance of the Meeting.**

The Company will not undertake delivery costs of proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. The Company does not intend to pay for proximate intermediaries to forward the proxy-related materials and the voting instruction form to objecting beneficial owners under National Instrument 54-101 and therefore objecting beneficial owners will not receive the materials unless the intermediary assumes the costs of delivery.

**INTEREST OF CERTAIN PERSONS AND CORPORATIONS  
IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting (other than the election of directors and the ratification of the Stock Option Plan).

**INDEBTEDNESS OF EXECUTIVE OFFICERS AND DIRECTORS TO THE COMPANY**

No executive officer or director of the Company was indebted to the Company at any time during its last completed financial period.

**VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

As at March 14, 2019, the Company had 76,543,807 Common Shares issued and outstanding, each carrying the right to one vote. The Common Shares are listed and posted for trading on the TSX Venture Exchange (“TSX-V”) under the symbol "ONE". The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed as the close of business on March 14, 2019. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Company or its transfer agent will prepare a list of holders of Common Shares on such record date. Each holder of Common Shares named in the list will be entitled to vote the Common Shares shown opposite his name on the list at the Meeting.

Other than as set forth below, as of the date hereof, to the knowledge of the directors and senior officers of the Company, there are no persons beneficially owning, directly or indirectly, or exercising control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to all voting securities of the Company.

Name of Shareholder	Number of Common Shares Owned	Percentage of Outstanding Common Shares
Andrew Cheung <sup>(1)</sup>	9,373,000	12%

Notes:

<sup>(1)</sup> Mr. Cheung is President, Chief Executive Officer and a director of the Company. Mr. Cheung holds certain of his shares through a holding company.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**(1) Financial Statements**

The shareholders will receive and consider the audited financial statements of the Company for the fiscal year ended October 31, 2018 together with the auditor's report thereon.

**(2) Fixing Number of Directors**

Directors of the Company are elected annually by the Shareholders and will hold office until the next annual general meeting of Shareholders or until their successors are duly elected or appointed or they otherwise cease to hold office. The Articles of the Company require a minimum of three directors and a maximum of twelve directors. The Board currently consists of five directors and it is proposed that the number of directors to be elected at the Meeting,

for the ensuing year, be fixed at five. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting, at five.

**Unless the authority to do so is withheld, the persons named in the accompanying form of proxy (if the same is duly executed in their favour and is duly deposited) will vote the Common Shares represented thereby in favour of the resolution fixing the Board at five (5) directors.**

### *(3) Election of Directors*

**Unless the authority to do so is withheld, the persons named in the accompanying form of proxy (if the same is duly executed in their favour and is duly deposited) will vote the Common Shares represented thereby in favour of the election as directors of the persons named below.** If prior to the Meeting any vacancies occur in the slate of nominees listed below, unless the authority to do so is withheld, it is intended that discretionary authority shall be exercised to vote the Common Shares represented by the proxies solicited in respect of the Meeting for the election of such other person or persons as directors in accordance with the best judgment of management. The information below as to the number of Common Shares beneficially owned by the proposed nominees, not being within the knowledge of the Company, has been furnished by the respective persons individually. If elected each director will hold office until the close of the first annual meeting of shareholders of the Company following his or her election or until his or her successor is duly elected or appointed unless his or her office is vacated earlier in accordance with the by-laws of the Company.

All of the management's nominees to the Board are currently directors of the Company (the "Management Nominees"). The following table provides the names of the Management Nominees and information concerning each of them. The persons named in the enclosed form of proxy intend to vote for the election of the Management Nominees. Management does not contemplate that any of the Management Nominees will be unable to serve as a director.

The Board has adopted a policy that entitles each Shareholder to vote for each nominee on an individual basis. Each director should be elected by the vote of a majority of the Common Shares represented in person or by proxy at the Meeting that are voted in respect of that nominee. If any nominee for election as a director receives, from the Common Shares voted at the Meeting in person or by proxy, a greater number of votes "withheld" than votes "for" his election, the nominee will be expected to promptly offer his resignation to the Chairman of the Board following the Meeting, to take effect upon acceptance by the Board.

In such circumstances, the Corporate Governance and Nominating Committee will expeditiously consider such director's offer to resign and make a recommendation to the Board whether to accept such resignation. Within 90 days of the Meeting, the Board will make a final decision concerning the acceptance of such director's resignation and announce that decision by way of news release. Any director who offers his resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation.

The process only applies in circumstances involving an "uncontested" election of directors – where the number of nominees does not exceed the number of directors to be elected and where no proxy materials are circulated in support of one or more nominees who are not a part of the slate supported by the Board for election at the Meeting. Subject to the applicable corporate law, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of Shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the Shareholders, or call a special meeting of Shareholders to elect a new nominee to fill the vacant position.

<b>Name, Municipality of Residence and Position and/or Office with the Company</b>	<b>Period Served as a Director</b>	<b>Principal Occupation</b>	<b>Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised<sup>(1)</sup></b>
ANDREW CHEUNG <sup>(4)</sup> Ontario, Canada President & Chief Executive Officer, Director	Since inception, 1992	President & Chief Executive Officer of the Company	9,373,000
WILLIAM A. TRAIN <sup>(2)(3)(4)(5)</sup> Ontario, Canada Director	Since 1995	Private investor	Nil
GARY F. KISSACK <sup>(2)(3)(4)</sup> Ontario, Canada Director	Since March, 2006	Lawyer, Fogler, Rubinoff LLP	Nil
JANE YANG <sup>(2)(4)</sup> New York, USA Director	Since July 9, 2018	Block chain consultant	Nil
JOANNA NG <sup>(4)</sup> Ontario, Canada Director	Since September 26, 2018	President and CEO, Devarim Design	Nil

Notes:

- (1) The following directors also hold options to acquire Common Shares of the Company as set out below.  
Andrew Cheung – 1,390,000      William A. Train – 1,025,000      Gary F. Kissack – 820,000  
Jane Yang – 250,000      Joanna Ng – 250,000
- (2) Mr. Train is the Chair of the Company's Audit and Risk Management Committee. Ms. Yang and Mr. Kissack are also members.
- (3) Mr. Train is the Chair of the Company's Compensation Committee. Mr. Cheung and Mr. Kissack are also members.
- (4) Mr. Kissack is the Chair of the Company's Corporate Governance and Nominating Committee. All members of the Board are also members of such committee.
- (5) Mr. Train is the Chairman of the Board.

Each of the foregoing individuals has held their present principal occupation or other office or position with the same company or firm set out opposite their name for at least the past five years, with the exception of Ms. Jane Yang and Ms. Joanna Ng as noted below.

Ms. Jane Yang is a graduate of the University of Waterloo, where she majored in Mathematical Sciences. Jane implemented trading technology for major banks as a management consultant at First Derivatives (2013-2016). Afterwards, Jane worked at Digital Asset (2016-2017), a leading enterprise blockchain company, where she established and executed operational strategies, while helping facilitate their marquee project with the Australian Securities Exchange (ASX). Since 2017, Jane has been the Co-founder and Director of Strategy at Cadence, a securitization platform for private credit markets, using blockchain technology to make structured debt investments accessible to the broader investment community.

Ms. Joanna Ng is the founder of Devarim Design (July 2018 - now), an artificial intelligence start-up specialized in augmented cognition, integrating blockchain, internet of things (IoT), applying the design-thinking methodology. Prior to her start-up, Joanna was employed by IBM as the Cognitive IoT Strategist and Innovation Chair (November 2015 - June 2018). Joanna also held a seven-year tenure (October 2008 – October 2015) as the Head of Research, Director of Centre for Advanced Studies, IBM Canada Lab. Ms. Ng was granted forty-four patents, with twelve additional patent applications filed, pending for grant. She attained the accreditation of IBM Master Inventor since 2009. She co-authored two computer science books with Springer, “Smart Internet” (2010) and “Personal Web” (2013); and over twenty peer-reviewed academic papers.

*Cease Trade Orders and Sanctions\*

To the best of the Company's knowledge, no proposed director of the Company is at the date hereof, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, which was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days 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 best of the Company's knowledge, no proposed director of the Company is at the date hereof, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency 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.

*Bankruptcies*

To the best of the Company's knowledge, no proposed director has, within the ten years before the date hereof, 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 that person.

*Penalties and Sanctions*

To the best of the Company's knowledge, no proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**(4) Re-Appointment of Auditors**

Shimmerman Penn LLP were appointed auditors of the Company commencing the 2016 fiscal year. Management recommends the re-appointment of Shimmerman Penn LLP, as the auditors for the Company, to hold office until the next Annual Meeting of the shareholders at a remuneration to be fixed by the Board.

During fiscal 2018 and fiscal 2017, the Company paid fees to Shimmerman Penn LLP, as follows:

Description	2018	2017
Audit Fees	\$39,000	\$18,000
All Other Fees	\$---	\$---

**The persons named in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of a resolution re-appointing Shimmerman Penn LLP, Chartered Accountants as auditors of the Company, to hold office until the next annual meeting of shareholders and authorizing the directors to fix**

**the remuneration of the auditors, unless the shareholder who has given such proxy has directed that the Common Shares be withheld from voting in respect of the appointment of auditors.**

***(5) Ratification of Stock Option Plan***

The policies of the TSX-V require that all listed companies adopt either a "rolling" stock option plan or a "fixed number" stock option plan. The shareholders most recently approved the Company's stock option plan (the "Stock Option Plan") at the annual and special meeting of shareholders held on April 25, 2018. The TSX-V requires that the Stock Option Plan be submitted for approval and ratification by the shareholders at each annual meeting of shareholders. Accordingly, management is seeking further approval and ratification of the Stock Option Plan by the shareholders.

**Purpose of the Stock Option Plan**

The purpose of the Stock Option Plan is to provide an incentive to the Company's directors, senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf.

**General Description of the Stock Option Plan**

A "rolling" stock option plan is one under which options may be granted equal in number to up to 10% of the issued capital of the Company at the time of the grant of the stock option. A "fixed number" stock option plan is a plan under which a fixed number of Common Shares are reserved for the granting of stock options up to a maximum of 20% of the issued capital of the Company at the time of the establishment of the plan. "Rolling" stock option plans are required to be approved by the shareholders at each annual general meeting on a yearly basis and "fixed number" stock option plans are required to be approved by shareholders upon establishment of the stock option plan and, thereafter when the number of Common Shares reserved under the "fixed number" stock option plan is increased.

The Stock Option Plan is administered by the Board or, if applicable, by the Compensation Committee (as defined herein).

The following is a brief description of the principal terms of the Stock Option Plan, which description is qualified in its entirety by the terms of the Stock Option Plan:

The Stock Option Plan has the following principal terms:

- The Stock Option Plan is a "rolling" stock option plan, pursuant to which the maximum number of Common Shares that may be reserved for issuance under outstanding stock options is 10% of the Company's issued and outstanding Common Shares, from time to time, as constituted on the date of any grant of options under the Stock Option Plan.
- Options may be granted under the Stock Option Plan to directors, officers, employees, consultants and personal holding corporations controlled by a director or officer of the Company or its subsidiaries as designated from time to time by the Board.
- The maximum number of Common Shares which may be issuable to any one person under the Stock Option Plan is 5% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis) less the number of Common Shares reserved for issuance to such person under any option to purchase Common Shares granted as a compensation or incentive mechanism. The maximum number of Common Shares which may be issuable at any time to "insiders" of the Company (as such term is defined in the New Plan) under the Stock Option Plan and any other share compensation arrangement of the Company is limited to 10% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders under the Stock Option Plan and any other share compensation arrangement within a one year period is limited to 10% of the Common Shares outstanding immediately prior to the time of the issuance (calculated on a non-diluted basis). The maximum number of Common Shares which may be issued to any one Related Person and such person's associates under the Stock Option Plan and any other share compensation arrangement of the Company within a one year period is limited to 5% of the Common Shares outstanding immediately

prior to the time of the issuance (calculated on a non-diluted basis). The aggregate number of options to any one consultant in a 12 month period may not exceed 2% of the issued Common Shares. The aggregate number of options granted to all persons retained to provide investor relations activities must not exceed 2% of the issued Common Shares in any 12 month period, calculated at the date an option is granted to any such person.

- Where stock options are granted to employees, consultants or management company employees, the Company and the holder will ensure that such holder is a bona fide employee, consultant or management company employee as required by the rules of the TSX-V.
- The option price of any Common Shares cannot be less than the closing price of the Common Shares on the day immediately preceding the day upon which the option is granted. In the resolution allocating any option, the Board of Directors may determine that (i) the date of grant of the option shall be a future date determined in the manner specified in such resolution, in which case, shall not be less than the weighted average trading price of the Shares as reported by the TSX-V (or if the Common Shares are not listed and posted for trading on the TSX-V, on such other stock exchange or over-the-counter market on which the Common Shares may be listed or admitted for trading as may be selected for such purpose by the Board of Directors) for the five (5) trading days immediately preceding the date of the grant, and (ii) the date or dates of the vesting of the option shall be a future date or dates determined in the manner specified in such resolution.
- Options granted under the Stock Option Plan may be exercised during a period not exceeding five years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, or consultant of the Company or any of its subsidiaries, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. If the expiry date of any vested option falls on, or within nine (9) trading days immediately following, a date upon which an eligible person is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Company, then the expiry date of such option shall be automatically extended to the tenth (10th) trading day following the date the relevant black-out period or other trading restriction imposed by the Company is lifted, terminated or removed.
- The options are non-transferable and non assignable.
- The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Company's capitalization.
- The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of options granted thereunder.
- The Stock Option Plan provides that the Board may determine the vesting provisions attaching to any option when granted.
- The Stock Option Plan provides that any option not validly exercised, will, unless otherwise specified in the option agreement or in the resolution of the Board granting such option, as the case may be, terminate on the earlier of: (i) the expiry date specified in the option agreement or in the resolution of the Board granting such option, as the case may be, being not more than five (5) years after the date upon which the option was granted; (ii) thirty (30) days (the "Period") after the participant ceases to be an eligible person, other than by reason of retirement, permanent disability or death and subject to resolution of the Board extending the Period; (iii) one hundred and eighty (180) days after the date of the death of the participant during which period the option may be exercised by the participant's legal representative or the person or persons to whom the deceased participant's rights under the option shall pass by will or the applicable laws of descent and distribution, and only to the extent the participant would have been entitled to exercise the option on the date of death; and (iv) thirty (30) days after termination of the participant's employment by reason of permanent disability or retirement under any retirement plan of the Company or any subsidiary.
- The Stock Option Plan is considered an "evergreen" plan, since the Common Shares covered by the options which have been exercised shall be available for subsequent grants under the Stock Option Plan and the number of options available to grant increases as the number of issued and outstanding Shares of the Company increases.

- The Stock Option Plan may be amended, without shareholder approval, for the purpose of: (i) changing the class of persons who will be eligible to be granted options pursuant to the Stock Option Plan and the authority of the Board in respect of the grant of options under the Stock Option Plan; (ii) ensuring continuing compliance with applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or stock exchange having authority over the Company or the Stock Option Plan; (iii) changes of a "housekeeping", clerical, technical or stylistic nature, including, without limitation, eliminating any ambiguity, error or defect, supplying any omission or correcting or supplementing any provision contained in the Stock Option Plan or in any agreement subject to the Stock Option Plan which may be incorrect or incompatible with any other provision of the Stock Option Plan or such agreement; (iv) changing the method of determining the option price for options granted pursuant to the Stock Option Plan, provided that the option price shall not in any case be lower than the "market price" of a Common Share, as that term (or any successor term) is interpreted and applied by the TSX-V; (v) changing the following terms governing options under the Stock Option Plan: (A) vesting terms (including the acceleration of vesting); (B) exercise and payment method and frequency; (C) transferability or assignability, other than as provided for in the Stock Option Plan; (D) to fairly or properly take into account a sale, arrangement or take-over bid; (E) adjustments required in the circumstances of one of the events referred to in the adjustment provisions in the Stock Option Plan; and (F) the effect of termination (for whatever reason) of the optionee's employment or service; (vi) determining that any of the provisions of the Stock Option Plan or any agreement subject to the Stock Option Plan concerning the effect of termination (for whatever reason) of the optionee's employment, service or consulting agreement/arrangement or cessation of the optionee's directorship or office, shall not apply for any reason acceptable to the Board; (vii) changing the terms and conditions of any financial assistance which may be provided by the Company to the optionees to facilitate the purchase of Common Shares, or adding or removing any provisions providing for such financial assistance; (viii) adding a cashless exercise feature, payable in cash or securities, provided same includes a full deduction of the number of underlying Common Shares from the Stock Option Plan reserved thereunder; (ix) providing for the granting of non-equity based kinds of awards under the Stock Option Plan, including, without limitation, stock-appreciation rights; (x) adding or amending provisions necessary for options under the Stock Option Plan to qualify for favourable tax treatment to optionees and/or the Company under applicable tax laws; (xi) changing any terms relating to the administration of the Stock Option Plan; and (xii) any other amendment, whether fundamental or otherwise, not requiring security holder approval under applicable law (including, without limitation, the rules and policies of the TSX-V and of any other stock exchange or market having authority over the Company or the Stock Option Plan).
- The Stock Option Plan may be amended, only with shareholder approval, for the following purposes: (i) any increase in the maximum percentage of Common Shares issuable under the Stock Option Plan as provided in the Stock Option Plan or any change from a fixed maximum percentage of Common Shares issuable under the Stock Option Plan to a fixed maximum number; (ii) any reduction in the option price of an outstanding option except for the purpose of maintaining option value in connection with an adjustment provided for under the adjustment provisions in the Stock Option Plan (for this purpose, the cancellation or termination of an option of an optionee prior to expiry of the option term for the purpose of reissuing an option to the same optionee with a lower exercise price shall be treated as an amendment to reduce the option price of an option); (iii) any extension of the option term (which, for greater certainty, shall not include the circumstances provided for in respect of a black-out period) or any amendment to permit the grant of an option with an expiry date of more than 10 years from the date the option is granted; (iv) permitting any option granted under the Plan (or any other kind of award which may hereafter form part of the Plan) to be transferable or assignable other than for estate planning or normal estate settlement purposes; (v) providing for the granting of equity based kinds of awards under the Stock Option Plan; and (vi) any other amendment requiring security holder approval under applicable law (including, without limitation, under the rules and policies of the TSX-V and of any other stock exchange or market having authority over the Company or the Stock Option Plan).
- In the event the Company proposes to amalgamate, merge or consolidate with any other corporation or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Common Shares or any part thereof is made to all or substantially all of the holders of Common Shares, the Company shall have the right to permit the exercise of all options within the 20 day period following notice of such event being provided by the Company to holders of options and after such 20 day period all such options shall terminate.

- In the event of the sale by the Company of all or substantially all of the assets of the Company as an entirety so that the Company shall cease to operate as an active business, any outstanding option may be exercised as to all or any part of the Common Shares in respect of which the optionee would have been entitled to exercise the Option in accordance with the provisions of the Stock Option Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the expiration date of the option; but the optionee shall not be entitled to exercise option with respect to any other Common Shares.

BE IT RESOLVED THAT, as an ordinary resolution:

1. the Company's stock option plan as described in the Company's management information circular prepared in connection with the annual and special meeting of shareholders to be held on April 24, 2019, be hereby ratified and approved; and
2. any director or officer of the Company be and he or she is hereby authorized and directed, on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

In the event that the Stock Option Plan is not so ratified no further options may be granted under the Stock Option Plan but those currently outstanding shall remain in place in accordance with their terms until their expiry.

Such resolution must be approved by a majority of the Company's shareholders.

**The persons named in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of the ordinary resolution to approve the amendment to and ratification of, the Stock Option Plan, unless the shareholder who has given such proxy has directed that the Common Shares be voted against such resolution.**

## STATEMENT OF CORPORATE GOVERNANCE MATTERS

Corporate governance relates to the activities of the Board, the members of which are elected by and accountable to the shareholders, and accounts for the role of management who are appointed by the Board and charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company and the full Board acts as the Corporate Governance and Nominating Committee of the Company to oversee its operations as they relate to corporate governance matters.

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the "Guidelines"). The Guidelines address matters such as the constitution and independence of corporate boards and the effectiveness and education of board members. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") requires the Company to disclose annually in its Management Information Circular certain information concerning its corporate governance practices.

Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

### ***Board of Directors***

During fiscal 2018 the Board was composed of four members until July 9, 2018 when it was expanded to five members. All board members are independent within the meaning of NI 58-101, with the exception of Mr. Andrew Cheung, who is not independent as a result of the fact that he is a member of the Company's executive management. Ms. Gigi Loo resigned as a member of the Board effective September 26, 2018 and retained her employee position as Corporate Secretary and Controller. Ms. Jane Yang joined the Board effective July 9, 2018 and Ms. Joanna Ng joined the Board effective September 26, 2018. At each quarterly Board meeting, the independent directors hold an in-camera session exclusive of non-independent directors and members of management, which process facilitates open and candid

discussion amongst the independent directors. The independent directors held four such sessions in the fiscal year ended October 31, 2018.

The Board elects from its ranks a chairperson to preside at all meetings of the Board. Mr. William Train, an independent director, was appointed Chairman effective March 30, 2007 and this appointment has been re-confirmed in each year since 2007.

There were a total of thirteen Board meetings held during the fiscal year ended October 31, 2018.

The Company holds regular quarterly Board meetings. All directors were in attendance at each of these Board meetings.

In addition to the regular quarterly Board meetings, the Board holds special meetings from time to time in response to matters that require their prompt attention. There were nine such Board meetings in fiscal 2018. All Board members are briefed on the subject matter prior to these meetings and their input is sought if they are unable to attend. All directors were in attendance at both of these Board meetings, with the exception of Mr. Kissack who missed one such meeting.

There are no members of the Board who are also directors of other reporting issuers.

The Board currently has three committees: the Audit and Risk Management Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The following describes, in summary form, the responsibilities of the committees of the Board. In every instance, notwithstanding the delegation of Board matters to committees, the full Board retains control. The committees report to the Board and all decisions, recommendations and proposals require full Board acceptance. The Board has approved terms of reference that are reviewed annually and these terms of reference govern each Committee.

#### ***Audit and Risk Management Committee***

The Audit and Risk Management Committee is comprised of Mr. Train, Mr. Kissack and Ms. Yang. Mr. Train and Ms. Yang are independent and financially literate each within the meaning of National Instrument 52-110 – *Audit Committees*. The Audit and Risk Management Committee assists the Board in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. The Audit and Risk Management Committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors.

#### ***Compensation Committee***

The Compensation Committee is comprised of Mr. Train, Mr. Kissack and Mr. Cheung. Mr. Train and Mr. Kissack are independent for the purposes of NI 58-101. The Compensation Committee helps to ensure the Company has effective executive management in place and a total compensation plan that is competitive, motivating and rewarding for participants. The Compensation Committee reviews and makes recommendations to the Board regarding, the appointment of executive officers, and the establishment of, and any material changes to, executive compensation programs, including that of the President and Chief Executive Officer. The Compensation Committee approves and reports to the Board on, among other things, any management succession plans (other than succession plans relating to the President and Chief Executive Officer, which are the responsibility of the Corporate Governance and Nominating Committee).

#### ***Corporate Governance and Nominating Committee***

The Corporate Governance and Nominating Committee is responsible for developing the Company's approach to corporate governance issues and for filling vacancies on the Board. In addition, it periodically reviews the size, composition and compensation of the Board, the effectiveness of the Board and its individual members, and appropriate committee structures, mandates, composition, membership and effectiveness. This committee is responsible for succession planning in respect of the President and Chief Executive Officer and also reviews the President and Chief Executive Officer's goals and objectives at the start of the fiscal year and provides an appraisal of the Chief Executive Officer's performance each year. All members of the Board are also members of the Corporate Governance Committee and Mr. Kissack is the chair of such committee.

### ***Board of Directors Mandate***

The Company's current Board mandate, which is reviewed on an annual basis, is set forth in Schedule "A" hereto.

### ***Position Descriptions***

There are no specific written position descriptions for the Chairman of the Board or for Chairs of the various Board Committees, although each Committee has a mandate by which the roles and responsibilities of its members and Chairs can be assessed. There is no written position description for the President and Chief Executive Officer of the Company, whose role and responsibilities are currently assessed annually through the Board's review of the Company's performance and quarterly through the President and Chief Executive Officer's report to the Board.

### ***Orientation and Continuing Education***

The Corporate Governance and Nominating Committee is responsible for establishing and administering the orientation and continuing education of Board and Committee members to ensure that all directors fully understand the role of the Board and its Committees and the nature and operation of the Company's business. Each new director is provided with an orientation session prior to joining the Board and presentations are made regularly to the Board on different aspects of the Company's business.

### ***Ethical Business Conduct***

Ethical business conduct and behaviour is of great importance to the Board and management of the Company. The Corporate Governance and Nominating Committee and the Board have discussed the adoption of a written code of conduct but as yet have not adopted a written code. The Company does expect that each of the directors, officers and employees conduct themselves ethically and within the confines of professional behaviour, including the avoidance of conflicts of interest, protection and proper use of company information, compliance with laws, rules and regulations and reporting of illegal or unethical behaviour. The Company has adopted a policy on insider trading and public disclosure.

The Company has established written procedures approved by the Audit and Risk Management Committee for the receipt, retention and treatment of complaints regarding accounting, internal accounting control or auditing matters. Complaints may be anonymously submitted to the attention of the Audit and Risk Management Committee Chair through email or via phone call.

The Board endeavours to ensure the exercise of independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest by prohibiting conflicts of interest as a matter of policy and requiring all directors, officers and employees to fully disclose any such conflicts or potential conflicts immediately upon the identification thereof. It is also the mandate of the Audit and Risk Management Committee to review and report to the Board on any related party transactions.

### ***Nomination of Directors***

The Corporate Governance and Nominating Committee, which is comprised of all members of the Board, is mandated to recruit, assess and propose individuals qualified to become new Board members, as well as to consider nominees, if any, recommended by the shareholders for election as directors. In order to try and encourage an objective nomination process, the Committee recruits and proposes a slate of candidates for nomination and the independent members of the Board meet to discuss and review each candidate's' competencies, skills and personal qualities before making recommendations for consideration by the full Board.

### ***Compensation***

The Board, acting on the recommendations of both the Compensation Committee and the Corporate Governance and Nominating Committee, reviews the adequacy of management's and the directors' compensation, as determined based on a review of the competitive marketplace, to ensure that they are current and reflective of the roles and responsibilities of each group. The Board may also involve third party consultants if required. For further information see "Statement of Executive Compensation", below.

### ***Other Board Committees***

Aside from the Audit and Risk Management, Compensation and Corporate Governance and Nominating Committees, the Board has no other committees.

### ***Assessments***

The Corporate Governance and Nominating Committee is responsible for developing processes to assess Board and Committee effectiveness and to consider the development needs of the Board, individual directors, committees and their members. Assessments are performed annually through informal feedback obtained from members of the Board and the various committees. The committee's findings are then reported to the Board.

## **STATEMENT OF EXECUTIVE COMPENSATION**

Securities laws require that a "Statement of Executive Compensation" in accordance with Form 51-102F6 be included in this Information Circular. Form 51-102F6 prescribes the disclosure requirements in respect of the compensation of executive officers and directors of reporting issuers. Form 51-102F6 provides that compensation disclosure must be provided for the Chief Executive Officer and the Chief Financial Officer of an issuer and each of the three most highly compensated executive officers whose total compensation exceeds \$150,000. Based on those requirements, the executive officers of the Company for whom disclosure is required under Form 51-102F6 are Mr. Andrew Cheung (President and Chief Executive Officer of the Company) and Mr. Brian Stringer (Chief Financial Officer), and are collectively referred to as the "Named Executive Officers".

### **Compensation Discussion and Analysis**

#### ***Compensation Philosophy and Objectives***

The compensation philosophy of the Company is to provide market competitive pay to employees and reward them for their contribution to the operating and financial performance of the Company and the success in implementing the Company's short-term and long-term strategies. The objectives of the compensation program are: (i) to attract and retain individuals critical to the success of the Company; (ii) to reward performance of individuals by recognizing their contribution to the Company; (iii) to align the interests of the Named Executive Officers and the broader management group, with shareholders' interest and the execution of the Company's strategic initiatives; and (iv) to compensate individuals based on their performance and, to the extent applicable and financially feasible, on similar compensation for companies at a comparable stage of development.

Base salaries, including that of the Chief Executive Officer, are evaluated annually and established with a view to the competitive levels for technology-related companies of comparable size and circumstances, dependent upon experience in the position and performance.

Throughout fiscal 2018 the Company's Named Executive Officers and the Company mutually agreed to a significant reduction in the Named Executive Officers compensation. This reduction was in support of the Company's ongoing expense reduction.

Stock options are granted, if and when determined appropriate by management in consultation with the Compensation Committee and the Board, to participants under the Company's stock option plan (defined above as the "Stock Option Plan"). The magnitude of a given stock option grant depends generally upon the participant's role with the Company, the number of options previously granted and individual performance. Guidelines for stock option allocations are determined periodically by the Company's senior management team in consultation with the Compensation Committee.

For the fiscal year ended October 31, 2018, the Board granted an aggregate of 1,970,000 options to eligible participants in the Stock Option Plan. The Board determines the expiration date of each stock option, the extent to which each stock option is exercisable from time to time during its term and any other applicable terms and conditions, in compliance with the requirements of the TSX-V and the Stock Option Plan itself.

### *Compensation Committee*

The Company has a Compensation Committee consisting of two independent directors (as such term is defined in NI 58-101), Mr. Train, who is the Chair of the committee, and Mr. Kissack, neither of whom is an officer, employee or former officer or employee of the Company or any of its subsidiaries. Mr. Cheung is also a member of the Compensation Committee. Mr. Cheung is an executive of the Company and is not considered an independent director. Mr. Train and Mr. Kissack each have experience acting as board members for other public companies and by virtue of this experience have a thorough understanding of compensation matters relating to senior executives of publicly traded companies. The committee's goal is to review and set the level of total compensation for all executive officers in order to attract and retain highly qualified and competent individuals. The form of compensation consists principally of an annual base salary, participation in the Company's employee benefit programs, participation in the Stock Option Plan and, in some cases, a bonus plan based on accomplishments as measured against objectives.

Compensation packages are reviewed at the beginning of the calendar year and at other times throughout the year if felt necessary. Decisions with respect to the grant of stock options are made by the Board from time to time based upon recommendations from the Compensation Committee.

### *Compensation of Executive Officers*

The Company's incentive plan is designed to encourage, compensate and reward the executive officers of the Company on the basis of individual, team and corporate performance. The Chief Executive Officer's compensation is decided by the Board based on his performance and with reference to executive compensation paid by companies engaged in the same or a similar business, of a comparable size and with respect to the financial position of the Company. Executive compensation paid by the Company comprises salary paid in cash and the issuance of stock options. Bonuses are granted at the discretion of the Board based upon performance of the Company and on the individual's contribution to the Company's financial and strategic goals. Likewise similar criteria are used in determining each officer's participation in the Stock Option Plan. Participation in the Stock Option Plan is considered to be an important component of executive compensation used to align the interests of the executive officers with the interests of the shareholders. The Company's performance is assessed on the basis of key measures such as financial and operational results. Individual bonus opportunities are assessed on the achievement of performance targets by the individual. Executive compensation is determined on an annual basis, by the Compensation Committee, and is approved by the Board and the granting of quarterly bonuses are reviewed throughout the year.

Given the nature of the Company's business and the size of the Company's management team, neither the Compensation Committee nor the Board believes that there are any material risks associated with the Company's compensation policies and practices.

The Company has no policy that precludes an officer or director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly, by the officer or director.

### *Total Compensation*

Total compensation for Named Executive Officers is based on the following components: (i) fixed compensation, which includes base salary and benefits; (ii) performance based compensation, which includes annual and long-term incentives; and (iii) other compensation.

### Fixed Compensation

Fixed Compensation includes:

1. Base Salary

Base salary is determined through job evaluation and market comparators. Base salaries for all employees are typically reviewed on an annual basis and determined based on merit.

## 2. Benefits

Each of the Named Executive Officers is enrolled in a benefits plan offering medical, dental, life and long-term disability benefits.

### Performance Based Compensation

Performance based compensation includes annual and long-term incentives.

#### 1. Annual Incentives

The annual incentive for a Named Executive Officer is determined by the Board based on a review of the executive's performance. The CEO's and CFO's annual incentive is approved by the Compensation Committee and is dependent upon corporate and individual performance, measured against the strategic initiatives of the Company. Each of the Named Executive Officers is entitled to a bonus based on profitability of the Company. Such bonus is to be calculated on a quarterly basis, in line with the Company's fiscal quarters, and to be paid within 45 days following the quarter. The amount of the bonus is recommended by the Compensation Committee and is to be approved by the Board; however no bonus is to be paid unless the Company is profitable for the quarter and on a year to date basis.

#### 2. Long-Term Incentives

##### Stock Option Plan

The Stock Option Plan was adopted to provide the Company with a share ownership incentive program to attract, retain and motivate qualified directors, officers, and full-time employees of the Company (collectively, "Service Providers"), to reward those Service Providers for their contributions toward the long term goals of the Company and enable and encourage such Service Providers to acquire Common Shares as long term investments.

The Stock Option Plan is administered by the Board, and at its option, the Compensation Committee of the Board. Subject to the provisions of the Stock Option Plan, the Board is authorized in its sole discretion to make decisions regarding the administration of the Stock Option Plan.

As of the date hereof, options to purchase an aggregate of 6,505,000 Common Shares are issued and outstanding and there are currently 1,149,381 Common Shares available for grant under the Stock Option Plan.

The principal terms of the Stock Option Plan are set forth above under the heading "Particulars of Matters to be Acted Upon –Ratification of Stock Option Plan".

#### *Compensation Committee Report on Executive Compensation*

The Compensation Committee has reviewed with senior management this Compensation Discussion and Analysis and, based on such review, has recommended to the Board that this Compensation Discussion and Analysis be included in this Circular.

Submitted by the Compensation Committee: Gary Kissack and William Train (Chair).

### Equity Compensation Plan Information

Set out below is information as of October 31, 2018 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	6,260,000	\$0.14	1,394,381
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Total	6,260,000	\$0.14	1,394,381

### Compensation of Named Executive Officers

#### Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Share based awards (\$)	Option based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
ANDREW CHEUNG President & Chief Executive Officer, Director <sup>(2)</sup>	2018	70,000	Nil	Nil	Nil	Nil	Nil	Nil	70,000
	2017	44,000	Nil	Nil	Nil	Nil	Nil	Nil	44,000
	2016	35,000	Nil	52,000	Nil	Nil	Nil	Nil	87,000
BRIAN STRINGER Chief Financial Officer	2018	17,500	Nil	6,500	Nil	Nil	Nil	Nil	24,000
	2017	2,500	Nil	8,500	Nil	Nil	Nil	Nil	11,000
	2016	30,000	Nil	41,800	Nil	Nil	Nil	Nil	71,800

Notes:

- (1) The securities under options granted are Common Shares of the Company issuable upon the exercise of stock options granted under the Stock Option Plan. The grant-date fair value of the option-based awards is determined using a Black-Scholes option pricing model. For a discussion of the assumptions made in the valuation, refer to Note 7(b) Employee Option Plan in the Company's annual consolidated financial statements for the year ended October 31, 2018.
- (2) The amounts disclosed as salary for the President and Chief Executive Officer is a combination of amounts paid pursuant to a contractor agreement and amounts paid pursuant to an employment agreement.

***Outstanding share-based awards and option-based awards***

The following table presents a summary of outstanding options which are held by the Named Executive Officers at October 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of Shares or Units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
ANDREW CHEUNG President & Chief Executive Officer	300,000	0.20	Dec. 10, 2018	13,125	Nil	Nil	Nil
	330,000	0.42	Aug. 26, 2019				
	85,000	0.49	Dec. 31, 2018				
	525,000	0.05	Sept. 12, 2020				
BRIAN STRINGER Chief Financial Officer	212,500	0.20	Dec. 10, 2018	19,875	Nil	Nil	Nil
	310,000	0.42	Aug. 26, 2019				
	55,000	0.49	Dec. 31, 2018				
	525,000	0.05	Sept. 12, 2020				
	250,000	0.05	June 7, 2021				
	100,000	0.07	July 3, 2022				

Notes:

- <sup>(1)</sup> The closing price of Common Shares on the TSX-V on October 31, 2018 was \$0.075. The value of unexercised in-the-money options was calculated based on the difference between the market value of the Common Shares on October 31, 2018 and the exercise price of the options.

***Incentive plan awards – value vested or earned during the year***

The incentive plan awards for each of the Named Executive Officers during 2018 is shown in the table below and is comprised of vested stock options.

Name	Option-based awards – Value vested during fiscal year ended October 31, 2018 (Cdn\$) <sup>(1)</sup>	Share-based awards – Value vested during the fiscal year ended October 31, 2018 (Cdn\$)	Non-equity incentive plan compensation – Value earned during fiscal year ended October 31, 2018 (Cdn\$)
ANDREW CHEUNG President and Chief Executive Officer	Nil	Nil	Nil
BRIAN STRINGER Chief Financial Officer	Nil	Nil	Nil

Note:

- <sup>(1)</sup> The foregoing amounts are based on the difference between the exercise price and the market value of the options on the date of vesting.

**TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS**

Each of Mr. Andrew Cheung (President and Chief Executive Officer) and Mr. Brian Stringer (Chief Financial Officer) has entered into executive employment agreements with the Company. In addition, Mr. Cheung has entered into a contractor agreement with the Company pursuant to which he provides services as a software developer to the Company. Under these agreements, Mr. Cheung and Mr. Stringer have each agreed to continue to serve the Company in their current office and perform the duties of such office for an indefinite term.

In fiscal 2018, Mr. Cheung received aggregate annual compensation of \$56,000 pursuant to the terms of his contractor agreement and \$14,000 pursuant to the terms of his employment agreement. Effective February 1, 2016 Mr. Cheung volunteered and the Company agreed to have his annual compensation under his employment and contractor agreement reduced to \$1.00 as part of the Company's expense reduction initiative. In fiscal 2017 Mr. Cheung and the Company agreed to have his compensation for fiscal 2017 increased to \$44,000 under his contractor agreement. In fiscal 2018 Mr. Cheung and the Company agreed to have his compensation for fiscal 2018 increased to \$56,000 under his contractor agreement and \$14,000 under his employment agreement.

In fiscal 2018, Mr. Stringer received \$17,500 pursuant to the terms of his employment agreement. Effective February 1, 2016 Mr. Stringer volunteered and the Company agreed to have his annual compensation reduced to \$1.00 as part of the Company's expense reduction initiative. In fiscal 2017 Mr. Stringer and the Company agreed to have his compensation for fiscal 2017 increased to \$2,500. In fiscal 2018 Mr. Stringer and the Company agreed to have his compensation for fiscal 2018 increased to \$17,500.

Under the terms of each of the agreements, each executive has made commitments in favour of the Company, including non-competition and non-solicitation covenants, minimum notice periods in the event of the executive's resignation and covenants not to disclose, during and after the term of their employment with the Company, confidential information relating to the Company. Each executive is also entitled to receive a bonus, as approved by the Compensation Committee in its discretion, and is entitled to participate in the Company's employee benefit plan and the Stock Option Plan. The agreements between the Company and the executives are reviewed on a regular basis and addendums are made as the Compensation Committee and the executives agree and in respect of which the Board approves.

Each of Messrs. Cheung and Stringer are entitled to a bonus based on profitability of the Company. Such bonus is to be calculated on a quarterly basis, in line with the Company's fiscal quarters, and to be paid within 45 days following the quarter. The amount of the bonus is recommended by the Compensation Committee and is to be approved by the Board; however no bonus is to be paid unless the Company is profitable for the quarter and on a year to date basis.

In the event of termination by the Company of Mr. Cheung other than for just cause, or in the event of a change in control of the Company and involuntary termination, Mr. Cheung is entitled to receive a one time payment of \$750,000. In the event that Mr. Cheung is terminated at a time when the Company is in financial difficulty by reason of having less than \$1,500,000 of cash and cash equivalents, and its most recent interim or annual financial statements contain a "going concern note", then the amount so payable shall not exceed \$100,000, provided there has not been a change of control. In the event of termination by the Company of Mr. Stringer other than for just cause, or in the event of a change in control of the Company and involuntary termination, Mr. Stringer is entitled to receive a one time payment of \$250,000. In the event that Mr. Stringer is terminated at a time when the Company is in financial difficulty by reason of having less than \$1,500,000 of cash and cash equivalents, and its most recent interim or annual financial statements contain a "going concern note", then the amount so payable shall not exceed \$100,000, providing there has not been a change of control. Had Mr. Cheung's contractor and employment agreements been terminated as at October 31, 2018, he would have been entitled to a payment of \$100,000. Had Mr. Stringer's employment agreement been terminated on October 31, 2018, he would have been entitled to an aggregate payment of \$100,000.

In addition, the employment agreements provide for reimbursement by the Company for all reasonable legal expenses that are incurred by the Named Executive Officers to enforce the employment agreements. For Mr. Cheung the amount is capped at \$25,000 and for Mr. Stringer, \$15,000.

## **COMPENSATION OF DIRECTORS**

During the fiscal year ended October 31, 2018, non-management directors of the Company were not paid any fees by the Company for their services in their capacity as directors. Directors are entitled to reimbursement for out-of-pocket expenses incurred in connection with attending meetings of the Board and any committees thereof, and are eligible for participation in the Stock Option Plan. Each non-management director is entitled to receive \$4,000 in fees for each quarterly board meeting that they attend, however in August 2014 the non-management directors agreed to waive their fees for future meetings until the Company's financial situation improved. An aggregate of

800,000 stock options were granted to all non-management directors during the fiscal year ended October 31, 2018. Particulars of these options grants are set out below:

Name	Fees Earned (\$)	Share based awards (\$)	Option based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
WILLIAM A. TRAIN Director	Nil	Nil	6,500	Nil	Nil	Nil	6,500
GARY KISSACK Director	Nil	Nil	6,500	Nil	Nil	Nil	6,500
JANE YANG Director	Nil	Nil	16,250	Nil	Nil	Nil	16,250
JOANNA NG Director	Nil	Nil	18,500	Nil	Nil	Nil	18,500

Note:

<sup>(1)</sup> The grant-date fair value of the option-based awards is determined using a Black-Scholes option pricing model. For a discussion of the assumptions made in the valuation, refer to Note 7 (b) Employee Option Plan in the Company's annual consolidated financial statements for the year ended October 31, 2018.

#### ***Outstanding share-based awards and option-based awards***

The following table presents a summary of outstanding options which are held by the non-executive members of the Board, at October 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of Shares or Units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
WILLIAM A. TRAIN Director	140,000 50,000 400,000 335,000 100,000	0.20 0.42 0.05 0.05 0.07	Dec. 10, 2018 Aug. 26, 2019 Sept. 12, 2020 June 7, 2021 July 3, 2022	19,875	Nil	Nil	Nil
GARY KISSACK Director	118,750 50,000 300,000 250,000 100,000	0.20 0.40 0.05 0.05 0.07	Dec. 10, 2018 Aug. 26, 2019 Sept. 12, 2020 June 7, 2021 July 3, 2022	14,250	Nil	Nil	Nil
JANE YANG Director	250,000	0.07	July 9, 2022	625	Nil	Nil	Nil
JOANNA NG Director	250,000	0.08	Aug. 28, 2022	Nil	Nil	Nil	Nil

Notes:

<sup>(1)</sup> The closing price of Common Shares on the TSX-V on October 31, 2018 was \$0.075. The value of unexercised in-the-money options was calculated based on the difference between the market value of the Common Shares on October 31, 2018 and the exercise price of the options.

### *Incentive plan awards – value vested or earned during the year*

The incentive plan awards for each of the non-executive members of the Board during 2018 is shown in the table below and is comprised of vested stock options.

Name	Option-based awards – Value vested during fiscal year ended October 31, 2018 (Cdn\$) <sup>(1)</sup>	Share-based awards – Value vested during fiscal year ended October 31, 2018 (Cdn\$)	Non-equity incentive plan compensation – Value earned during fiscal year ended October 31, 2018 (Cdn\$)
WILLIAM A. TRAIN Director	Nil	Nil	Nil
GARY KISSACK Director	Nil	Nil	Nil
JANE YANG Director	Nil	Nil	Nil
JOANNA NG Director	Nil	Nil	Nil

Note:

<sup>(1)</sup> The foregoing amounts are based on the difference between the exercise price and the market value of the options on the date of vesting.

### **DIRECTORS AND OFFICERS LIABILITY INSURANCE**

The Company has obtained directors and officers liability insurance which covers the legal liability for any director or officer for a wrongful or alleged wrongful act. The policy limits for the Company are \$2,000,000 for any one occurrence and \$2,000,000 in the aggregate during the policy period. The amount of the deductible is "Nil" for each director or officer, \$25,000 for each corporate reimbursement claim, \$25,000 for each employment practices claim and \$50,000 for each securities claim. The premium paid for the annual coverage is \$13,000 (plus applicable taxes).

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

For purposes of the following discussion, "Informed Person" means (a) a Director or Executive Officer of the Company; (b) a Director or Executive Officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company's financial statements for the financial year ended October 31, 2018, none of:

- the Informed Persons of the Company;
- the proposed nominees for election as a director of the Company; or
- any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

## **REGISTRAR AND TRANSFER AGENT**

TSX Trust Company, 100 University Avenue, Suite 301, Toronto, Ontario M5H 4H1, is the registrar and transfer agent for the Common Shares.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and Management Discussion and Analysis for the year ended October 31, 2018. Copies of the Company's comparative financial statements and Management Discussion and Analysis may be obtained through [www.sedar.com](http://www.sedar.com) or upon written request to Investor Relations, 01 Communique Laboratory Inc., 1450 Meyerside Drive, Suite 500, Mississauga, Ontario L5T 2N5.

## **DIRECTORS' APPROVAL**

The undersigned hereby certifies that the directors of the Company have approved the contents and the sending of this Management Information Circular. A copy of this Management Information Circular has been sent to each director of the Company, each shareholder whose proxy is solicited and the auditors of the Company.

Dated as of March 14, 2019.

## **01 Communique Laboratory Inc.**

A handwritten signature in black ink, appearing to read "Gigi Loo". The signature is written in a cursive, flowing style.

Gigi Loo

Corporate Secretary

## SCHEDULE "A"

### BOARD OF DIRECTORS MANDATE

**(A) *Establishment of the Board and Procedures***

- (1) Composition of the Board. The Board shall consist of not less than one and not more than twelve directors, a majority of whom qualifies as unrelated directors. Pursuant to applicable guidelines of the Toronto Stock Exchange, a director is "unrelated" if he or she is independent of management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. The Board is responsible for determining whether or not each Director is an "unrelated director".
- (2) Appointment of Board Members. Members of the Board shall be appointed at each annual meeting of the Company at which an election of directors is required. The directors shall hold office for an expressly stated term. A director not elected for an expressly stated term ceases to hold office at the close of the annual meeting of shareholders following his or her election.
- (3) Orientation of New Members. New Board members will participate in such training and orientation as may be deemed by the Board or the Corporate Governance and Nominating Committee to be necessary or appropriate in the circumstances.
- (4) Vacancies. Where a vacancy occurs at any time in the membership of the Board, it may be filled by the Board.
- (5) Chair of the Board. The Board shall appoint a Chairperson to preside at all meetings of the Board.
- (6) Absence of the Chair. If the Chair of the Board is not present at any meeting of the Board, one of the other members of the Board who is present at the meeting shall be chosen by the Board to preside at the meeting.
- (7) Secretary of the Board. The Board shall appoint a Secretary who need not be a director of the Company.
- (8) Meetings. Meetings of the Board shall be held at such time and on such day as any one director may determine. Directors can exercise their powers only at duly convened meetings of the Board and can act only in their collective capacity, not as individuals. Every Director has the right to attend and participate in all meetings of the Board.
- (9) Notice of Meetings. Notice of the time and place of every meeting shall be given in writing including by way of written facsimile or telecommunication to each member of the Board not less than 48 hours before the time when the meeting is to be held, provided, however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- (10) Quorum. A majority of the directors of the Board shall constitute a quorum.
- (11) Votes. At all meetings of the Board every question shall be decided by a majority of the votes cast on the question; and in case of an equality of votes the Chairman of the meeting shall not be entitled to a second or casting vote.
- (12) Attendance of the Company's Officers at Meetings. At the invitation of the Chair of the Board, one or more other officers of the Company may attend any meeting of the Board.
- (13) Procedure, Records and Reporting. Subject to any statute or articles and by-laws of the Company the Board shall fix its own procedures at meetings and keep records of its proceedings. The minutes of its meetings shall be tabled at the next meeting of the Board.
- (14) Delegation of Responsibilities. Subject to any statute, articles, by-laws or resolutions of the Company, the Board will not be entitled to delegate its responsibilities to any individual or subcommittee. A director will not be entitled to appoint a substitute to act for him or her at meetings.

- (15) Interest of Directors. No director shall be disqualified by his or her office from contracting with the Company nor shall any contract or arrangement entered into by or on behalf of the Company with any director or in which any director is in any way interested be liable to be voided nor shall a director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established; provided that the director shall have complied with the provisions of the *Business Corporations Act* (Ontario).

**(B) *Mandate of the Board***

The Board is responsible for supervising the management of the business and affairs of the Company. This includes approval of all material decisions that affect the Company before they are implemented, supervising the implementation of said decisions and final review of the results. In carrying out its main responsibility, the Board is required to act honestly, in good faith and with a view to the best interests of the Company. To fulfill its duties, the Board should also have sufficient information to enable it to make knowledgeable decisions on matters coming before the Board, and should be generally familiar with all aspects of the business and affairs of the Company.

As a general rule, the Company should inform the Board of the details of anything that the Board would expect to be informed of or anything appropriate for consideration by the Board given its role and responsibility.

1. The Board shall:
  - (a) Review and approve all financial and other material corporate information and public communications thereof;
  - (b) Represent and maintain shareholder relations and communications;
  - (c) Participate in strategic planning and review quarterly;
  - (d) Review and approve all materials in relation to the Company's business plan;
  - (e) Monitor the performance of management against the business plan to keep them accountable;
  - (f) Ensure that ongoing relevant information is provided to the Board by management (inclusive of industry news);
  - (g) Assist in the creation and selection of an appropriate management structure;
  - (h) Review the effectiveness of the Company's internal control processes and management information systems (also one of the functions of the Audit Committee);
  - (i) Assess and review principal risks of all aspects of the Company's business (also one of the functions of the Audit Committee);
  - (j) Participate in management and director succession planning;
  - (k) Participate in the selection and evaluation of the President & Chief Executive Officer and other senior officers (inclusive of terms of employment, compensation and corporate objectives);
  - (l) Communicate directly with the Company's principal external advisors;
  - (m) Fulfill fiduciary and legal requirements (for example, ensuring the payment of taxes, adherence to regulatory requirements and maintenance of necessary documents and records); and
  - (n) Contribute director expertise on specific issues and networking contacts as required.
2. Any director may, at the request of the Board, a Committee or on his or her own initiative, investigate such other matters as are considered necessary or appropriate in the circumstances and shall have the authority to retain independent counsel and other advisors, as he or she determines necessary to carry out his or her duties and the duties of the Board. The engagement of the outside advisor shall be subject to the approval of the appropriate Committee of the Board.

## ***Corporate Governance & Nominating Committee***

### ***A. Establishment of Committee and Procedures***

- (1) Composition of Committee. The Corporate Governance & Nominating Committee is presently comprised of all members of the Board.
- (2) Appointment of Committee Members. Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.
- (3) Vacancies. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.
- (4) Committee Chair. The Board shall appoint a Chair for the Committee.
- (5) Absence of Committee Chair. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.
- (6) Secretary of Committee. The Committee shall appoint a Secretary who need not be a director of the Company. Pursuant to National Instrument 58-101 (Disclosure of Corporate Governance Practices), the Company is required to disclose whether or not the Committee is composed entirely of independent directors.
- (7) Meetings. The Chair of the Committee, the Chair of the Board or any two members of the Committee may call a meeting of the Committee. The Committee shall meet at such times during each year as it deems appropriate. The Committee may also convene meetings of the Board without the presence of management, which shall occur at least once per year in addition to quarterly meetings.
- (8) Quorum. A majority of the members of the Committee shall constitute a quorum, provided the majority of the members making up the Quorum are independent directors.
- (9) Notice of Meetings. Notice of the time and place of every meeting shall be given in writing, including by way of written facsimile communication, to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- (10) Attendance of the Company's Officers at Meetings. At the invitation of the Chair of the Committee, one or more other officers of the Company may attend any meeting of the Committee.
- (11) Procedure, Records and Reporting. Subject to any statute or articles and by-laws of the Company, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).
- (12) Delegation of Responsibilities. The Committee will not be entitled to delegate its responsibilities to any individual or subcommittee.

### ***B. Mandate of the Corporate Governance and Nominating Committee***

1. The Committee shall:

#### ***Board Composition***

- (a) review, from time to time, the size of the Board to ensure the facilitation of effective decision-making;
- (b) in consultation with the Chair of the Board: (i) assess the competencies, skills and personal qualities required of directors in light of the Company's circumstances, business strategies and applicable regulatory requirements; (ii) review the competencies, skills and personal qualities of, and contributions made by, each existing director; and (iii) in light of the foregoing (all of which shall be verbally assessed and reported), make recommendations for changes to the composition of the Board;

- (c) identify individuals qualified to become new Board members and submit recommendations to the Board for its consideration and decision;
- (d) consider nominees, if any, recommended by the shareholders for election as directors;

*Board Mandate and Succession Planning*

- (a) develop a written mandate of the Board and Committees of the Board, and a clear position description for the Chair of the Board;
- (b) make recommendations to the Board on succession planning for the Chief Executive Officer and review the employment requirements and/or description for the role;

*Director Compensation and Director and Officer Insurance*

- (a) conduct, from time to time, a review of compensation for Board and committee service, taking into account such issues as the time commitment, compensation provided by comparative companies, responsibilities of directors, risks assumed by directors, and similar matters, and recommend any change in compensation to the Board for its consideration and decision;
- (b) assess the Company's directors' and officers' insurance coverage and make recommendations for its renewal or amendment or replacement of the insurer;

*Monitoring and Evaluation of the Board, Committees of the Board and the President & Chief Executive Officer*

- (a) review, from time to time, and make recommendations regarding the performance and effectiveness of the Board, and each committee of the Board and, to the extent deemed necessary by the Committee, the performance of individual directors (all of which shall be verbally assessed and reported);
- (b) review the composition of the various committees of the Board, and their respective charters, and make recommendations thereon to the Board for its consideration and decision;
- (c) review the goals and objectives of the Chief Executive Officer at the beginning of each year and provide a verbal appraisal of the Chief Executive Officer's performance for the most recently completed year;
- (d) determine the most appropriate orientation and continuing education program for Board and committee members to ensure that all directors fully understand: (i) the role of the Board and its committees, (ii) the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the issuer expects from its directors), and (iii) the nature and operation of the Company's business;
- (e) review the Company's Code of Business Conduct and Ethics and Disclosure Policy, and other codes or policies of the Company, assess the adequacy of such codes and policies and recommend any proposed changes to such codes and policies to the Board;
- (f) review any surveys completed by directors dealing with the effectiveness of the operation of the Board;
- (g) be authorized to approve, in such circumstances as it considers appropriate, the engagement by any one or more directors of outside advisers, such engagement to be at the Company's expense;
- (h) from time to time, recommend and bring forward to the Board, a list of corporate governance issues for review, discussion or action by the Board or a committee thereof;
- (i) undertake such other initiatives as are necessary or desirable to provide effective corporate governance for the Company;

*Dealings with Management of the Company*

- (a) assess the availability, relevance and timeliness of information required by the Board;

- (b) monitor and assess the relationship between the Board and management of the Company, and define the limit to management's responsibilities and make recommendations with a view to ensuring that the Board is able to function independently of management;
- (c) ensure that any issues relating to governance which are identified by the directors are raised with management;

#### *Reporting Obligations*

- (a) review any statement of corporate governance practices that is included in the Company's annual report or management information circular;
- (b) review any publication of charters of the various committees of the Board; and

#### *Committee Evaluation and Performance*

- (a) at least annually, perform a self-evaluation to determine the Committee's effectiveness and performance (which shall be verbally assessed and reported), evaluate succession plans related to Committee membership and review this Charter and, if required, recommend changes to the Board.
2. The Committee may, at the request of the Board or on its own initiative, investigate such other matters as it considers necessary or appropriate in the circumstances, including, without limitation, matters relating to corporate governance, and shall have the authority to (i) retain independent counsel or other advisors, as it determines necessary to carry out its duties, and (ii) set and pay compensation for any advisors employed by the Committee.