

PRINCIPAL TECHNOLOGIES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON NOVEMBER 30, 2022

AND

MANAGEMENT INFORMATION CIRCULAR

DATED AS OF:

OCTOBER 21, 2022

PRINCIPAL TECHNOLOGIES INC.
Suite 3123, 595 Burrard Street
Vancouver, British Columbia, V7X 1J1
Phone: 604.609.6110
Fax: 604.609.6145

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual General and Special Meeting (the "**Meeting**") of the shareholders of **Principal Technologies Inc.** (the "**Company**"), will be held at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, on Wednesday, **November 30th, 2022 at 10:00 a.m. (Vancouver time).**

The Meeting is to be held for the following purposes:

1. To receive the audited financial statements of the Company for the financial year ended July 31, 2021 and the auditors' report thereon.
2. To fix the number of directors for the ensuing year at three (3).
3. To elect directors for the ensuing year.
4. To re-appoint DMCL LLP, Chartered Professional Accountants as the auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor.
5. To consider and, if thought fit, to pass an ordinary resolution to approve and adopt a new stock option plan for the Company, as described in the management information circular dated October 21, 2022.
6. To transact such other business as may properly be transacted at such meeting or at any adjournment thereof.

The accompanying management information circular (the "**Information Circular**") provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. No other matters are contemplated, however, any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such further and other business as may properly come before the Meeting or any adjournment or postponement thereof.

The audited consolidated financial statements for the year ended July 31, 2021, including the report of the auditor thereon, and the related management's discussion and analysis will be made available at the Meeting and are available under the Company's profile on SEDAR at www.sedar.com.

Registered Shareholders unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.

Non-registered Shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account, you are a non-registered Shareholder.

DATED at Vancouver, British Columbia as of this 21st day of October, 2022.

By order of the board of directors of PRINCIPAL TECHNOLOGIES INC.

/s/ Gerald Trent

Chief Executive Officer and Director

TABLE OF CONTENTS

GENERAL PROXY INFORMATION	2
1. Solicitation of Proxies.....	2
2. Appointment of Proxy.....	2
3. Revocation of Proxies.....	3
4. Voting of Shares and Exercise of Discretion of Proxies.....	3
5. Voting Shares and Principal Holders Thereof.....	3
MATTERS TO BE CONSIDERED AT THE MEETING	5
1. Financial Statements.....	5
2. Fixing the Number of Directors and Election of Directors.....	5
3. Re-Appointment and Remuneration of Auditors.....	7
4. Approval and Adoption of New Stock Option Plan.....	8
5. Other Matters.....	10
STATEMENT OF EXECUTIVE COMPENSATION	10
1. Executive Compensation Discussion and Analysis.....	11
2. Director and Named Executive Officer Compensation.....	11
3. Stock Options and Other Compensation Securities.....	13
4. Exercise of Compensation Securities by Directors and NEOs.....	14
5. Securities Authorized for Issuance under Equity Compensation Plans.....	14
6. Indebtedness of Directors and Executive Officers.....	14
7. Interest of Informed Persons in Material Transactions.....	15
8. Interest of Certain Persons or Companies in Matters to be Acted Upon.....	15
9. Pension and Other Benefit Plans.....	15
10. Termination and Change of Control Benefits.....	15
11. Employment Consulting and Management Contracts.....	15
AUDIT COMMITTEE	16
1. Composition of the Audit Committee.....	16
2. Relevant Education and Experience.....	16
3. Audit Committee Oversight.....	17
4. Reliance on Certain Exemptions.....	17
5. Audit Committee Charter.....	17
6. External Auditor Service Fees (By Category).....	17
CORPORATE GOVERNANCE	17
1. Board of Directors.....	18
2. Orientation and Continuing Education.....	18
3. Ethical Business Conduct.....	19
4. Committees of the Board of Directors.....	19
5. Assessments.....	19
ADDITIONAL INFORMATION	19
BOARD APPROVAL	20
SCHEDULE “A” PRINCIPAL TECHNOLOGIES INC. AUDIT COMMITTEE CHARTER	
SCHEDULE “B” PRINCIPAL TECHNOLOGIES INC. STOCK OPTION PLAN	

PRINCIPAL TECHNOLOGIES INC.

MANAGEMENT INFORMATION CIRCULAR

(containing information as at October 21, 2022 unless indicated otherwise)

**For the Annual General and Special Meeting
to be held on Wednesday, November 30, 2022**

GENERAL PROXY INFORMATION

This management information circular (the “**Information Circular**”) accompanies the notice of annual general and special meeting (the “**Notice**”) and is furnished to shareholders (the “**Shareholders**”) holding common shares without par value (the “**Common Shares**”) in the capital of Principal Technologies Inc. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held at **10:00 a.m. (Vancouver Time)**, on **Wednesday, November 30th, 2022**, at **Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1**, or at any adjournment thereof.

1. Solicitation of Proxies

The information contained in this Management Information Circular (the “**Circular**”) is furnished to **Shareholders** in connection with the solicitation by management of the Company of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held in the meeting room at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, on Wednesday, November 30th, 2022 at 10:00 a.m. (Vancouver time), or at such other time or place to which the Meeting may be postponed or adjourned, for the purposes set forth in the Notice of Meeting accompanying this Circular (the “**Notice**”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. The Company will pay reasonable expenses of persons who are the registered but not beneficial owners of Common Shares for forwarding copies of the Notice, Instrument of Proxy (as hereinafter defined), Circular and related material to beneficial owners.

Accompanying this Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting (the “**Instrument of Proxy**”). Each Shareholder who is entitled to attend at Shareholders’ meetings is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy.

2. Appointment of Proxy

Registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each Share that such Shareholder holds on the record date of October 21, 2022 (the “**Record Date**”) on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the “**Management Nominees**”) in the enclosed form of proxy are directors and/or officers of the Company.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY.

TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY’S REGISTRAR AND TRANSFER AGENT, TSX TRUST COMPANY, 301-100 ADELAIDE STREET WEST, TORONTO, ONTARIO, M5H 4H1, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.

In order to be voted, the completed form of proxy must be received by the Company’s registrar and transfer agent, **TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department)**, by

mail, fax, telephone voting system or via the Internet at least two business days (excluding Saturdays, Sundays and holidays) prior to the scheduled time of the Meeting, or any adjournment(s) thereof.

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

3. Revocation of Proxies

A Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either to: (i) TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), at any time up to and including the last business day preceding the day of the Meeting or, if adjourned, any reconvening thereof, or (ii) the Chair of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

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

4. Voting of Shares and Exercise of Discretion of Proxies

On any poll, the persons named in the enclosed Proxy will vote the Common Shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxyholder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this information circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be voted on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority greater than one-half of the votes cast will be required unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, Common Shares held by Shareholders of the Company who have an interest in the motion and Common Shares held by their "associates", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

5. Voting Shares and Principal Holders Thereof

General

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. There were 17,833,924 Common shares of the Company issued and outstanding as of the close of business on the Record Date, each share carrying the right to one vote.

Only Shareholders of record as at the close of business on the Record Date who either personally attend the Meeting or who have completed and delivered a form of Proxy in the manner and subject to the provisions described under the heading "Appointment and Revocation of Proxies" shall be entitled to vote, or have their Common Shares voted, at the Meeting, or any adjournment thereof. On any poll, each Shareholder of record holding Common Shares of the Company

on the Record Date is entitled to one vote for each common share registered in his or her name on the list of Shareholders as at the Record Date.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this information circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the 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 CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). The Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require 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 to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the Common Shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Common Shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such Common Shares are voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

Non-Objecting Beneficial Owners

The Company is relying on the provisions of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* that permit it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form ("**VIF**") from the Company's transfer agent, TSX Trust Company ("**TSX Trust**"). The VIF is to be completed and returned to TSX Trust as set out in the instructions provided on the VIF. TSX Trust will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

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

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for: (a) delivering these materials to you; and (b) carrying out your voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

The Company will not pay for an intermediary to deliver proxy related materials and voting instruction forms to objecting beneficial owners (called OBOs for Objecting Beneficial Owners). OBOs have objected to their intermediary disclosing ownership information about themselves to the Company. Accordingly, OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

The Company is not relying on the "notice-and-access" delivery procedures outlined in National Instrument 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

Principal Holders of Voting Shares

To the knowledge of the directors and senior officers of the Company, as at October 21, 2022, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company other than:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Greenlands Global Opportunities Fund	12,500,000	70.09%

MATTERS TO BE CONSIDERED AT THE MEETING

MANAGEMENT OF THE COMPANY KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, IF ANY OTHER MATTERS THAT ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THEIR BEST JUDGEMENT.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

1. Financial Statements

The audited financial statements of the Company for the period ended July 31, 2021 and July 31, 2020 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The financial statements, the Auditor's Report thereon together with related Management's Discussion and Analysis for the financial years ended July 31, 2021 and July 31, 2020 are available on SEDAR at www.sedar.com. The Notice of Annual General Meeting of Shareholders, Information Circular, Request for Financial Statements and form of Proxy will be available from the Company's Registrar and Transfer Agent, TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1, or from the Company's head office located at Suite 3123, 595 Burrard Street, PO Box 49139, Bentall Three, Vancouver, British Columbia, V7X 1J1. The annual financial statements were audited by DMCL LLP Chartered Professional Accountants of Vancouver, British Columbia.

Request for Financial Statements

National Instrument 51-102 "Continuous Disclosure Obligations" sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered Shareholders must also provide written instructions in order to receive the Financial Statements.

2. Fixing the Number of Directors and Election of Directors

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at three (3). Management is nominating three individuals to stand for election.

Each director of the Company is elected annually and holds office until the next annual general meeting of the Shareholders of the Company, until his successor is duly elected, or until his resignation as a director.

In the absence of instructions to the contrary, the Common Shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

Advance Notice Provisions

Pursuant to advance notice provisions of Articles of the Company (the "**Advance Notice Provisions**"), an advance notice is required to be given to the Company in circumstances where nomination of persons for election to the Board are made by Shareholders. The Advance Notice Provisions set a deadline by which Shareholders must submit nominations (a "**Notice**") for the election of directors to the Company prior to any annual or special meeting of Shareholders. The Advance Notice Provisions also set forth the information that a Shareholder must include in the Notice to the Company, and establish the form in which the Shareholder must submit the Notice for that notice to be in proper written form.

In the case of an annual meeting of Shareholders, a Notice must be provided to the Company not less than 30 days and not more than 65 days prior to the date of the annual meeting.

As of the date of this Information Circular, the Company has not received notice of a nomination in compliance with the Advance Notice Provisions.

Information Concerning Nominees Submitted by Management

Management of the Company proposes to nominate the persons named in the table below for election by the Shareholders as directors of the Company. All of the nominees are current members of the Board and each has agreed to stand for election. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director.

The following disclosure sets out the names of management's three nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date:

Name, Province or State and Country of Residence, and Position with the Company⁽¹⁾	Present Principal Occupation, Business or Employment⁽¹⁾	Date Served as Director Since	No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽¹⁾
Gerald Trent⁽²⁾ Vienna, Austria	Founder of Trent Investments (January 2009 to present); Head of Global Markets & Investment Banking, Sberbank Europe AG (February 2017 to December 2018); Head of M&A, PwC Austria (January 2013 to January 2017)	August 4, 2021	Nil
His Serene Highness Prince Alfred of Liechtenstein⁽²⁾ Liechtenstein	His Serene Highness Prince Alfred of Liechtenstein (Current)	August 4, 2021	Nil
Dr. Leopold Specht⁽²⁾ Vienna, Austria	Attorney at Law	August 4, 2021	Nil

Notes:

- (1) The information as to the location of residence, principal occupation and Common Shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually as of October 21, 2022, being the Record Date of this Circular.
- (2) Member of the Audit Committee.

Gerald Trent, President, Chief Executive Officer and Director

Mr. Trent held multiple senior positions in various companies. Mr. Trent is the founder and managing director of Trent Investments, a direct investment multi-family office for ultra-high net worth individuals in Europe. Formerly he worked

as Head of Global Markets & Investment Banking at Sberbank Europe AG and Head of M&A of PwC Austria (Pricewaterhouse Coopers).

Prince Alfred von Liechtenstein, Director

His Serene Highness Prince Alfred von Liechtenstein, is a member of the Princely Family of Liechtenstein. He conducted his studies at the University of Vienna in economics and information technology, as well as politics. Since 1976, Prince Alfred von Liechtenstein has been managing director and board and supervisory board member of several international enterprises operating in multiple areas, such as trade, business advisory, and financial services. He is, among other engagements, also owner and executive director of the supervisory board of a five-star chalet hotel in Corinthia, Austria.

Dr. Leopold Specht, Director

Dr. Specht, is an international legal expert in the areas of international taxation, project financing, cross-boarder mergers and acquisitions, and corporate law, and taught at Harvard Law School, University of Naples, Northeastern University School of Law, to name a few. He conducted his studies at Harvard Law School, University of Rome, and University of Vienna. Dr. Specht is the founder and managing partner of the international law firm Specht & Partner, with offices in Vienna, Moscow, Prague, Budapest, Belgrade, and Zagreb and is fluent in five languages (German, English, Russian, Italian, French). He is also Managing Director of Dr. Leopold Specht Beteiligungs-und Vermoegensverwaltung GmbH since 1996 and of Specht Asset Management Services GmbH since 2007. Dr. Specht is also Director of Drazenowitsch-Hering-Privatstiftung since 2000 as well as Supervisory Board Member of Amalgaro Investment SE since 2019 and of ALMDORF 'Seinerzeit' Touristik Aktiengesellschaft since 1994.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no director, officer, Insider or Promoter or a Shareholder holding a sufficient number of securities to affect materially the control of the Company is, or within 10 years before the date of the Circular, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or 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.

Penalties or Sanctions

Except as disclosed below, none of the proposed directors comprising the Nominees is, as at the date hereof, or 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; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR all of the Nominees as set forth above and therein. The Company does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by the persons designated as proxyholders in the accompanying Instrument of Proxy will be voted for another nominee in their discretion unless the Shareholder has specified in their form Instrument of Proxy that their Common Shares are to be withheld from voting in the election of directors.**

3. Re-Appointment and Remuneration of Auditors

The Board proposes to re-appoint DMCL LLP, Chartered Professional Accountants, as the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of DMCL LLP as auditors of the Company to hold office until the close of the next annual general meeting of the Company and to authorize the remuneration to be paid to the auditors of the Company to be fixed by the Board of Directors of the Company.

Management recommends, and the persons named in the enclosed Proxy intend to vote in favour of, the re-appointment of DMCL LLP Chartered Professional Accountants as auditor of the Company and the remuneration to be paid to the auditors of the Company be fixed by the Board of Directors of the Company.

4. Approval and Adoption of New Stock Option Plan

The Company has implemented a 10% rolling stock option plan. Under the policies of the TSX Venture Exchange (the “**Exchange**”), a rolling stock option plan, such as the Company’s, must be approved by Shareholders on a yearly basis.

On November 24, 2021, the Exchange adopted a new policy, Policy 4.4 *Security Based Compensation* (the “**New Policy 4.4**”) governing security-based compensation. The changes to the policy relate to, among other things, the expansion of the policy to cover a number of types of security based compensation in addition to stock options.

Accordingly, at the Meeting, Shareholders will be asked to pass an Ordinary Resolution approving the Company’s Stock Option Plan, as amended in accordance with the New Policy 4.4 (the “**New Stock Option Plan**”). A summary of the material provisions of the New Stock Option Plan are as follows:

- (a) the New Stock Option Plan reserves, for issuance pursuant to the exercise of stock options, Common Shares of the Company equal to up to a maximum of 10% of the issued Common Shares of the Company at the time of any stock option grant, less the amount of Common Shares reserved for issuance pursuant to any other securities based compensation plans;
- (b) under the New Policy, an optionee must either be an Eligible Charitable Organization or a Director, Officer, Employee, Consultant or Management Company Employee of the Company at the time the option is granted in order to be eligible for the grant of a stock option to the optionee;
- (c) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period under this New Stock Option Plan and any other Security Based Compensation must not exceed 5% of the issued Common Shares of the Company calculated on the date an option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to any one Consultant in a 12 month period under this New Stock Option Plan and any other Security Based Compensation must not exceed 2% of the issued Common Shares of the Company, calculated at the date an option is granted to the Consultant;
- (e) the aggregate number of options granted to all Investor Relations Service Providers must not exceed 2% of the issued shares of the Company in any 12 month period, calculated at the date an option is granted to any such Person;
- (f) if the Common Shares are listed for trading on the Exchange, then, notwithstanding anything in the New Stock Option Plan to the contrary, the aggregate number of Common Shares that may be issued to Insiders (as a group) pursuant to Options granted under the New Stock Option Plan and under any other Security Based Compensation, must not exceed 10% of the outstanding Shares at any point in time, unless the Company has obtained the requisite Disinterested Shareholder Approval;
- (g) if the Common Shares are listed for trading on the Exchange then, notwithstanding anything in the New Stock Option Plan to the contrary, the aggregate number of Common Shares that may be issued to Insiders (as a group) pursuant to Options granted under the plan and under any other Security Based Compensation in any 12 month period shall not exceed 10% of the outstanding Shares at the time of the grant, unless the Company has obtained the requisite Disinterested Shareholder Approval;
- (h) options issued to Investor Relations Service Providers must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3 month period;
- (i) the minimum exercise price per Common Share of a stock option must not be less than the Market Price of the Common Shares of the Company;
- (j) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (o) below);
- (k) stock options (other than options held by Investor Relations Service Providers) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant,

Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" not exceeding 12 months after the optionee ceases to serve in such capacity, as determined by the Board. Stock options granted to Investor Relations Service Providers will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board;

- (l) all options are non-assignable and non-transferable;
- (m) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of a stock option, or the extension of the term of a stock option, if the optionee is an Insider of the Company at the time of the proposed amendment;
- (n) the New Stock Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option, subject to prior acceptance of the TSX Venture Exchange, in the event of an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, other than in connection with a share consolidation or split;
- (o) upon the occurrence of an Accelerated Vesting Event (as defined in the New Stock Option Plan), the Board will have the power, at its sole discretion and subject to the prior acceptance of the Exchange, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Common Shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Stock Option Plan be final, conclusive and binding;
- (p) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
- (q) a stock option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire following the general disclosure of undisclosed Material Information; (b) the automatic extension of an optionee's stock option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities; and (d) the automatic extension is available to all Eligible Persons under the same terms and conditions.

"Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Investor Relations Service Provider", "Management Company Employee", "Market Price", "Material Information", "Person", "Securities Laws" and "Security Based Compensation" all have the same definition as in the policies of the Exchange.

Pursuant to the Board's authority to govern the implementation and administration of the New Stock Option Plan, all previously granted and outstanding stock options shall be governed by the provisions of the New Stock Option Plan.

A copy of the New Stock Option Plan is available on request from the Company and is attached to Circular as Schedule "B".

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting or in person or by proxy must be voted in favour of the resolution. **Management recommends and, unless otherwise directed, the persons named in the enclosed Proxy intend to vote FOR such resolution:**

"BE IT RESOLVED THAT the Company's Stock Option Plan, as amended, be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the Policies of the TSX Venture Exchange, as the directors of the Company may deem necessary or advisable."

5. Other Matters

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

STATEMENT OF EXECUTIVE COMPENSATION

The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure provides insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand how decisions about executive compensation are made.

Definitions:

For the purpose of this Statement of Executive Compensation, in this form:

"Chief Executive Officer" or **"CEO"** means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"Chief Financial Officer" or **"CFO"** means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"closing market price" means the price at which the Company's security was last sold, on the applicable date,

- (a) in the security's principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

"Company" means Principal Technologies Inc.;

"company" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"equity incentive plan" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment;

"external management company" includes a subsidiary, affiliate or associate of the external management company;

"grant date" means a date determined for financial statement reporting purposes under IFRS 2 Share-based Payment;

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"incentive plan award" means compensation awarded, earned, paid, or payable under an incentive plan;

"NEO" or **"Named Executive Officer"** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;

- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year;

“non-equity incentive plan” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“option-based award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“plan” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, Common Shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, Common Share equivalent units, and stock.

All dollar amounts referenced herein, unless otherwise indicated, are expressed in United States dollars and Canadian dollars are referred to as “C\$”.

The following disclosure of compensation earned by certain executive officers and directors of the Company in connection with their office or employment with the Company is made in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations*. Disclosure is required to be made in relation to “Named Executive Officers”, being those individuals who served as the Chief Executive Officer, Chief Financial Officer and each of the Company's three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was, individually, more than \$150,000 for the financial year.

1. Executive Compensation Discussion and Analysis

Through its executive compensation practices, the Company seeks to provide value to its Shareholders through a strong executive leadership. Specifically, the Company's executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Company's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Company's success, and align the interests of the Company's executives and Shareholders by motivating executives to increase Shareholder value.

Compensation to Named Executive Officers currently is based on a number of factors including the Company's executive performance during the fiscal year, the roles and responsibilities of the Company's executives, the individual experience and skills of, and expected contributions from, the Company's executives, the Company's executives' historical compensation and performance within the Company, and any contractual commitments the Company has made to its executives regarding compensation. See “Employment Consulting and Management Contracts” below for further details on consulting arrangements currently in place with the Company's CEO and CFO.

Risk management is a consideration of the board of directors of the Company (the "**Board of Directors**" or "**Board**") when implementing its compensation policies and the Board do not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

2. Director and Named Executive Officer Compensation

Base Salary

The Company has entered into management agreements with its executive officers, and currently has agreed to pay its CEO's consulting company a fixed amount per month. See “Employment Consulting and Management Contracts” below for further details on consulting arrangements currently in place with the Company's CEO and CFO.

Option Based Awards

The only plan based award program that the Company currently operates with, is its stock option plan. The purpose of the stock option plan is to advance the interests of the Company, through the grant of options, by (i) providing an incentive mechanism to foster the interest of directors, officers, employees and consultants in the success of the Company; (ii) encouraging directors, officers, employees and consultants to remain with the Company; and (iii) attracting new directors, officers, employees and consultants.

The Board administers the stock option plan and, at the present time, option grants are approved by the Board. For details of the stock option plan, please refer to “*Particulars of Matters to be Acted Upon – Approval and Adoption of New Stock Option Plan*”.

Use of Financial Instruments

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including 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 Named Executive Officer or director. However, management is not aware of any Named Executive or director purchasing such an instrument.

Director Compensation

Directors are to receive quarterly fees in the amount of €20,000 per annum beginning on August 4, 2021. And whereas the Chairman of the Board and Chairman of the Audit Committee would receive quarterly fees in the amount of €10,000 per annum. As at the Record Date, the Directors have agreed to defer receipt of all such amounts.

Directors are also eligible to receive grants of stock options pursuant to the Company’s Stock Option Plan.

Named Executive Officers Compensation

In accordance with the provisions of applicable securities legislation, the Company had two (2) Named Executive Officers as at the last day of the financial year ended July 31, 2022 namely Gerald Trent (CEO) and Frank Stronach (CFO).

The following table sets out certain information respecting the compensation paid to the Named Executive Officers and Directors of the Company during the financial years ended July 31, 2022, July 31, 2021, and July 31, 2020.

There were no other executive officers of the Company who individually earned more than \$150,000 in total compensation.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and Position	Year ended July 31	Salary, director’s fee, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gerald Trent ⁽¹⁾ <i>CEO and Director</i>	2022	154,294	147,260	Nil	Nil	Nil	301,554
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Frank Stronach ⁽²⁾ <i>CFO, Corporate Secretary and Director</i>	2022	22,042	Nil	Nil	Nil	Nil	22,042
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
John McCoach ⁽³⁾ <i>Director and Former Interim CEO</i>	2022	33,063	Nil	Nil	Nil	Nil	33,063
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Name and Position	Year ended July 31	Salary, director's fee, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
His Serene Highness Prince Alfred von Liechtenstein ⁽⁴⁾ <i>Director</i>	2022	33,063	Nil	Nil	Nil	Nil	33,063
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Leopold Specht ⁽⁵⁾ <i>Director</i>	2022	22,042	Nil	Nil	Nil	Nil	22,042
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Azim Dhalla ⁽⁶⁾ <i>Former Director</i>	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Gerald Trent was appointed as CEO and a director of the Company on August 4, 2021.
- (2) Frank Stronach was appointed as CFO, Corporate Secretary and a director of the Company on April 3, 2018.
- (3) John McCoach was appointed as a director of the Company on April 3, 2018; and served as interim CEO from July 6, 2020 to August 4, 2021.
- (4) Prince Alfred von Liechtenstein was appointed as a director of the Company on August 4, 2021.
- (5) Dr. Leopold Specht was appointed as a director of the Company on August 4, 2021.
- (6) Azim Dhalla served as a director of the Company from April 3, 2018 to August 4, 2021.

3. Stock Options and Other Compensation Securities

The following table sets forth information concerning all security-based compensation outstanding at the end of the financial years ended July 31, 2022, July 31, 2021 and July 31, 2020 for each Named Executive Officer and each Director of the Company.

TABLE OF COMPENSATION SECURITIES

Name and position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities ⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end ⁽⁸⁾ (\$)	Expiry Date
Gerald Trent ⁽³⁾ <i>CEO and Director</i>	Stock Option	200,000	December 3, 2021	\$0.16	\$0.16	\$0.10	December 3, 2031
Frank Stronach ⁽⁴⁾ <i>CFO, Corporate Secretary and Director</i>	Stock Option	100,000	December 3, 2021	\$0.16	\$0.16	\$0.10	December 3, 2031
		200,000	October 28, 2018	\$0.10	\$0.10		October 28, 2023
John McCoach ⁽⁵⁾ <i>Director</i>	Stock Option	100,000	December 3, 2021	\$0.16	\$0.16	\$0.10	December 3, 2031
		200,000	October 28, 2018	\$0.10	\$0.10		October 28, 2023
His Serene Highness Prince Alfred von Liechtenstein ⁽⁶⁾ <i>Director</i>	Stock Option	200,000	December 3, 2021	\$0.16	\$0.16	\$0.10	December 3, 2031
Dr. Leopold Specht ⁽⁷⁾ <i>Director</i>	Stock Option	200,000	December 3, 2021	\$0.16	\$0.16	\$0.10	December 3, 2031

Notes:

- (1) Stock options fully vested as at date of grant.
- (2) Based on 17,733,924 Common Shares issued and outstanding as at July 31, 2022
- (3) The total amount of compensation securities held by Gerald Trent as at July 31, 2022 was 200,000 stock options
- (4) The total amount of compensation securities held by Frank Stronach as at July 31, 2022 was 300,000 stock options.
- (5) The total amount of compensation securities held by John McCoach as at July 31, 2022 was 300,000 stock options.
- (6) The total amount of compensation securities held by Prince Alfred von Liechtenstein as at July 31, 2022 was 200,000 stock option
- (7) The total amount of compensation securities held by Dr. Leopold Specht as at July 31, 2022 was 200,000 stock options
- (8) Reflects the closing price of the Common Shares on the TSX Venture Exchange on the last trading day of July 2022.

4. Exercise of Compensation Securities by Directors and NEOs

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's stock option plan that were outstanding to directors and NEOs of the Company during financial year ended July 31, 2022 and July 31, 2021.

EXERCISE OF COMPENSATION SECURITIES

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Estate of John Thompson <i>Former CEO and Former Director</i>	Stock Options	100,000	0.10	June 29, 2021	0.16	0.06	16,000
Azim Dhalla <i>Former Director</i>	Stock Options	100,000	0.10	August 24, 2021	0.165	0.065	16,000

5. Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information as at July 31, 2022 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	1,783,392	\$0.15	33,392
Equity compensation plans not approved by securityholders	Nil	Nil	Nil

6. Indebtedness of Directors and Executive Officers

Other than "routine indebtedness" as defined in applicable securities legislation, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this information circular.

7. 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, or controls or directs, directly or indirectly, 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 elsewhere in this Circular or in the Notes to the Company's financial statements for the financial years ended July 31, 2022 and July 31, 2021, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) 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 financial years ended July 31, 2022 and 2021 or in any proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

8. Interest of Certain Persons or Companies in Matters to be Acted Upon

No person who has been a director, senior officer or insider of the Company, no proposed nominee for director and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting other than the election of directors or the approval of the new control person.

9. Pension and Other Benefit Plans

The Company does not have any pension, retirement, defined benefit, defined contribution, or deferred compensation plans that provides for payments or benefits to its directors and NEOs at, following, or in connection with retirement and none are proposed at this time.

10. Termination and Change of Control Benefits

During the financial years ended July 31, 2022 and 2021, the Company did not have any contract, agreement, plan, or arrangement that provides for payment to any NEOs, executive officers, or directors at, following or in connection with any termination (whether voluntary, involuntary, or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's, executive officer's or director's responsibilities.

11. Employment Consulting and Management Contracts

The Company and its wholly-owned subsidiary, Principal Technologies Capital Management GMBH that exists pursuant to the laws of Austria, entered into a consulting agreement with a consulting company owned and controlled by Gerald Trent for his CEO services on June 11, 2021. In accordance with the consulting agreement the Company pays consulting fees in the amount of €10,000 per month. In addition, Mr. Trent received a one-time signing bonus of €100,000 in 2021. Conditional upon the Company qualifying as an "investment issuer" pursuant to the policies of the Exchange, Mr. Trent is also entitled to an annual performance bonus equal to 20% of the increase (if any) in value of the Company's equity capital, as measured in reference to the difference between the 20 day volume weighted average of the Common Shares multiplied by the issued and outstanding Common Shares as at the beginning and end of each

such annual period. The annual bonus, which was approved by the Company’s shareholders on June 30, 2021, will be paid in Common Shares subject to approval of the Exchange. Mr. Trent is also entitled to receive option based compensation periodically at the discretion of the Board.

The Company entered into a consulting agreement with a consulting company owned and controlled by Frank Stronach for his CFO and Corporate Secretary services on August 4, 2021, pursuant to which the Company pays consulting fees on an hourly basis, as agreed upon \$150 per hour. Mr. Stronach is also entitled to receive option based compensation periodically at the discretion of the Board.

Except as disclosed herein, the Company and its subsidiaries have no management or employment contracts with any other Named Executive Officer or director.

AUDIT COMMITTEE

Under National Instrument 52-110 - *Audit Committees* (“NI 52-110”), the Company is required to include in this Circular the disclosure required under Form 52-110F2 with respect to the audit committee (the “**Audit Committee**”) of the Board, including the composition of the Audit Committee, the text of the Audit Committee charter (attached hereto as Schedule “A”), and the fees paid to the external auditor.

1. Composition of the Audit Committee

The following are the current members of the Audit Committee:

Name	Independence	Financial Literacy
Prince Alfred von Liechtenstein	Independent	Financially Literate
Dr. Leopold Specht ⁽²⁾	Independent	Financially Literate
Gerald Trent	Non-Independent	Financially Literate

Notes:

- (1) The Company is a “venture issuer” for the purposes of NI 52-110. As such, the Company is exempt from the requirement to have the Audit Committee comprised entirely of independent members.
- (2) Chair of the Audit Committee.

2. Relevant Education and Experience

Prince Alfred von Liechtenstein – Director

His Serene Highness Prince Alfred von Liechtenstein, is a member of the Princely Family of Liechtenstein. He conducted his studies at the University of Vienna in economics and information technology, as well as politics. Since 1976, Prince Alfred von Liechtenstein has been managing director and board and supervisory board member of several international enterprises operating in multiple areas, such as trade, business advisory, and financial services. He is, among other engagements, also owner and executive director of the supervisory board of a five-star chalet hotel in Corinthia, Austria.

Dr. Leopold Specht – Director

Dr. Specht, is an international legal expert in the areas of international taxation, project financing, cross-boarder mergers and acquisitions, and corporate law, and taught at Harvard Law School, University of Naples, Northeastern University School of Law, to name a few. He conducted his studies at Harvard Law School, University of Rome, and University of Vienna. Dr. Specht is the founder and managing partner of the international law firm Specht & Partner, with offices in Vienna, Moscow, Prague, Budapest, Belgrade, and Zagreb and is fluent in five languages (German, English, Russian, Italian, French). He is also Managing Director of Dr. Leopold Specht Beteiligungs-und Vermoegensverwaltung GmbH since 1996 and of Specht Asset Management Services GmbH since 2007. Dr. Specht is also Director of Drazenowitsch-Hering-Privatstiftung since 2000 as well as Supervisory Board Member of Amalgaro Investment SE since 2019 and of ALMDORF ‘Seinerzeit’ Touristik Aktiengesellschaft since 1994.

Gerald Trent – Director

Mr. Trent held multiple senior positions in various companies. He is the founder and managing director of Trent Investments, a direct investment multi-family office for ultra-high net worth individuals in Europe. Formerly he worked as Head of Global Markets & Investment Banking at Sberbank Europe AG and Head of M&A of PwC Austria (Pricewaterhouse Coopers).

3. Audit Committee Oversight

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

4. Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year ended July 31, 2021, has the Company relied on the exemption in section 2.4 of NI 52-110 - Audit Committees (*De Minimis Non-audit Services*), the exemption in section 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*), the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or an exemption, in whole or in part, granted under Part 8 of NI 52-110.

As the Company is a “Venture Issuer” pursuant to relevant securities legislation, the Company is relying on the exemption in section 6.1 of NI 52-110 - *Audit Committees*, from the requirement of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

5. Audit Committee Charter

The charter of the Corporation's audit committee and the other information required to be disclosed by Form 52 110F2 are attached as Schedule "A".

6. External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditor in each of the last two financial years with respect to the Company, by category, are as follows:

Financial Year Ending July 31	Audit Fees ⁽¹⁾ (\$)	Audit Related Fees ⁽²⁾ (\$)	Tax Fees ⁽³⁾ (\$)	All Other Fees ⁽⁴⁾ (\$)
2022	35,000	Nil	Nil	Nil
2021	13,655	Nil	1,500	Nil

Notes:

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

CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Company is required to disclose its corporate governance practices. Corporate governance relates to the policies, structure and activities of a board of directors of a corporation, the members of which are elected by and are accountable to the Shareholders of the corporation and takes into account the role of the individual members of management who are appointed by the board of directors and who are charged with the day-to-day management of the corporation.

National Policy 58-201 - *Corporate Governance Guidelines* (“NP 58-201”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices.

Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of Shareholders and help to contribute to effective and efficient decision-making and believes the Company’s corporate governance practices are appropriate and effective for the Company given its current size.

1. Board of Directors

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

The Board facilitates its exercise of independent supervision over management by ensuring that the Board is composed of a majority of directors independent of management. In determining whether a director is independent, the Board considers whether the director has a relationship which could, or could be perceived to, interfere with the director’s ability to objectively assess the performance of management. The Board, at present, is composed of five directors, the majority of whom are considered “independent” as that term is defined in applicable securities legislation. Gerald Trent (CEO) and Frank Stronach (CFO) are not considered independent for the purposes of NI 58-101 – *Disclosure of Corporate Governance Practices* by reason of their offices as Chief Executive Officer and Chief Financial Officer of the Company, respectively.

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing the Company’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

2. Orientation and Continuing Education

The Board is responsible for providing orientation for all new recruits to the Board. New directors are briefed on strategic plans, short-, medium- and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing Company policies. However, there is no formal orientation for new members of the Board and this is considered appropriate given the Company’s size and current level of operations. Each new director brings a different skill set and professional background and, with this information, the Board is able to determine what orientation to the nature and operations of the Company’s business will be necessary and relevant to each new director. New directors also have the opportunity to become familiar with the Company and its business by meeting with the other directors and with officers and employees. A formal orientation process will be implemented when growth of the Company’s operations warrants such implementation.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Company provides continuing education for its directors as the need arises in respect of issues that are necessary for them to understand and meet their obligations as directors.

Board members are encouraged to communicate with management, auditors and technical consultants in order to keep current with industry trends and developments and changes in legislation. Board members have full access to the Company’s records. In addition, all of the directors of the Company are actively involved in their respective areas of expertise.

3. Ethical Business Conduct

The Board relies on the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of the Company. The Board has found that these, combined with the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the Shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

4. Committees of the Board of Directors

The Board has appointed an Audit Committee, the members of which are Gerald Trent, Prince Alfred von Liechtenstein and Dr. Leopold Specht. A description of the function of the Audit Committee can be found in this Circular under the Audit Committee section. The Board does not have any other committees.

5. Assessments

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither the Company nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by the other board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board. The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practice allows the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

ADDITIONAL INFORMATION

As of the date of this Circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the Proxy.

Additional information relating to the Company is available on the SEDAR website at www.sedar.com. Copies of the Company's financial statements and management's discussion and analysis may be obtained, without charge, upon request from Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, Attention: Tally Barmash, or by email request to tbarmash@fiorecorporation.com.

BOARD APPROVAL

The contents of this Information Circular have been approved and the delivery of it to each Shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Vancouver, British Columbia, this 21st day of October, 2022.

/s/ Gerald Trent
Chief Executive Officer and Director

SCHEDULE “A”

AUDIT COMMITTEE CHARTER

PRINCIPAL TECHNOLOGIES INC. (the “Company”)

1. OVERALL PURPOSE AND OBJECTIVES

The Audit Committee will assist the directors (the “**Directors**”) of the Company in fulfilling their responsibilities under applicable legal and regulatory requirements. To the extent considered appropriate by the Audit Committee or as required by applicable legal or regulatory requirements, the Audit Committee will review the financial reporting process of the Company, the system of internal controls and management of the financial risks of the Company and the audit process of the financial information of the Company. In fulfilling its responsibilities, the Audit Committee should maintain an effective working relationship with the Directors, management of the Company and the external auditor of the Company as well as monitor the independence of the external auditor.

2. AUTHORITY

- (a) The Audit Committee shall have the authority to:
- (i) engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
 - (ii) set and pay the compensation for any advisors employed by the Audit Committee;
 - (iii) communicate directly with the internal and external auditor of the Audit Company and require that the external auditor of the Company report directly to the Audit Committee; and
 - (iv) seek any information considered appropriate by the Audit Committee from any employee of the Company.
- (b) The Audit Committee shall have unrestricted and unfettered access to all personnel and documents of the Company and shall be provided with the resources reasonably necessary to fulfill its responsibilities.

3. MEMBERSHIP AND ORGANIZATION

- (a) The Audit Committee will be composed of at least three members. The members of the Audit Committee shall be appointed by the Directors to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The majority of the members of the Audit Committee must be Directors who are independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules and regulations, and stock exchange requirements (“**Applicable Laws**”). In this Charter, the terms “independent” and “financially literate” have the meaning ascribed to such terms by Applicable Laws, and include the meanings given to similar terms by Applicable Laws, including in the case of the term “independent” the terms “outside” and “unrelated” to the extent such latter terms are applicable under Applicable Laws.
- (b) The chairman of the Audit Committee will be an independent Director and will be appointed by the Audit Committee from time to time and must have such accounting or related financial management expertise as the Directors may determine in their business judgment.
- (c) The secretary of the Audit Committee will be the chosen by the Audit Committee.
- (d) The Audit Committee may invite such persons to meetings of the Audit Committee as the Audit Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or Applicable Laws.
- (e) The Audit Committee may invite the external auditor of the Company to be present at any meeting of the Audit Committee and to comment on any financial statements, or on any of the financial aspects, of the Company.

- (f) The Audit Committee will meet as considered appropriate or desirable by the Audit Committee. Any member of the Audit Committee or the external auditor of the Company may call a meeting of the Audit Committee at any time upon 48 hours' prior written notice.
- (g) All decisions of the Audit Committee shall be by simple majority and the chairman of the Audit Committee shall not have a deciding or casting vote.
- (h) Minutes shall be kept in respect of the proceedings of all meetings of the Audit Committee.
- (i) No business shall be transacted by the Audit Committee except at a meeting of the members thereof at which a majority of the members thereof is present.
- (j) The Audit Committee may transact its business by a resolution in writing signed by all the members of the Audit Committee in lieu of a meeting of the Audit Committee.

4. ROLE AND RESPONSIBILITIES

To the extent considered appropriate or desirable or required by applicable legal or regulatory requirements, the Audit Committee shall:

- (a) recommend to the Directors
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, and
 - (ii) the compensation to be paid to the external auditor of the Company;
- (b) review the proposed audit scope and approach of the external auditor of the Company and ensure no unjustifiable restriction or limitations have been placed on the scope of the proposed audit;
- (c) meet separately and periodically with the management of the Company, the external auditor of the Company and the internal auditor (or other personnel responsible for the internal audit function of the Company) of the Company to discuss any matters that the Audit Committee, the external auditor of the Company or the internal auditor of the Company, respectively, believes should be discussed privately;
- (d) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, including the resolution of disagreements between management of the Company and the external auditor of the Company regarding any financial reporting matter and review the performance of the external auditor of the Company;
- (e) review judgmental areas, for example those involving a valuation of the assets and liabilities and other commitments and contingencies of the Company;
- (f) review audit issues related to the material associated and affiliated entities of the Company that may have a significant impact on the equity investment therein of the Company;
- (g) meet with management and the external auditor of the Company to review the annual financial statements of the Company and the results of the audit thereof;
- (h) review and determine if internal control recommendations made by the external auditor of the Company have been implemented by management of the Company;
- (i) pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company and, to the extent considered appropriate:

- (i) adopt specific policies and procedures in accordance with Applicable Laws for the engagement of such non-audit services; and/or
- (ii) delegate to one or more independent members of the Audit Committee the authority to pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company provided that the other members of the Audit Committee are informed of each such non-audit service;
- (j) consider the qualification and independence of the external auditor of the Company, including reviewing the range of services provided by the external auditor of the Company in the context of all consulting services obtained by the Company;
- (k) consider the fairness of the Interim Financial Report and financial disclosure of the Company and review with management of the Company whether,
 - (i) actual financial results for the interim period varied significantly from budgeted or projected results,
 - (ii) generally accepted accounting principles have been consistently applied,
 - (iii) there are any actual or proposed changes in accounting or financial reporting practices of the Company, and
 - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure;
- (l) review the financial statements of the Company, management's discussion and analysis and any annual and interim earnings press releases of the Company before the Company publicly discloses such information and discuss these documents with the external auditor and with management of the Company, as appropriate;
- (m) review and be satisfied that adequate procedures are in place for the review of the public disclosure of the Company of financial information extracted or derived from the financial statements of the Company, other than the public disclosure referred to in paragraph 4(l) above, and periodically assess the adequacy of those procedures;
- (n) establish procedures for,
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters relating to the Company;
- (o) review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;
- (p) review the areas of greatest financial risk to the Company and whether management of the Company is managing these risks effectively;
- (q) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and consider their impact on the financial statements of the Company;
- (r) review any legal matters which could significantly impact the financial statements of the Company as reported on by counsel and meet with counsel to the Company whenever deemed appropriate;
- (s) institute special investigations and, if appropriate, hire special counsel or experts to assist in such special investigations;

- (t) at least annually, obtain and review a report prepared by the external auditor of the Company describing:
 - (i) the firm's quality-control procedures;
 - (ii) any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - (ii) (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- (u) review with the external auditor of the Company any audit problems or difficulties and management's response to such problems or difficulties;
- (v) discuss the Company's earnings press releases, as well as financial information and earning guidance provided to analysts and rating agencies, if applicable; and
- (w) review this charter and recommend changes to this charter to the Directors from time to time.

5. COMMUNICATION WITH THE DIRECTORS

- (a) The Audit Committee shall produce and provide the Directors with a written summary of all actions taken at each Audit Committee meeting or by written resolution.
- (b) The Audit Committee shall produce and provide the Directors with all reports or other information required to be prepared under Applicable Laws.

SCHEDULE "B"

PRINCIPAL TECHNOLOGIES INC.

INCENTIVE STOCK OPTION PLAN

November 30, 2022

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND INTERPRETATION	1
1.1 Defined Terms	1
1.2 Interpretation.....	5
ARTICLE 2 ESTABLISHMENT OF PLAN	5
2.1 Purpose.....	5
2.2 Shares Reserved.....	5
2.3 Non-Exclusivity	6
2.4 Effective Date	6
ARTICLE 3 ADMINISTRATION OF PLAN.....	6
3.1 Administration	6
3.2 Amendment, Suspension and Termination	7
3.3 Compliance with Laws	7
3.4 Tax Withholdings	8
ARTICLE 4 OPTION GRANTS	8
4.1 Eligibility and Multiple Grants	8
4.2 Option Agreement.....	8
4.3 Limitation on Grants and Exercises.....	8
ARTICLE 5 OPTION TERMS.....	9
5.1 Exercise Price	9
5.2 Expiry Date; Additional Terms.....	9
5.3 Vesting	9
5.4 Accelerated Vesting Event.....	10
5.5 Non-Assignability.....	10
5.6 Ceasing to be Eligible Person	10
5.7 Blackout Periods	11
ARTICLE 6 EXERCISE PROCEDURE	11
6.1 Exercise Procedure	11
ARTICLE 7 AMENDMENT OF OPTIONS.....	12
7.1 Consent to Amend	12
7.2 Amendment Subject to Approval.....	12
ARTICLE 8 MISCELLANEOUS	12
8.1 No Rights as Shareholder	12
8.2 No Right to Employment.....	12
8.3 Governing Law	12

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "**Accelerated Vesting Event**" means the occurrence of any one of the following events:
 - (i) a take-over bid (as defined under applicable Securities Laws) is made for Common Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any Person or Persons acting jointly or in concert (as determined under applicable Securities Laws) or Persons associated or affiliated with such Person or Persons (as determined under applicable Securities Laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (ii) the acquisition or continuing ownership by any Person or Persons acting jointly or in concert (as determined under applicable Securities Laws), directly or indirectly, of Common Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such Person or Persons, Persons associated with such person or persons, or persons affiliated with such Person or Persons (as determined under applicable Securities Laws) (collectively, the "**Acquirors**"), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (iii) an amalgamation, merger, arrangement or other business combination (a "**Business Combination**") involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- (b) "**Affiliate**" shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (c) "**Associate**" shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (d) "**Board**" means the board of directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;

- (e) "**Charitable Stock Option**" means an Option under this Plan granted by the Corporation to an Eligible Charitable Organization;
- (f) "**Charitable Organization**" means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;
- (g) "**Common Shares**" means the common shares in the capital of the Corporation that are listed on the Exchange;
- (h) "**Consultant**" means, in relation to the Corporation, an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or Company that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Company, as the case may be; and
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.
- (i) "**Consultant Company**" means a Consultant that is a Company;
- (j) "**Convertible Securities**" means any security of the Corporation which is convertible into Common Shares;
- (k) "**Corporation**" means Principal Technologies Inc. and its successor entities;
- (l) "**Director**" means a director (as defined under Securities Laws) of the Corporation or of any of its subsidiaries;
- (m) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by shareholders of the Corporation at the shareholders' meeting excluding those votes attaching to voting shares of the Corporation beneficially owned by:
 - (i) the Persons that hold or will hold the Security Based Compensation in question; and
 - (ii) Associates and Affiliates of those Persons.
- (n) "**Distribution**" has the meaning ascribed thereto by the Exchange;
- (o) "**Eligible Charitable Organization**" means:
 - (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or
 - (ii) a Registered National Arts Service Organization;

- (p) **"Eligible Person"** means
- (i) a Director, Officer, Employee, Consultant or Management Company Employee of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; or
 - (ii) an Eligible Charitable Organization at the time the Option is granted;
- (q) **"Employee"** means:
- (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation, as the case may be, but for whom income tax deductions are not made at source.
- (r) **"Exchange"** means the TSX Venture Exchange or the NEX board of the TSX Venture Exchange, as the context requires, and any successor entity or the Toronto Stock Exchange if the Corporation is listed thereon;
- (s) **"Exchange Hold Period"** has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (t) **"Expiry Date"** means the last day of the term for an Option, as set by the Board at the time of grant in accordance with section 5.2 and, if applicable, as amended from time to time;
- (u) **"Governmental Authorities"** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:
- (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
 - (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (v) **"Insider"** means
- (i) a director or senior officer of the Corporation;
 - (ii) a director or senior officer of a Company that is an Insider or subsidiary of the Corporation;

- (iii) a Person that beneficially owns or controls directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation; or
- (iv) the Corporation itself if it holds any of its own securities.
- (w) "**Investor Relations Activities**" has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (x) "**Investor Relations Service Provider**" includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;
- (y) "**Listed Shares**" are defined in section 1.1(g);
- (z) "**Management Company Employee**" means an individual employed by a Company providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation;
- (aa) "**Material Information**" has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (bb) "**Officer**" means an officer (as defined under Securities Laws) of the Corporation or of any of its subsidiaries;
- (cc) "**Option**" means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (dd) "**Optionee**" means an Eligible Person of an Option granted by the Corporation;
- (ee) "**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (ff) "**Plan**" means this incentive stock option plan;
- (gg) "**Private Foundation**" means "private foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (hh) "**Public Foundation**" means "public foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (ii) "**Registered Charity**" means "registered charity" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (jj) "**Registered National Arts Service Organization**" means "registered national arts service organization" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (kk) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Corporation;

- (ll) “**Security Based Compensation Plan**” has the meaning ascribed thereto by the TSX Venture Exchange’s Corporate Finance Manual; and
- (mm) “**Termination Date**” means the date on which an Optionee ceases to be an Eligible Person.

1.2 Interpretation

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.
- (b) If the Corporation is listed on the Toronto Stock Exchange, the Company will have to amend the Plan to meet TSX policies.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its subsidiaries, if any;
- (b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its subsidiaries, if any; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the issued and outstanding Common Shares as at the date of grant of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any other Security Based Compensation Plan of the Corporation. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan. If the Corporation is listed on the NEX board of the TSX Venture Exchange, the maximum number of Options that may be reserved for issuance or issued in any 12 month period shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant.
- (b) If there is a change in the issued and outstanding Common Shares by reason of any adjustment, other than in connection with a share consolidation or split, the Board shall make, as it shall deem advisable and subject to the prior acceptance of the Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, appropriate substitution and/or adjustment in:
 - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and

- (iii) accelerated vesting related to Investor Relations vesting provisions are subject to the prior approval of the Exchange, and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.
- (e) Share capital adjustments are subject to prior approval of the Exchange, except where they relate to consolidations or splits.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Effective Date

This Plan shall be subject to the approval of any regulatory authority whose approval is required and any required shareholder approval. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Optionee's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and
 - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 and 3.4 hereof.

- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Optionees and all other Persons.
- (c) For stock options granted to Directors, Officers, Employees, Consultants or Management Company Employees, the Corporation and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Director, Officer, Employee, Consultant or Management Company Employee, as the case may be.

3.2 Amendment, Suspension and Termination

The Board may amend, subject to the approvals of any regulatory authority and shareholders whose approvals are required, suspend or terminate this Plan or any provision herein. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Optionee. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Laws

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any Governmental Authority as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the applicable Securities Laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Optionees pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable Securities Laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.
- (d) All Options granted to Insiders of the Corporation, and all Options granted with an exercise price that is less than the applicable Market Price for the Common Shares (as defined by the policies of the Exchange) at the date of grant, to the extent permitted by this Plan, will be subject to the Exchange Hold Period, and will bear a legend indicating such hold period.

3.4 Tax Withholdings

- (a) Notwithstanding any other provision contained herein, in connection with the exercise of an Option by an Optionee from time to time, as a condition to such exercise the Corporation shall require such Optionee to pay to the Corporation or the relevant Affiliate an amount as necessary so as to ensure that the Corporation or such Affiliate, as applicable, is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Affiliate, as applicable shall be entitled to withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Affiliate is in compliance with the applicable provisions of any federal, provincial, local or foreign laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. The Corporation may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such withholding obligations including, without limitation, requiring the Optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such withholding obligations or (b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions, subject to the limitations set forth herein.

4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Corporation and the Optionee. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) **To Insiders.** The aggregate number of Options granted or issued in any 12 month period to Insiders (as a group) pursuant to this Plan and any other Security Based Compensation Plan must not exceed 10% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval). In addition, the maximum number of Common Shares issuable pursuant to this Plan and any other Security Based Compensation Plan granted or issued to Insiders (as a group) must not exceed 10% of the issued shares of the Corporation at any point in time (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).
- (b) **To any one Person.** The aggregate number of Options granted or issued in any 12 month period to any one Person (and companies wholly owned by that Person) pursuant to this Plan and any other Security Based Compensation Plan must not exceed 5% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

- (c) **To Consultants.** The aggregate number of Options granted or issued in any 12 month period to any one Consultant pursuant to this Plan and any other Security Based Compensation Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant.
- (d) **To Investor Relations Service Providers.** The aggregate number of Options granted or issued in any 12 month period to all Investor Relations Service Providers pursuant to this Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant. If the Corporation is listed on the NEX board of the TSX Venture Exchange, no Options are permitted to be granted to Investor Relations Service Providers.
- (e) **To Eligible Charitable Organizations.** The maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares of the Issuer, calculated as at the date the Charitable Stock Option is granted to the Eligible Charitable Organization.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) Subject to a minimum exercise price of \$0.05 per Common Share, the exercise price per Common Share for an Option shall be determined by the Directors or their delegates if any, but will in no event be less than Market Price for the Common Shares (as defined by the policies of the Exchange) at the date of grant.
- (b) A minimum exercise price cannot be established unless the Options are allocated to particular Persons.

5.2 Expiry Date; Additional Terms

- (a) Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant (subject to extension where the expiry date falls within a “blackout period”, pursuant to section 5.7) hereof.
- (b) A Charitable Stock Option must expire on or before the earlier of:
 - (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and
 - (ii) the 90th day following the date that the holder of the Charitable Stock Option ceases to be an Eligible Organization.
- (c) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of Options, or the extension of the term of an Option, if the Optionee is an Insider of the Corporation at the time of the proposed amendment.

5.3 Vesting

- (a) Subject to section 5.3(b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that:

- (i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted;
- (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted;
- (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and
- (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted.

5.4 Accelerated Vesting Event

Subject to section 2.2(b) and in compliance with the policies of the Exchange, upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and subject to the prior acceptance of the Exchange, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to:

- (a) accelerating the vesting of Options, conditionally or unconditionally;
- (b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction;
- (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or
- (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

5.5 Non-Assignability

Options may not be assigned or transferred.

5.6 Ceasing to be Eligible Person

- (a) If an Optionee who is a Director, Officer, Employee, Consultant or Management Company Employee is terminated for cause, each Option held by such Optionee shall terminate and therefore cease to be exercisable upon such termination for cause.
- (b) If an Optionee dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Optionee shall be exercisable by the heirs or administrators of such Optionee and shall terminate and therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months from the date of the Optionee's death.
- (c) Unless an option agreement specifies otherwise, if an Optionee ceases to be an Eligible Person for any reason other than death or termination for cause, each Option held by the Optionee other than an Investor Relations Service Provider will cease to be exercisable 90

days after the Termination Date or for a "reasonable period" after the Optionee ceases to serve in such capacity, as determined by the Board, with such "reasonable period" not exceeding 12 months following the Termination Date. For Investor Relations Service Providers, Options shall cease to be exercisable 30 days after the Termination Date.

- (d) If any portion of an Option is not vested at the time an Optionee ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Optionee or its legal representative, as the case may be, provided that the Board may, in its discretion, thereafter permit the Optionee or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates.

5.7 Blackout Periods

An Option will be automatically extended past the expiry date of an Option governed by the Plan if such expiry date falls within a period (a "**blackout period**") during which the Corporation prohibits Optionees from exercising their Options provided that the following requirements are satisfied:

- (a) The blackout period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Corporation formally imposing a blackout period, the expiry date of any Options will not be automatically extended in any circumstances.
- (b) The blackout period must expire following the general disclosure of the undisclosed Material Information. The expiry date of the affected Options can be extended to no later than ten (10) business days after the expiry of the blackout period.
- (c) The automatic extension of an Optionee's Options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation's securities.
- (d) The automatic extension is available to all Eligible Persons under the Plan under the same terms and conditions.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Optionee only upon the Optionee's delivery to the Corporation at its head office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable Securities Laws; and

- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Optionee's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of Securities Laws of any jurisdiction;

and on the business day following, the Optionee shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Optionee.

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Optionee and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option or the extension of the term of an Option if the Optionee is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires Exchange and shareholder approvals, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon an Optionee any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Optionee shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Optionee's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.