

NOMINATION AGREEMENT
BETWEEN
PENDERFUND CAPITAL MANAGEMENT LTD.
- and -
SYLOGIST LTD.
June 20, 2023

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NOMINATION AGREEMENT

THIS NOMINATION AGREEMENT dated June 20, 2023 (the “**Agreement**”)

BETWEEN:

PENDERFUND CAPITAL MANAGEMENT LTD., a corporation incorporated under the laws of the Province of British Columbia (including its successors and assigns, the “**Investor**”)

- and -

SYLOGIST LTD., a corporation incorporated under the laws of the Province of Alberta (the “**Corporation**”)

(collectively, the “**Parties**” and each of them a “**Party**”)

RECITALS:

- A. As of the date hereof, Investor is the beneficial owner of 3,268,377 common shares in the capital of the Corporation (the “**Common Shares**”), representing 13.67% of the issued and outstanding Common Shares;
- B. The Corporation plans to hold its annual and special meeting of shareholders of the Corporation (the “**Shareholders**”) on June 27, 2023 (as it may be adjourned or postponed, the “**2023 Shareholder Meeting**”) and Investor wishes to support the Corporation and vote in favour of the incumbent directors at the 2023 Shareholder Meeting; and
- C. the Corporation has entered into this Agreement to grant certain rights to Investor, with respect to the initial appointment of, and future nomination for election of, one individual to the Board (as defined herein).

NOW THEREFORE, in consideration of the mutual covenants in this Agreement and for other consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**Affiliate**” of any Person means another Person that would be considered to be an affiliate of such first mentioned Person for the purposes of the Securities Act, and in the case of Investor, includes, for the avoidance of doubt, any investment vehicle sponsored, managed or co-managed by Investor;

“**Agreement**”, “**this Agreement**”, “**the Agreement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereby**”, “**hereunder**” and similar expressions mean this Agreement, including all instruments supplementing, amending or confirming this Agreement. All references to “**Articles**” or “**Sections**” refer to the specified Article or Section of this Agreement;

“**beneficial ownership**,” including the correlative term “**beneficially owned**,” has the meaning ascribed in the Securities Act;

“**Board of Directors**” or the “**Board**” means the Corporation’s board of directors;

“**Business Day**” means any day other than a Saturday, Sunday or a holiday on which banks in Calgary, Alberta or Vancouver, British Columbia are closed for commercial business during regular banking hours;

“**Common Shares**” has the meaning ascribed thereto in the recitals;

“**Conditions**” has the meaning ascribed thereto in Section 2.4(a);

“**Corporation**” has the meaning ascribed thereto in the preamble;

“**Directors Election Meeting**” means a meeting of shareholders of the Corporation at which directors of the Corporation are to be elected;

“**Investor**” has the meaning ascribed thereto in the preamble;

“**Investor Nomination Letter**” has the meaning ascribed thereto in Section 2.3(c);

“**Investor Nominee**” means an individual designated by Investor in an Investor Nomination Letter and who meets the Conditions;

“**Management’s Slate**” means the director nominees recommended by management of the Corporation in an information circular prepared for a Directors Election Meeting;

“**Parties**” means the parties to this Agreement and “**Party**” means any of them;

“**Person**” means any natural person, body corporate, corporation, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity;

“**PIF**” means a Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information in the form of Appendix A to National Instrument 41-101 - General Prospectus Requirements, and any similar form prescribed under applicable securities laws or stock exchange requirements to which the Corporation is subject;

“**Securities Act**” means the *Securities Act* (Alberta); and

“**Shareholders**” has the meaning ascribed thereto in the recitals.

1.2 Time of the Essence

Time shall be of the essence of each provision of this Agreement. Any extension, waiver or variation of any provision of this Agreement shall not be deemed to affect this provision and there shall be no implied waiver of this provision.

1.3 Calculation of Time

Unless otherwise specified, time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends.

1.4 Business Days

Whenever any action to be taken pursuant to this Agreement would otherwise be required to be taken or made on a day that is not a Business Day, such action shall be taken on the first Business Day following such day.

1.5 Headings

The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.

1.6 Plurals and Gender

Words in the singular include the plural and vice versa and words in one gender include all genders.

1.7 Statutory References

Any reference to a statute or regulation shall mean the statute or regulation in force as at the date of this Agreement (together with all regulations promulgated under such statute) as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute or regulation thereto, unless otherwise stated.

1.8 Other References

“Include”, “includes” and “including” shall be deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of like import.

ARTICLE 2 NOMINATION RIGHTS

2.1 Size of Board

The number of directors of the Corporation from time to time shall be fixed by resolution of the Board in accordance with the Corporation’s articles and bylaws.

2.2 Director Nominees

- (a) As of the date hereof, the composition of the Board is made up as follows: Taylor Gray, Barry D.A. Foster, Craig O'Neill, Ian McKinnon, Janice P. Anderson and William C. Wood (the “**Incumbents**”).
- (b) Subject to:
 - (i) Investor having voted “FOR” the number of directors of the Corporation to be appointed at the 2023 Shareholder Meeting as recommended by management of the Corporation in the information circular for such meeting, and “FOR” of all of the Incumbents prior to the proxy deadline with respect to the 2023 Shareholder Meeting, or any adjournment thereof;
 - (ii) Investor and its Affiliates, collectively, beneficially owning greater than or equal to ten percent (10%) of the issued and outstanding Common Shares at such time; and
 - (iii) the Conditions in Section 2.4(a) being met,

the Corporation shall take or have taken all necessary action to appoint one (1) Investor Nominee to the Board of Directors, as an additional director as contemplated in section 106(4) of the ABCA, on or prior to August 16, 2023, unless otherwise mutually agreed to by the Parties. Such nominee must be “independent”, as defined in *Multilateral Instrument 52-110 – Audit Committees*, with respect to the Corporations and shall not be or previously have been an employee, officer, director, or contractor of Investor. Once Investor has provided the notice required under Section 2.3(a), the Investor Nominee shall be entitled to participate in any meetings of the Board or its committees prior to this initial appointment.
- (c) The Corporation and Investor agree that so long as Investor and its Affiliates, collectively, are the beneficial owners of greater than or equal to ten percent (10%) of the issued and outstanding Common Shares, the Corporation will, subject to the provisions of this Agreement, include one (1) Investor Nominee among the management recommended nominees for election to the Board at each Directors Election Meeting.
- (d) Subject to applicable law and the rules of any stock exchange on which the Common Shares are then listed, if at any time a vacancy on the Board is created as a result of the death, resignation, disqualification or removal of an Investor Nominee, then Investor and the Corporation (acting through the Board) shall work together in good faith to fill such vacancy or replace such nominee with an individual selected by Investor in its sole discretion who meets the Conditions, and thereafter such individual shall serve and/or be nominated and designated as an “Investor Nominee” under this Agreement.
- (e) The Corporation shall pay or reimburse, as the case may be, the Investor Nominee for out-of-pocket expenses and director fees at the same level and using the same policies as for any other independent director of the Corporation from the date of

appointment. In the event that the Investor Nominee participates in any Board meeting as an observer, they will be reimbursed for out-of-pocket expenses to attend any meeting of the Board of Directors.

2.3 Nominating Procedure

- (a) Within 15 days following the execution of this Agreement, Investor will deliver to the Corporation, in writing, the name of the Investor Nominee to be appointed pursuant to Section 2.2(b) together with the information regarding such Investor Nominee (including the number of Common Shares owned or controlled by such Investor Nominee and any Person that is an affiliate or associate of the Investor Nominee within the meaning of applicable Canadian securities laws) that the Corporation would be required to include in an information circular of the Corporation to be sent to shareholders of the Corporation in respect of a Directors Election Meeting and, if such Investor Nominee has not previously served as a director of a TSX or TSXV listed reporting issuer in the previous 2 years, deliver to the Corporation a duly completed PIF.
- (b) The Corporation shall give the Investor at least ninety (90) days advance notice in writing of the date of any Directors Election Meeting.
- (c) At least 75 days before each Directors Election Meeting, Investor will deliver to the Corporation, in writing, the name of the Investor Nominee together with the information regarding such Investor Nominee (including the number of Common Shares owned or controlled by such Investor Nominee and any Person that is an affiliate or associate of the Investor Nominee within the meaning of applicable Canadian securities laws) that the Corporation is required to include in an information circular of the Corporation to be sent to shareholders of the Corporation in respect of such Directors Election Meeting and, if such Investor Nominee has not previously served as a director of a TSX or TSXV listed reporting issuer in the previous 2 years, deliver to the Corporation a duly completed PIF (the “**Investor Nomination Letter**”).
- (d) If Investor fails to deliver the Investor Nomination Letter to the Corporation at least 75 days before the Directors Election Meeting, Investor shall be deemed to have nominated the same Investor Nominee previously designated by Investor that serves as a director of the Corporation at such time.
- (e) Investor shall provide or cause to be provided to the Corporation, upon request and on a timely basis, all such information concerning an Investor Nominee as is reasonably required by the Corporation to meet its obligations under applicable corporate and securities laws and the requirements of any stock exchange on which the Common Shares are then listed with respect to directors and the election or continued service thereof.

2.4 Conditions

- (a) Notwithstanding anything to the contrary in this Agreement, each Investor Nominee shall, at all times while serving on the Board, satisfy the following

conditions as reasonably determined by the Board (such conditions referred to as the “**Conditions**”):

- (i) meet the qualification requirements to serve as a director under the ABCA, applicable Canadian securities laws and the rules of any stock exchange on which the Common Shares are then listed;
- (ii) an Investor Nominee must be approved by the Board, such approval not to be unreasonably withheld, conditioned or delayed, and if such proposed designee is not an acceptable person (for objective reasons, such as a direct conflict), the Board shall provide written reasons to Investor setting out such objective reasons and Investor shall be entitled to (x) work with the Corporation on an arbitration mechanic to be completed within 10 business days; or (y) continue designating a recommended person until such proposed designee is an acceptable person to the Board; and
- (iii) acknowledge and agree to be bound by this Agreement with respect to the obligations of the Investor Nominee.

No Investor Nominee may be a person who is not acceptable to any stock exchange on which the Common Shares are then listed or a securities regulatory authority having jurisdiction over the Corporation.

- (b) Notwithstanding anything to the contrary in this Agreement, if at any time an Investor Nominee ceases to satisfy any of the Conditions (for certainty, other than the condition at Section 2.4(a)(ii)), Investor shall promptly use its reasonable commercial efforts to cause such Investor Nominee to tender his or her resignation from the Board, which the Board may accept or reject, and the provisions of Section 2.2(d) shall apply *mutatis mutandis*.

2.5 Status of Nominee and Committee Participation

While serving on the Board and any committee thereof, each Investor Nominee shall be entitled to:

- (a) all the rights and privileges of the other members of the Board and committee members, including, without limitation, access to all notices, consents, minutes, documents, and other information and access to the Corporation’s outside advisors; *provided, however*, that the Investor Nominees shall not be entitled to participate in or observe, and shall upon the good faith request of the Board or any such committee recuse himself or herself from, any meeting or portion thereof at which the Board or any such committee is evaluating and/or taking action with respect to the exercise of any of the Corporation’s rights or enforcement of any of the obligations of Investor, under this Agreement;
- (b) be indemnified by the Corporation at least on the same terms as other members of the Board, and shall agree to abide by the written policies of the Board and committees thereof and the written policies of the Corporation applicable to members of the Board; and

- (c) enter into customary director indemnification agreements with the Corporation that will provide for the indemnification of each Investor Nominee to the fullest extent permitted by applicable law.

2.6 Covenants of Investor

- (a) Investor shall provide to the Corporation as and when requested by the Corporation from time to time, a certificate of one of its officers setting out the aggregate number of Common Shares beneficially owned by Investor; and
- (b) for the duration of this Agreement, and provided that an Investor Nominee is included in Management's Slate, Investor shall:
 - (i) vote "FOR" the number of directors of the Corporation to be appointed at any Directors Election Meeting as recommended by management of the Corporation prior to the proxy deadline;
 - (ii) vote "FOR" Management's Slate to be appointed at any Directors Election Meeting as recommended by management of the Corporation prior to the proxy deadline; and
 - (iii) not requisition any Directors Election Meeting.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Investor

Investor represents and warrants to the Corporation that:

- (a) as of the date hereof, Investor together with its Affiliates, collectively, are, directly or indirectly, the registered or beneficial owners of 3,268,377 Common Shares, representing 13.67% of the issued and outstanding Common Shares, and Investor does not control or direct any other Common Shares;
- (b) Investor is duly organized, validly existing and in good standing under the laws of British Columbia and has all requisite power and authority to execute and deliver this Agreement;
- (c) this Agreement has been duly executed and delivered by Investor; and
- (d) this Agreement constitutes the valid and binding agreement of Investor, enforceable against Investor in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law), in each case now or hereafter in effect.

3.2 Representations and Warranties of the Corporation

The Corporation represents and warrants to Investor that:

- (a) the Corporation is duly incorporated, validly existing and in good standing under the laws of Alberta and has all requisite corporate power and authority to execute and deliver this Agreement;
- (b) this Agreement has been duly executed and delivered by the Corporation;
- (c) this Agreement constitutes the valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law), in each case now or hereafter in effect; and
- (d) the actions contemplated by Article 2 of this Agreement have been duly and validly authorized by all necessary corporate action and expressly approved by the Board.

ARTICLE 4 TERMINATION

4.1 Termination

This Agreement shall terminate:

- (a) upon the agreement in writing of the Parties; or
- (b) automatically and irrevocably on the day that the number of Common Shares beneficially held, directly or indirectly, by Investor together with its Affiliates is below ten percent (10%) of the issued and outstanding Common Shares; or
- (c) on or after March 19, 2024, upon notice in writing of Investor.

4.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 4.1, this Agreement shall be of no further force or effect with respect to the Party or Parties with respect to which such termination applies and all rights and obligations of such Party or Parties shall be at an end; provided that the provisions of Article 4 shall survive the termination of this Agreement.

ARTICLE 5 GENERAL

5.1 Application of this Agreement

The terms of this Agreement shall apply *mutatis mutandis* to any shares or other securities:

- (a) resulting from the conversion, reclassification, redesignation, subdivision, consolidation or other change to any of the Common Shares held by Investor and/or its Affiliates; and
- (b) of the Corporation or any successor body corporate that may be received by Investor and/or its Affiliates on a merger, amalgamation, arrangement or other reorganization of or including the Corporation.

Prior to any action referred to in (a) or (b) above being taken by the Corporation, the Parties shall give due consideration to any changes that may be required to this Agreement in order to give effect to the intent of this Section 5.1.

5.2 Public Filing

The Parties hereby consent to the public filing of this Agreement if any Party is required to do so by law or by applicable regulations or policies of any regulatory agency of competent jurisdiction or any stock exchange, subject to such redactions as may be permitted by law and either party may reasonably request.

5.3 Further Assurances

Each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

5.4 Assignment and Enurement

Neither this Agreement nor any benefits or duties accruing under this Agreement shall be assignable by any Party, other than by Investor (i) to an Affiliate of Investor to whom Common Shares are transferred. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

5.5 Entire Agreement

This Agreement, and any agreement or document delivered in connection with this Agreement, constitutes the entire agreement between the Parties with respect to the matters herein and supersedes all prior agreements, understandings, negotiations and discussions relating to the subject matter hereof. There are no other covenants, agreements, representations, warranties, conditions, whether direct or collateral, express or implied, that form part of or affect this Agreement except as otherwise provided for in this Agreement. This Agreement shall not be amended, added to or qualified except by written agreement signed by the Parties.

5.6 Waiver

Except as otherwise expressly set out herein, no waiver of any provision of this Agreement shall be binding unless it is in writing. No indulgence or forbearance by a Party shall constitute a waiver of such Party's right to insist on performance in full and in a timely manner of all covenants in this Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Agreement, at any other time.

5.7 Expenses

All costs and expenses incurred in connection with this Agreement shall be borne by the Party hereto incurring such costs and expenses; provided that within five (5) business days of the execution of this Agreement, the Corporation shall wire [*Amount Redacted*] to Investor in partial satisfaction of its expenses incurred in connection with this Agreement.

5.8 Notices

All notices, requests, demands or other communications required or permitted to be given by one Party to another under this Agreement shall be given in writing and delivered by personal delivery or delivery by recognized commercial courier, sent by email or delivered by registered mail or postage prepaid, addressed as follows:

- (a) to the Corporation:

Sylogist Ltd.
Suite 102, 5 Richard Way S.W.
Calgary, Alberta
T3E 7M8

Attention: [*Notice Information Redacted*]

Email: [*Email Address Redacted*]

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2700, Brookfield Tower
225 – 6th Avenue S.W.
Calgary, Alberta
T2P 1N2

Attention: Edward Wooldridge, Corporate Secretary

Email: ewooldridge@osler.com

- (b) If to Investor:

PenderFund Capital Management Ltd.
1830 – 1066 West Hastings St.
Vancouver, BC
V6E 3X2

Attention: [*Notice Information Redacted*]

Email: [*Email Address Redacted*]

with a copy (which shall not be deemed notice) to:

Norton Rose Fulbright Canada LLP
Suite 3000, 222 Bay St.
Toronto, Ontario
M5K 1E7

Attention: Walied Soliman
E-mail: walied.soliman@nortonrosefulbright.com

or at such other address or email address of which the addressee may from time to time notify the addressor. Any notice delivered by personal delivery or by courier to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address. If such day is not a Business Day, or if the notice is received after 4:00 p.m. (addressee's local time), then the notice shall be deemed to have been given and received on the next Business Day. Any notice transmitted by email shall be deemed to have been given and received on the day in which transmission is confirmed. If such day is not a Business Day or if the transmission of the email is received after 4:00 p.m. (addressee's local time), then the notice shall be deemed to have been given and received on the first Business Day after its transmission.

5.9 Severability

If, in any jurisdiction, any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be restricted, invalid or unenforceable the Parties will negotiate in good faith to amend this Agreement to implement the intentions set forth herein. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

5.10 Counterparts; Facsimile and Electronic Signatures

This Agreement may be signed in one or more counterparts, each of which once signed shall be deemed to be an original. All such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart shall be deemed to bear the effective date first written above. This Agreement, any and all agreements and instruments executed and delivered in accordance herewith, along with any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine, scanned email or internet transmission copy or other means of electronic transmission, shall be treated in all manner and respects and for all purposes as an original signature, agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

5.11 Governing Law and Jurisdiction for Disputes

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated, in all respects, as an Alberta contract. The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta.

5.12 Third Party Beneficiaries

The terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and it is not the intention of the Parties to confer any third party beneficiary rights and this Agreement does not confer any such rights, upon any Person.

5.13 Remedies

Each Party agrees that an award of monetary damages would not be an adequate remedy for any loss incurred by reason of any breach of this Agreement and that, in the event of any breach or threatened breach of this Agreement by a Party, the other Parties will be entitled to seek equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach or threatened breach of this Agreement but will be in addition to all other remedies available at law or in equity.

IN WITNESS WHEREOF the Parties have hereunto duly executed this Agreement on the date first above written.

SYLOGIST LTD.

By: (signed) "William C. Wood"
William C. Wood
President and Chief Executive Officer

**PENDERFUND CAPITAL
MANAGEMENT LTD.**

By: (signed) "David Barr"
David Barr
Chief Executive Officer