

ENABLENCE TECHNOLOGIES INC.
390 March Road, Suite 119, Ottawa, Ontario K2K 0G7

NOTICE OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting of the shareholders (the “Meeting”) of Enablence Technologies Inc. (“Enablence”, or the “Company”) will be held at the Fairmont Royal York, 100 Front Street West, Toronto, Ontario, M5J 1E3 on Tuesday, February 5, 2019 commencing at 11:00 a.m. (EST) for the following purposes:

1. to receive the audited consolidated financial statements of the Company for its fiscal year ended June 30, 2018, together with the report of the auditors thereon;
2. to elect directors;
3. to reappoint MNP LLP as auditors of the Company and to authorize the directors to fix the auditors’ remuneration;
4. to consider and, if deemed advisable, to pass, with or without amendment, a resolution to approve the existing Enablence Technologies Inc. Amended and Restated Stock Option Plan (the “Option Plan”), a “rolling” plan reserving a maximum of 10% of the issued and outstanding shares of the Company, from time to time (the “Option Plan Resolution”); and
5. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice are the management proxy circular (the “Circular”) containing details of the matters to be dealt with at the Meeting, the audited consolidated financial statements of the Company for year ended June 30, 2018 together with management’s discussion and analysis thereon, if requested, and a form of proxy (“Proxy”).

Shareholders who are unable to attend the Meeting in person are requested to (a) complete and sign the accompanying Proxy and return it by mail in the enclosed return envelope or by facsimile or (b) to vote electronically by internet. To be effective, proxies must be received by the Company’s transfer agent, Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department, or by facsimile (sent to: 1-866 249-7775) or internet voting or by telephone prior to 11:00 a.m. (EST) on Friday, February 1, 2019 or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment thereof is to be held, or may be deposited with the Chair of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.

DATED at Toronto, Ontario this 7th day of January 2019.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Louis De Jong
Chair of the Board of Directors

**ENABLENCE TECHNOLOGIES INC.
390 March Road, Suite 119
Ottawa, Ontario K2K 0G7**

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This management proxy circular (the “Circular”) is furnished in connection with the solicitation by the management of Enablence Technologies Inc. (“Enablence” or the “Company”) of proxies for use at the annual and special meeting of shareholders (the “Meeting”) to be held at the Fairmont Royal York, 100 Front Street West, Toronto, Ontario, M5J 1E3 on Tuesday, February 5, 2019 commencing at 11:00 a.m. (EST), and at any adjournment thereof, for the purposes set forth in the notice of meeting (the “Notice”). **The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers, employees or representatives of the Company. Any costs of solicitation will be borne by the Company.** The information contained herein is given as at December 31, 2018 unless indicated otherwise.

All dollar amounts in this Circular are in Canadian dollars, except where indicated otherwise.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Company. Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy (“Proxy”), who need not be a shareholder of the Company, to represent such shareholder at the Meeting or any adjournment thereof. Such right may be exercised by inserting such person’s name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.

VOTING INSTRUCTIONS

Registered Shareholders

There are two methods by which registered shareholders (“Registered Shareholders”), whose names are shown on the books or records of the Company as owning common shares currently issued and outstanding (“Common Shares”), may vote their Common Shares at the Meeting: in person at the Meeting, or by Proxy. Should a Registered Shareholder wish to vote in person at the Meeting, the Proxy included with the Circular should not be completed or returned; rather, the Registered Shareholder should attend the Meeting where his or her vote will be taken and counted. Should the Registered Shareholder not wish to attend the Meeting or not wish to vote in person, his or her vote may be voted by Proxy through one of the methods described below and the Common Shares represented by the Proxy will be voted or withheld from voting, in accordance with the instructions as indicated in the Proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

A Registered Shareholder may vote by Proxy by using one of the following methods: (i) the Proxy to be returned by mail or delivery; (ii) by facsimile; (iii) by internet; or (iv) by telephone. The methods of using each of these procedures are as follows:

Voting by Mail. A Registered Shareholder may vote by mail or delivery by completing, dating and signing the enclosed Proxy and depositing it with Computershare Investor Services Inc. (the “Transfer Agent”) using the envelope provided or by mailing it to the Transfer Agent, Attention: Proxy Department, or to the Chief Executive Officer of the Company, by no later than 11:00 a.m. (EST) on Friday, February 1, 2019, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Voting by Facsimile. A Registered Shareholder may vote by facsimile by completing, dating and signing the enclosed Proxy and returning it by facsimile to the Transfer Agent at 1-866-249-7775. The Proxy must be received by no later than 11:00 a.m. (EST) on Friday, February 1, 2019, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting.

Voting by Internet. A Registered Shareholder may vote by Internet by accessing the following website: www.investorvote.com. When you log on to the site you will be required to input a control number as instructed on the logon page. Please see additional information enclosed with the Circular on the Proxy. Registered Shareholders may vote by Internet up to 11:00 a.m. (EST) on Friday, February 1, 2019 or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting.

Voting by Telephone. A Registered Shareholder may vote by telephone by calling the toll free number 1-866-732-8683. When you telephone you will be required to input a control number as instructed on the Proxy. Please see additional information enclosed with the Circular on the Proxy. Registered Shareholders may vote by telephone up to 11:00 a.m. (EST) on Friday, February 1, 2019 or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting.

Voting by mail or the Internet is the only method by which a Registered Shareholder may choose an appointee other than the management appointees named on the Proxy and must be completed by the Registered Shareholder or by an attorney authorized in writing or, if the Registered Shareholder is a corporation or other legal entity, by an authorized officer or attorney.

Non-registered Shareholders (Beneficial Owners)

In the Circular, all references to shareholders are to Registered Shareholders of Common Shares. Only Registered Shareholders of Common Shares, or the person they appoint as their proxy, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-registered Shareholder” or “Beneficial Owner”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs, TFSAs and similar plans; or
- (b) in the name of a clearing agency such as CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

Common Shares held by your broker or its nominee can only be voted upon your instructions. Without specific instructions, your broker, its agent or its nominee is prohibited from voting your Common Shares. **Therefore, beneficial shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person.**

In accordance with the requirements of National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer, the Company has distributed copies of the Notice, this Circular and the form of proxy (collectively, the "Meeting Materials") to Intermediaries and clearing agencies for onward distribution to Non-registered Shareholders of Common Shares.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-registered Shareholders. If you are a Non-registered Shareholder, your name and address will appear on the voting instruction form sent to you by an Intermediary (bank, broker or trust company). A Non-registered Shareholder may vote, or appoint a proxy, by mail, telephone, fax or on the Internet in accordance with the voting instruction form. Your Intermediary, as registered holder, will submit the vote or proxy appointment to the Company on your behalf. You must submit your voting instruction form in accordance with the instructions and within the time limits set by your Intermediary. If you or a person you designate plan to attend the Meeting and vote you must appoint yourself or that person as proxy using the voting instruction form.

The Non-registered Shareholder should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.

A Non-registered Shareholder may revoke a form of proxy or voting instruction form given an Intermediary by contacting the Intermediary through which the Non-registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

REVOCATION OF PROXIES

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so (1) by delivering another properly executed Proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; (2) by depositing an instrument in writing revoking the Proxy executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of the Company (390 March Road, Suite 119, Ottawa, Ontario K2K 0G7, Attention: Chief Financial Officer) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting, prior to its commencement, on the day of the Meeting or at any adjournment thereof; (3) by attending the Meeting in person and so requesting; or (4) in any other manner permitted by law.

A Non-registered Shareholder may revoke a voting information form or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting information form or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING AND DISCRETION OF PROXIES

On any ballot that may be called for, the Common Shares represented by Proxies in favour of the persons named by management of the Company will be voted for or against, or voted for or withheld from voting on, the matters identified in the Proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the Proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote (a) FOR the election of management's**

nominees as directors; (b) FOR the appointment of management's nominee as auditor and the authorization of the directors to fix the remuneration of the auditor, and (c) FOR the Option Plan Resolution in accordance with management's recommendations with respect to amendments or variations of the matters set out in the Notice, or any other matters which may properly come before the Meeting.

The accompanying Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting. As at the date of this Circular, management of the Company knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

As of December 31, 2018, the authorized capital of the Company consisted of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which 641,927,418 Common Shares were issued and outstanding and no preferred shares were outstanding.

A holder of record of Common Shares as at the close of business on December 31, 2018 (the "Record Date") is entitled to one vote for each Common Share held by him or her. The affirmative vote of a majority of the votes cast at the Meeting, or more as indicated, is required for approval of each matter set forth in this Circular.

In accordance with the *Canada Business Corporations Act*, the Company will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list at the close of business on the Record Date will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of the Company, other than:

Name of Holder	Number of Common Shares of the Company	Percentage of Issued and Outstanding Common Shares of the Company
ZTE (H.K.) Ltd.	95,000,000	14.80%
J. Zechner Associates	102,651,975	15.99%
China TriComm Ltd . ⁽¹⁾	73,007,619	11.37%

Notes:

(1) These shares are held by China TriComm Ltd. and its affiliates, Irix Holding Ltd. and Win Brand Limited.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. ELECTION OF DIRECTORS

The articles of the Company provide that the board of directors of the Company (the "Board of Directors") may be fixed from time to time by a resolution of the Board of Directors. The Company currently has five

directors. Tao (Todd) Zhang and Yifan (Evan) Chen are not standing for re-election at the Meeting. Each of Steve Wang and Derek Burney are new nominees to the Board of Directors at the Meeting.

In accordance with the Voting Agreement dated September 6, 2013 (the “TriCommVoting Agreement”) between the Company, China TriComm Ltd. (“TriComm”) and certain investors, currently TriComm is entitled to one nominee on the Board of Directors in accordance with the TriComm Voting Agreement. In accordance with the Voting Agreement dated January 27, 2016 (the “ZTE Voting Agreement”) between the Company, ZTE Corporation (“ZTE”) and certain shareholders of the Company, ZTE is entitled to one nominee on the Board of Directors in accordance with the ZTE Voting Agreement. The ZTE nominee, Ming Xu, resigned from the Board of Directors on July 4, 2018. ZTE is in the process of identifying a new ZTE nominee to be appointed to the Board of Directors.

The following table lists certain information concerning the nominees for election as directors of the Company. The information as to principal occupations and the number of Common Shares beneficially owned or over which control or direction is exercised by each nominee has been furnished by the respective nominees.

Name and province and country of residence	Current position as a director or as an officer	Director since	Principal occupation during past five years	No. of fully diluted common shares (Common Shares and options) owned directly or indirectly at December 31, 2018
John Roland Ontario, Canada	Director	October 31, 2011	Retired senior litigation partner of Osler, Hoskin & Harcourt LLP, where he also served in several management roles. Graduate of the Rotman’s Institute of Corporate Directors course.	6,200,000 fully diluted common shares (5,000,000 Common Shares and 1,200,000 options)
Louis De Jong ⁽¹⁾⁽²⁾ Ontario, Canada	Director and Chair of the Board of Directors	December 5, 2012	Chief Executive Officer of BSM Technologies Inc. since August 2018. Chief Financial Officer of BSM Technologies from January 2014 to August 2018. Founder and managing partner of De Jong & Co., a boutique merchant bank which provides investment and financial advisory services. CEO of Enablence from February 11, 2013 to October 29, 2013. From March 2004 to September 2012, Mr. De Jong was Managing Director of Jemeekk Capital Management Inc.	8,025,000 fully diluted common shares (6,000,000 Common Shares and 2,025,000 options) ⁽⁵⁾
Dan Shmitt ⁽¹⁾⁽³⁾	Director	September 8, 2017	CIO of Disney Streaming Services since September of 2017. From July 2015 to September 2017 CIO for the three entities of Major League Baseball (Major League Baseball Advanced Media, Major League Baseball Office of the Commissioner, and Major League Baseball Network) Prior to July 2015 Mr. Shmitt presided over Shmitt Technologies LLC, a technology consulting firm headquartered in New York City that he founded in 2006 and sold in 2015.	-

Name and province and country of residence	Current position as a director or as an officer	Director since	Principal occupation during past five years	No. of fully diluted common shares (Common Shares and options) owned directly or indirectly at December 31, 2018
Derek Burney ⁽⁴⁾ Ontario, Canada			Senior Strategic Advisor to Norton Rose Fulbright Canada LLP since 2006, where he assists clients with cross border and domestic issues as well as trade and investment policy matters. Mr. Burney is an advisor to, and investor in, Paradigm Capital.	-
Steve Wang Fremont, CA, USA			Since December 2018, Steve Wang has been a consultant to the Company. From January 2018 to December 2018 Mr. Wang was President and COO of Irix Holding Ltd. Mr. Wang worked as Chief Technology in Alien Technology Inc., a market leader in RFID and IOT, between 2014 and 2017. From 2006 to 2014, Mr. Wang was Chief Technology Officer and Global VP R&D at Checkpoint System Inc., a NYSE Company. And from 1999 to 2004 Steve was General Manager and Corporate Vice President of Finisar, a NASDAQ Company. Mr. Wang earned a PhD in Electrical Engineering from Technical University of Denmark in 1991, and a Ph.D. (ABD) in Semiconductor Physics (Coherent laser array) from Jilin University in China in 1987.	-

Notes:

- (1) Member of the Audit Committee.
- (2) De Jong & Co., a holding company of Louis De Jong, holds 6,000,000 Common Shares.
- (3) Mr. Shmitt holds \$400,000 convertible debentures of the Company following a cash investment on June 30, 2017.
- (4) Canwest Global Communications Corp. ("Canwest") voluntarily entered into the Companies' Creditors Arrangement Act (CCAA) and obtained an order from the Ontario Superior Court of Justice (Commercial Division) to start proceedings on October 6, 2009. Although no cease trade orders were issued, Canwest shares were de-listed by the TSX after the filing and started trading on the TSX Venture Exchange. Canwest emerged from CCAA protection, and Postmedia Network acquired its newspaper business on July 13, 2010 while Shaw Communications Inc. acquired its broadcast media business on October 27, 2010. Mr. Burney ceased to be a director of Canwest on October 27, 2010.

The term of office for each director is from the date of the meeting at which he or she is elected until the next annual meeting of shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is vacated before that time in accordance with the by-laws of the Company.

The following sets out additional information with respect to the education, experience and employment history of each of the directors and officers referred to above during the past five years.

Louis De Jong

Director, Chair of the Board of Directors and Chair of the Audit Committee

Louis De Jong was appointed to the Board of Directors of Enableness in December 2012. Mr. De Jong was appointed CEO on February 11, 2013 until he stepped down as CEO on October 29, 2013. Mr. De Jong is currently the Chair of the Board of Directors, since December 17, 2013. Mr. De Jong is the Founder and Managing Partner of De Jong & Co., a boutique merchant bank engaged in principal investment and financial advisory services. Prior to that, in 2004 he had co-founded and was Managing Director of Jemeekk

Capital Management Inc. to September 2012, a hedge fund manager on behalf of high net worth and institutional clients focused on small and medium capitalized Canadian companies. From 1998 to 2004 Mr. De Jong was employed by Credit Suisse First Boston where he most recently served as Director and Head of Canadian Equities. Mr. De Jong began his career in the investment business at Sprott Securities Inc. in institutional equity sales. Mr. De Jong is currently the President & CEO of BSM Technologies Inc.. (TSX:GPS) since August 2018.

John Roland
Director

John Roland was appointed a director of the Company in October 2011. He is a retired senior litigation partner of Osler, Hoskin & Harcourt LLP, a major Canadian law firm. At Osler, he served as Chairman of the Litigation Department for 15 years, Chairman of the Billing Committee for 13 years and other extensive management experience. He was also a member of the Executive Committee for six years. He had a broad commercial litigation practice with extensive involvement in corporate governance matters. He is a graduate of the Rotman's Institute of Corporate Directors course. He has also had considerable experience in alternative dispute resolution. Mr. Roland attended McGill University where he earned his Bachelor of Engineering degree and the University of Toronto where he earned his Bachelor of Laws degree.

Derek Burney

Derek H. Burney is Senior Strategic Advisor to Norton Rose Fulbright Canada. He is Chairman of GardaWorld's International Advisory Board, Chairman of Alcanna Inc. (TSX:CLIQ), and a member of the Advisory Board of Paradigm Capital Inc. Mr. Burney was President and Chief Executive Officer of CAE Inc. from October 1999 until August 2004 and was Chairman and Chief Executive Officer of Bell Canada International Inc. from 1993 to 1999. From 1989 to 1993, Mr. Burney served as Canada's Ambassador to the United States. This assignment culminated a distinguished thirty-year career in the Canadian Foreign Service, during which he completed a variety of assignments at home and abroad, including a period as a Deputy Minister of External Affairs. From March 1987 to January 1989, Mr. Burney served as Chief of Staff to the Prime Minister Brian Mulroney. He led the Canadian delegation in concluding negotiations of the Canada-U.S. Free Trade Agreement and was the Prime Minister Mulroney's personal representative (Sherpa) in the preparations for the Houston (1990), London (1991) and Munich (1992) G-7 Economic Summits. Mr. Burney attended Queen's University, where he received an Honours B.A. and an M.A. Mr. Burney was conferred Honorary Doctor of Laws degrees from Lakehead University, Queen's University, Wilfrid Laurier University, Carleton University and University of Windsor.

Dan Shmitt
Director

Daniel Shmitt was appointed a Director of the Company on September 8, 2017. Mr. Shmitt is currently the CIO for Disney Streaming Services (Formerly BAMTECH Media LLC, a global leader in direct-to-consumer streaming technology and marketing services, data analytics, and commerce management, and a spin-off of Major League Baseball Advanced Media, the interactive media and internet arm of Major League Baseball.) Mr. Shmitt transitioned to Disney from Major League Baseball, following an announcement by The Walt Disney Company that it had agreed to pay an additional \$1.58 billion to acquire an additional 42% stake in, and majority ownership of BAMTECH LLC. Prior to the acquisition Mr. Shmitt held the role of CIO for the three entities of Major League Baseball (MLB) (Major League Baseball Advanced Media, Major League Baseball Office of the Commissioner, and Major League Baseball Network). He provided MLB's strategic vision, and defined the roadmap for all back-office technology for the three entities. Before joining MLB, Mr. Shmitt presided over Shmitt Technologies LLC, a technology

consulting firm headquartered in New York City that he founded in 2006 and sold in 2015. Mr. Shmitt earned a Bachelor's Degree in Business Management with a Major in Information Systems and holds several technical certifications.

Steve Wang
Consultant

Since December 2018, Steve Wang has been a consultant to the Company. From January 2018 to December 2018 Mr. Wang was President and COO of Irix Holding Ltd. Steve Wang worked as Chief Technology in Alien Technology Inc., a market leader in RFID and IOT, between 2014 and 2017. From 2006 to 2014, Mr. Wang was Chief Technology Officer and Global VP R&D at Checkpoint System Inc., a NYSE Company. From 1999 to 2004, Mr. Wang was General Manager and Corporate Vice President of Finisar, a NASDAQ Company. Mr. Wang also held various technical and management position in Corning and Hewlett Packard, and as well VP Engineering in two other optical startups in Silicon Valley. Mr. Wang holds 70 Patents and 50 international publications. Mr. Wang earned a PhD in Electrical Engineering from Technical University of Denmark in 1991, and a Ph.D. (ABD) in Semiconductor Physics (Coherent laser array) from Jilin University in China in 1987. Mr. Wang is currently a consultant to the Company.

Corporate Cease Trade Orders or Bankruptcies

Other than as identified in the table under the heading "Election of Directors", none of the directors or officers of the Company is, or has been within the ten years before the date of this Circular, a director or officer 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 the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days or was declared 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 the assets of that company.

Penalties or Sanctions

None of the directors or officers of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the directors or officers of the Company has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or officer.

2. APPOINTMENT OF AUDITORS

At the Meeting, it is proposed to re-appoint MNP LLP, Chartered Professional Accountants and Licensed Public Accountants, as auditors of the Company to hold office until the next annual meeting of shareholders, with their remuneration to be fixed by the Board of Directors.

MNP LLP were appointed as the Company's auditors on June 6, 2017 and Deloitte LLP were auditors of the Company from May 1, 2006 until June 6, 2017.

3. OPTION PLAN RESOLUTION

At this Meeting, shareholders will be asked to consider, and, if thought advisable, to pass, with or without variation, the Option Plan Resolution, the full text of which is set forth in Schedule A to this Circular, to approve the existing Option Plan, which is a "rolling" plan reserving a maximum of 10% of the issued and outstanding shares of the Company, from time to time, in the form set out as Schedule B hereto.

The Company is dependent on its ability to attract and retain qualified technical and key management personnel. Employees, consultants, officers and directors of the Company are eligible to receive grants of options under the Enablence Technologies Inc. Amended and Restated Stock Option Plan, as amended from time to time (the "Option Plan"). In a competitive job environment, management and the Board of Directors has determined that compensation arrangements should include, where appropriate, stock options.

Currently, a maximum number of 10% of the issued and outstanding Common Shares of the Company may be issued under the Option Plan. As at December 31, 2018, options for 16,716,250 common shares are granted and outstanding under the Option Plan and a total of 47,476,492 common shares remain available to grant under the Option Plan.

Under the Option Plan, options may be granted to any director, officer, employee or consultant of the Company. The maximum number of Common Shares that may be reserved for issuance to any one person under the Option Plan is 5% of the number of common shares outstanding at the time of reservation. The exercise price for common shares subject to an option is determined by the Board of Directors at the time of grant and will reflect the market price of the Company's shares at the time the option is granted. For options granted to officers, employees and consultants, options are exercisable as follows: 25% on the first anniversary of the date of grant; with an additional 25% becoming exercisable on each of the second, third and fourth anniversaries of the date of grant, subject to the right of the Board of Directors to determine at the time of a particular grant that such options will become exercisable on different dates. For options granted to directors of the Company, at the Board of Directors' discretion, options are exercisable as follows: 50% on the first anniversary of the date of grant; with the remaining 50% becoming exercisable on the second anniversary of the date of grant, subject to the right of the Board of Directors to determine at the time of a particular grant that such options will become exercisable on different dates. Options under the Option Plan are subject to early termination under certain circumstances including death, resignation and dismissal, and accelerated vesting in the event of a change of control of the Company. An option may be for a term of up to ten years and may not be assigned.

The Board of Directors is of the view that it is in the best interests of the Company to continue the "rolling" Option Plan to continue to enable the Board of Directors to grant options to directors, officers, employees or consultants of the Company and its subsidiaries as a means of attracting highly qualified directors, officers, employees and consultants who will be motivated towards the success of the Company and to encourage share ownership in the Company by directors, officers, employees and consultants who work on behalf of the Company. The Option Plan will continue to have the flexibility to grant options to key new employees on a timely basis.

Recommendation of the Board of Directors

The Option Plan Resolution, as set out in Schedule A hereto, must be approved by a majority of the votes cast in person or by proxy at the Meeting by the holders of Common Shares, excluding 179,007,619 Common Shares held by certain insiders of the Company and their affiliates. The Board of Directors has

determined that “rolling” Plan is in the best interests of the Company and unanimously recommends that the holders of Common Shares vote FOR the Option Plan Resolution.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Arrangements in 2017 and 2018

Yifan (Evan) Chen, CEO of the Company, entered into an employment agreement with an effective date of September 1, 2015. The agreement had a two year term which is renewable for a further two years subject to Mr. Chen and the Board of Directors coming to an agreement on the terms of renewal. The compensation under the agreement includes USD \$200,000 annual salary, up to USD \$100,000 of annual bonus based on terms to be set by the Board, as well as a one-time USD \$30,000 relocation amount. On June 20, 2014, Mr. Chen received an option grant of 2,000,000 common shares at an exercise price of \$0.15 per share which vested over a two year period.

The Company and Tao (Todd) Zhang, as CFO of the Company, entered into a consulting agreement where Mr. Zhang is to be paid USD \$3,000 per month for the period from January 2014 to December 2015, which amounts are to be paid by Irix Holding Ltd., as part of a separate arrangement to be repaid by the Company in the future. In addition, the Company entered into a consulting arrangement with Mr. Zhang pursuant to which Mr. Zhang’s compensation is increased to USD \$10,000 per month, for the period from January 1, 2016 to April 30, 2016 and the Company has continued to accrue for Mr. Zhang’s service on such basis but no cash has been paid. On June 20, 2014, Mr. Zhang received an option grant of 1,500,000 common shares at an exercise price of \$0.15 per share which vested over a two year period.

Compensation Structure

Until January 2018, the Compensation Committee was comprised of three board members: John Roland (Chair of the Committee), Evan Chen and Tao Zhang. In January 2018, the Board of Directors determined that the Board of Directors as a whole would meet as the Compensation Committee. The Board of Directors, acting as the Compensation Committee, approves executive compensation policies and levels, including compensation plans for the CEO and senior executive goals and performance objectives. Messrs. Chen and Zhang do not participate in the discussions related to the CEO and CFO compensation.

The Company’s overall compensation program includes base salary, bonus cash incentives, long-term equity incentives in the form of stock options (see the section above entitled “Enablence Technologies Inc. Amended and Restated Stock Option Plan”), and perquisites in the form of health care benefits. The compensation program is designed to provide motivation and incentives to its executive officers and other employees with a view toward enhancing shareholder value while successfully achieving the Company’s objectives. Management of the Company and the Board of Directors periodically review the compensation program to ensure that it is consistent with the Company’s goal of attracting, retaining and motivating its executive officers and other employees.

Base Salary

Base salary is the non-variable portion of cash compensation earned or paid to the executive officers and employees of the Company. The Company provides its executive officers and employees with base salaries to compensate them for services rendered during the fiscal year and to aid in attracting and retaining quality employees. The Board of Directors reviews the base salary for each executive officer of the Company annually or upon a promotion or other change in job responsibility, based on the individual’s level of responsibility, the importance of the position to the Company and the individual’s contribution to the Company’s performance. The Board of Directors may also assess base salary relative to a group of peer

companies with similar scope and operations to ensure that it is positioned competitively with executive officers in similar roles at other peer companies.

See heading “Employment and Consulting Agreements” below.

Total Cash Compensation

Total cash compensation includes base salary and any variable short-term cash incentive compensation. Under Mr. Chen’s September 1, 2015 employment agreement, Mr. Chen is entitled to receive up to USD \$100,000 of annual bonus based on terms to be set by the Board and he received a one-time USD\$30,000 relocation amount during calendar 2015 (See heading “Compensation Arrangements in 2017 and 2018” above).

Long-term Equity Incentives

The long-term incentive plan (“LTIP”) component in place was in the form of options granted under the Company’s Option Plan. A more detailed discussion of the Plan can be found under the heading “Option Plan Resolution”. The Option Plan is a long-term incentive plan for the officers, other employees, directors and consultants of the Company. Participation in the Option Plan is determined by the Compensation Committee or the Board of Directors, taking into account the recommendations of the CEO. The purpose of the Option Plan is to enhance the Company’s ability to attract, retain and motivate key personnel, align the participant’s interests with those of the shareholders, provide eligible participants with the opportunity to own shares of the Company and benefit from any increases in the value of those shares, and reward participants for strong performance.

An option grant of 2,800,000 was made to employees and consultants of the Company in December 2016 and 8,800,000 was made to employees and consultants of the Company in February 2016 (no options were granted to directors or officers of the Company at those times). An option grant of 9,340,000 Common Shares was made to directors, officers, employees and consultants of the Company in June 2014. On June 20, 2014, Mr. Chen received an option grant of 2,000,000 common shares at an exercise price of \$0.15 per share which vested over a two year period and Mr. Zhang received an option grant of 1,500,000 common shares at an exercise price of \$0.15 per share which vested over a two year period.

Perquisite: Benefits

The Company provides employees, including its officers, with perquisites that the Company believes are reasonable and consistent with its overall compensation program to better enable the Company to attract, reward and retain quality employees for key positions. The Company periodically reviews the levels of other perquisites provided to the executive officers and other employees to ensure competitiveness and value.

Non-executive directors of the Company are not eligible to participate in the Company’s healthcare programs.

EXECUTIVE COMPENSATION

Compensation of Officers

The following table sets forth information containing the compensation paid or earned during the years ended June 30, 2018, June 30, 2017 and June 30, 2016 to the CEO, CFO and to the two other most highly compensated employees of the Company during the fiscal periods (the “Named Executive Officers”) as no

other employees received compensation in excess of \$150,000 for the most recently completed financial year.

					Non-equity incentive plan compensation (\$)				
	Fiscal Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽⁵⁾ (\$)	Annual incentive plans	Long-term incentive plans	Pension value (\$)	All other compensation (C\$)	Total compensation (C\$)
Yifan (Evan) Chen CEO ⁽¹⁾	2018	\$200,000USD						\$13,500 USD	\$213,500 USD
	2017	\$200,000USD						\$12,128 USD	\$212,128USD
	2016	\$200,000USD			(1)	-	-	(1)	(1)
Tao (Todd) Zhang CFO ⁽²⁾	2018	(2)							(2)
	2017	(2)							(2)
	2016	(2)	-		-	-	-	-	(2)
Ashok Balakrishnan, Director of Product Development ⁽³⁾	2018	184,000						6,972	191,842
	2017	174,900						6,750	181,650
	2016	174,900		35,000	(3)			13,481	223,381
Serge Bidnyk, Director of Research and Design ⁽⁴⁾	2018	184,900						6,972	191,842
	2017	174,900						6,750	181,650
	2016	174,900		28,000	(3)			13,481	216,381

Notes:

- (1) Yifan (Evan) Chen was appointed CEO on May 20, 2014. Mr. Chen signed a consulting agreement with the Company on October 29, 2013 for USD \$10,000 per month, which amounts are to be paid by Irix Holding Ltd. as part of a separate arrangement to be repaid by the Company in the future. The consulting agreement ended on August 31, 2015 and was then replaced by a new employment agreement with an effective date of September 1, 2015. The new agreement has a two year term which is renewable for a further two years subject to Mr. Chen and the Board coming to agreement on the terms of renewal. The compensation under the agreement includes USD \$200,000 annual salary, up to USD \$100,000 of annual bonus based on terms to be set by the Board, as well as a one-time USD \$30,000 relocation amount. From October 29, 2013 until his appointment to CEO on May 20, 2014, Mr. Chen acted as Chief Strategy Officer. The work fee compensation earned for the period from November 2013 to June 2014 was USD \$80,000 and from July 1, 2014 to June 30, 2015 was USD \$120,000.
- (2) Tao (Todd) Zhang was appointed CFO on December 17, 2013. Mr Zhang entered in a consulting agreement with the Company for USD \$3,000 per month from January 2014 to December 2015, which amounts are to be paid by Irix Holding Ltd. as part of a separate arrangement to be repaid by the Company in the future. In addition, the Company entered into a consulting arrangement with Tao (Todd) Zhang where Mr. Zhang was paid USD \$10,000 per month, for the period from January 1, 2016 to April 30, 2016, and the Company has continued to accrue for Mr. Zhang on that basis.
- (3) The Company reached an agreement with Mr. Ashok Balakrishnan regarding past guaranteed bonuses earned in the amount of \$166,667, which are to be paid out at a rate of \$5,000 per month, commencing in October 2015, until the amount is fully paid (\$105,000 has been paid out as at June 30, 2017). In August 2018, Mr. Balakrishnan's annual salary was increased to \$199,200.
- (4) The Company reached an agreement with Mr. Serge Bidnyk regarding past guaranteed bonuses earned in the amount of \$166,667, which are to be paid out at a rate of \$5,000 per month, commencing in October 2015, until the amount is fully paid (\$105,000 has been paid out as at June 30, 2017). In August 2018, Mr. Bidnyk's annual salary was increased to \$199,200.
- (5) Option-based award values are calculated at their fair market value established using the Black-Scholes methodology, which has been chosen as the method to value options as it is the most widely recognized methodology. The Black-Scholes model considers various factors including

historical share prices, price volatility and interest rates. These factors are described in more detail in the notes to the Company's audited consolidated financial statements.

Options

Outstanding share-based awards and option-based awards

The table below sets forth outstanding share-based and option-based awards for each of the Named Executive Officers as at June 30, 2018.

C\$	Option-based awards				Share-based awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Yifan (Evan) Chen	2,000,000	\$0.15	June 19, 2024	Nil	n/a	n/a
Tao (Todd) Zhang	1,500,000	\$0.15	June 19, 2024	Nil	n/a	n/a
Ashok Balakrishnan	500,000	\$0.09	Feb 26, 2016	Nil	n/a	n/a
	300,000	\$0.15	June 19, 2024	Nil		
	190,000	\$0.33	March 21, 2023	Nil		
Serge Bidnyk	400,000	\$0.09	Feb 26, 2016	Nil	n/a	n/a
	200,000	\$0.15	June 19, 2024	Nil		
	190,000	\$0.33	March 21, 2023	Nil		

Notes:

(1) Based on the June 30, 2018 closing price of \$0.04 for the Corporation's common shares on the TSX Venture Exchange.

Incentive plan awards – value vested or earned during the year ended June 30, 2018

C\$	Option-based awards – value vested during the year	Share-based awards – value vested during the year	Non-equity incentive plan compensation – value earned during the year
Yifan (Evan) Chen	-	-	-
Tao (Todd) Zhang	-	-	-
Ashok Balakrishnan	-	-	-
Serge Bidnyk	-	-	-

Employment and Consulting Agreements

The Company and Yifan (Evan) Chen, as CEO of the Company, executed a new employment agreement with an effective date of September 1, 2015. The agreement has a two year term which may be renewed for an additional two years subject to Mr. Chen and the Board of Directors coming to agreement on the terms of renewal. The compensation under the agreement includes USD \$200,000 annual salary, up to USD \$100,000 of annual bonus based on terms to be set by the Board, as well as a one-time USD \$30,000 relocation amount. On June 20, 2014, Mr. Chen received an option grant of 2,000,000 common shares at an exercise price of \$0.15 per share which vest over a two year period. Originally Mr. Chen joined the Company as CSO and now as CEO of the Company, signed a consulting agreement dated October 29, 2013 as CSO of the Company for USD \$10,000 per month, which amounts were paid by Irix Holding Ltd. as part of a separate arrangement, and are to be repaid by the Company in the future. This agreement terminated on August 31, 2015.

The Company and Tao (Todd) Zhang, as CFO of the Company, entered into a consulting agreement where Mr. Zhang is to be paid USD \$3,000 per month for the period from January 2014 to December 2015, which amounts are to be paid by Irix Holding Ltd., as part of a separate arrangement to be repaid by the Company in the future. In addition, the Company entered into a consulting arrangement with Mr. Zhang pursuant to which Mr. Zhang's compensation is increased to USD \$10,000 per month, for the period from January 1, 2016 to April 30, 2016 and the Company has continued to accrue for Mr. Zhang's service on such basis but no cash has been paid. On June 20, 2014, Mr. Zhang received an option grant of 1,500,000 common shares at an exercise price of \$0.15 per share which vested over a two year period.

The Company and Ashok Balakrishnan entered into an amended and restated employment agreement with the Company on October 16, 2015 for a five year period. The agreement provides for an annual salary of \$174,900 and a possible discretionary bonus as determined at the sole discretion of the Board of Directors of the Company. The agreement was amended in August 2018 to provide for an annual salary of \$199,200. In the event of a change of control of the Company, termination without cause or non-renewal, Mr. Balakrishnan would be entitled to receive a total of two years' base salary, the value of his benefits plan for two years (defined as \$5,000 per year) and an additional amount representing prior bonuses earned, including the highest bonus paid to him during his employment with the Company. Additionally, the Company entered into an agreement with Mr. Balakrishnan for the payment of accrued earned bonuses over prior periods totaling \$166,519. During August 2018, Mr. Balakrishnan's annual salary was increased to \$199,200.

The Company and Serge Bidnyk entered into an amended and restated employment agreement with the Company on October 16, 2015 for a five year period. The agreement provides for an annual salary of \$174,900 and a possible discretionary bonus as determined at the sole discretion of the Board of Directors of the Company. The agreement was amended in August 2018 to provide for an annual salary of \$199,200. In the event of a change of control of the Company, termination without cause or non-renewal, Mr. Bidnyk would be entitled to receive a total of two years' base salary, the value of his benefits plan for two years (defined as \$5,000 per year) and an additional amount representing prior bonuses earned, including the highest bonus paid to him during his employment with the Company. Additionally, the Company entered into an agreement with Mr. Bidnyk for the payment of accrued earned bonuses over prior periods totaling \$166,519. During August 2018, Mr. Bidnyk's annual salary was increased to \$199,200.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND OTHERS

At no time since the beginning of the Company's last financial year was any director, officer, proposed nominee for election as a director, or any of their respective associates indebted to the Company or any of its subsidiaries, nor was the indebtedness of any such person to another entity the subject of any guarantee, support agreement, letter of credit or similar arrangement provided by the Company or any of its subsidiaries.

COMPENSATION OF DIRECTORS

Directors who are not officers of the Company are eligible to receive compensation in the form of cash and/or options to purchase common shares. Effective in November 2011, the Board of Directors suspended all cash compensation to directors in order to conserve the Company's cash resources. The Board of Directors, acting as the Compensation Committee, have determined to continue the policy of no cash compensation for non-executive directors at this time and to grant options to non-executive directors from time to time. The Board of Directors, acting as the Compensation Committee, will review compensation matters for non-executive directors from time to time.

For the year ended June 30, 2018, no options for common shares were granted to the non-executive directors.

Non-executive Director Compensation for the Year Ended June 30, 2018

C\$	Fees earned (C\$)	Share-based awards (C\$)	Option-based awards (C\$)	Non-equity incentive plan compensation (C\$)	Pension value (C\$)	All other compensation (C\$)	Total (C\$)
John Roland	-	-	-	-	-	-	-
Louis De Jong	-	-	-	-	-	-	-
Ming Xu ⁽³⁾	-	-	-	-	-	-	-
Zhiyin Gao ⁽¹⁾	-	-	-	-	-	-	-
Dan Shmitt ⁽²⁾	-	-	-	-	-	-	-

Notes:

- (1) Mr. Gao resigned effective September 8, 2017.
- (2) Mr. Shmitt was appointed as a director on September 8, 2017.
- (3) Mr. Xu resigned as a director on July 4, 2018.

Options

Outstanding share-based and option-based awards as at June 30, 2018

The table below sets forth outstanding share-based and option-based awards for each of the non-executive directors as at June 30, 2018.

	Option grant date	Option-based awards				Share-based awards	
		Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John Roland	June 2014 Mar. 2013	450,000 750,000	\$0.15 \$0.33	June 2024 Mar. 2023	Nil Nil	n/a	n/a
Louis De Jong	June 2014 Mar 2013	600,000 1,425,000	\$0.15 \$0.33	June 2024 Mar 2023	Nil Nil	n/a	n/a
Ming Xu	-	-	-	-	-	n/a	n/a
Zhiyin Gao	-	-	-	-	-	n/a	n/a
Dan Shmitt	-	-	-	-	-	n/a	n/a

Notes:

(1) Based on the June 30, 2018 closing price of \$0.04 for the Corporation's common shares on the TSX Venture Exchange.

Incentive Plan Awards – Value Vested or Earned During the Year Ended June 30, 2018

C\$	Option-based awards – value vested during the year	Share-based awards – value vested during the year	Non-equity incentive plan compensation – value earned during the year
John Roland	-	-	-
Louis De Jong	-	-	-
Ming Xu	-	-	-
Zhiyin Gao	-	-	-
Dan Shmitt	-	-	-

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain summary information concerning the Company's equity compensation plans as at June 30, 2018. Directors, officers, employees and consultants are eligible to participate in the Option Plan.

	Number of Common Shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options (C\$)	Number of Common Shares remaining for future issuance (excluding Common Shares to be issued upon exercise of outstanding options)
Equity compensation plans approved by security holders (under the Option Plan)	16,716,250	\$0.156	47,476,492

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular, no insider of the Company or proposed nominee for election as a director of the Company, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

During the fiscal year ended June 30, 2014, the Company entered into a consulting arrangement in respect of Messrs. Chen and Zhang, the monthly work fees under which are payable by Irix Holding Ltd., an affiliate of TriComm, as part of a separate arrangement to be paid by the Company in the future. Mr. Chen's consulting arrangement ended on August 31, 2015 and was then replaced by a new employment agreement with an effective date of September 1, 2015 with details above under the heading "Employment and Consulting Agreements".

Mr. Zhang and Mr. Chen were nominees of TriComm pursuant to the TriComm Voting Agreement as more fully described under the heading "Election of Directors". Mr. Zhang and Mr. Chen are not standing for re-election at this Meeting. Mr. Xu was the nominee of ZTE, until his resignation on July 4, 2018, pursuant to the ZTE Voting Agreement as more fully described under the heading "Election of Directors".

All amounts indicated in this section below are in \$US Dollars unless otherwise indicated.

At June 30, 2018 ZTE Corporation, ("ZTE"), a strategic investor holds 15.3% of the issued and outstanding shares of the Company. During the year ended June 30, 2018, the Company had sales of \$2,487,000 (2017 - \$2,238,000) to ZTE. At June 30, 2018, the Company had an accounts receivable balance with ZTE of \$1,066,000 (2017 - \$814,000) which is included in accounts and other receivables.

As at June 30, 2018, China TriComm Ltd. ("TriComm") owned 30,000,000 Enablence common shares of the Company. TriComm is controlled by Zhiyin Gao, a director and significant shareholder of the Company who resigned in September 2017.

As at June 30, 2018, Irix Holding Ltd. ("Irix"), owned 39,408,000 Enablence common shares of the Company. Irix is a joint venture controlled by TriComm and Win Brand, which are companies

controlled by a director and significant shareholder of Enablence. The following transactions took place between Irix and the Company during fiscal 2018 and 2017:

- During the fiscal year ended June 30, 2018, Suzhou Irix provided employee related services and utilities to Enablence, in the amount of \$85,000 of which \$66,000 is owing at June 30.
- During the fiscal year ended June 30, 2018, Suzhou Irix paid \$463,000 to a contract manufacturer for the delivery of finished goods to a customer of which \$463,000 is owing to Suzhou Irix at June 30, 2018
- At June 30, 2018 an amount of \$552,000 (2017 – \$432,000) is included in accounts payable and accrued liabilities relating to consulting services provided by Irix. Of this amount, \$120,000 (2017 - \$120,000) was incurred and recorded to consulting fee expense during the fiscal year relating to services provided through Irix by Todd Zhang, the CFO of the Company. As at June 30, 2018 \$332,000 (2017 - \$120,000) remains outstanding within accounts payable and accrued liabilities relating to these consulting services.
- During the fiscal year ended June 30, 2017, Suzhou Irix incurred certain start-up and production costs on behalf of Suzhou Enablence Optoelectronic Technologies Co., LTD. An amount of \$64,000 (2017 - \$61,000) is included in accrued liabilities related to these costs.
- During the fiscal year ended June 30, 2017 Enablence had made \$99,000 of sales to Suzhou Irix and made purchases of \$128,000 from Suzhou Irix the net amount of which was recorded to cost of revenues. During the year ended June 30, 2018 Suzhou Irix made a payment to Enablence in the amount of \$528,000 on the purchase of equipment sold in June 2018. As at June 30, 2018 the Company had the following amounts recorded relating to these transactions: an account receivable balance due from Suzhou Irix of \$Nil (June 30, 2017 - \$44,000) and an accrued liability owing to Suzhou Irix of \$545,000 (June 30, 2017 of \$44,000).
- During the fiscal year ended June 30, 2017 Suzhou Irix provided other consulting services and materials to Enablence. As a result, at June 30, 2018 the Company has an amount of \$17,000 owing to Suzhou Irix (June 30, 2017 - \$60,000).

In January 2016 the Company entered into a one year R&D Services Agreement (the “Service Agreement”) with Suzhou Irix Ltd. and Irix Photonics Inc. (“Irix Photonics”). Irix Photonics was created to carry out the operations of Irix and is a company controlled by the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of Enablence. Pursuant to the Service Agreement, for R&D services provided by Irix Photonics for the development of a new product and assistance in ramping up its volume production, Enablence is contracted to pay Irix Photonics \$150,000/month (“Service Fees”) over the 2016 calendar year. In addition, if certain agreed upon volume production milestones are met during the twelve month period, Irix Photonics may be eligible for the payment of a success fee (“Success Fee”). The Success Fee amounts to \$2 million less any Service Fees previously paid. The Company retains ownership of all Intellectual Property associated with the products under the agreement. Pursuant to this agreement, the Company paid Irix Photonics a total of \$1,800,000 of which \$900,000 was paid during fiscal year 2016 and \$900,000 was paid in fiscal year 2017. The Company signed a new services agreement with Irix Photonics for the 2017 calendar year at a monthly fee of \$130,000, as well as a base royalty on certain future products at 3% of net sales and additionally a potential 17.5% bonus royalty on gross margin on such products if certain targets are met. As of June 30, 2018, under the 2017 contract, the Company had paid Irix Photonics \$1,235,000 of monthly fees and had \$325,000 recorded as an accrued liability.

Paradigm Capital Partners Limited (“PCPL”) is a shareholder of Enableness and is a company controlled by close family members of a director of Enableness. The following transactions took place with PCPL, its affiliates and individuals related to PCPL (collectively “Paradigm”), during the year ended:

June 30, 2018:

- The Company received \$558,000 in unsecured short term bridge loans from a controlling shareholder of Paradigm accruing interest at a rate of 10% amounting to \$26,000 (also see Subsequent Events)

June 30, 2017:

- A controlling shareholder of Paradigm provided short term loans to the Company of \$3,241,000 during the year and converted a portion of the loans to equity, exchanged a portion into convertible debentures and then was repaid the remaining balance of \$1,194,000 during July 2017
- Paradigm earned \$474,000 of commissions relating to the equity and debenture financing the Company closed during May and June 2017.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Introduction

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board of Directors has reviewed the corporate governance best practices identified in National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices (collectively, the “CSA Guidelines”). The Board of Directors is committed to ensuring that the Company follows best practices appropriate for the Company. The Company’s specific disclosure relative to these guidelines is set out below.

Board of Directors

The responsibility of the Board of Directors is to supervise the management of the business and affairs of the Company in accordance with the best interests of the Company and all of its shareholders.

The Board of Directors also sets the direction, oversees and reviews the development and implementation of the significant corporate plans and initiatives including the Company’s strategic planning and budgeting process; succession planning, including appointing, training and monitoring senior management; and the Company’s public communications policies and continuous disclosure record.

The Board of Directors recruits possible directors from strategic areas that will complement the knowledge and depth of the Board of Directors. The Board of Directors reviews the background and experience of any proposed director nominee. The Board of Directors is in the process of reviewing succession plans for the Board of Directors that is responsive to the Company’s needs and the interests of its shareholders. Currently, the Board of Directors does not have a formal assessment process in place.

New directors who join the Board of Directors meet with the other directors and other advisors to the Company, as appropriate, prior to joining the Board of Directors. In addition, new directors have the opportunity to meet with management of the Company to have an understanding of the business of the

Company and its operations. Directors are encouraged to participate in corporate governance and education courses that will assist them in their role as directors of the Company or on committees of the Board.

The Board of Directors has the authority to retain outside counsel or advisors to assist the Board of Directors in performing its functions.

The Board of Directors meets at least four times a year and more frequently, if required. In addition, the Board of Directors also takes certain actions by written resolution.

The Board of Directors has approved and put in place a Code of Business Conduct and Ethics which has been disseminated to all of the Company's employees and is available on SEDAR at www.sedar.com. A Disclosure and Insider Trading Policy has also been adopted by the Board of Directors.

Board Composition

The Board of Directors is currently composed of five directors. The articles of the Company provide for a range of one to ten directors. All directors are elected annually at the annual meeting of shareholders, and may be appointed in accordance with the by-laws between the annual meetings.

Currently, the Company's five directors are Louis De Jong (Chair of the Board), John Roland, Dan Shmitt, Tao Zhang and Evan Chen. Messrs. Zhang and Chen were the nominees of TriComm pursuant to the TriComm Voting Agreement. Mr. Gao resigned from the Board on September 8, 2017. Mr. Gao was previously a nominee of TriComm. Tao Zhang and Mr. Chen are not standing for re-election at this Meeting. Ming Xu was the nominee of ZTE pursuant to the ZTE Voting Agreement. Mr Xu resigned on July 4, 2018. ZTE is currently identifying a new director nominee pursuant of the ZTE Voting Agreement. Dan Shmitt was appointed to the Board on September 8, 2017.

Messrs. Roland, De Jong and Shmitt are independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Company which could reasonably be expected to interfere with the exercise of the director's judgment). In determining whether a director is independent, the Board of Directors considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Company. Using the same guidelines, the Company determined that the remaining directors are not independent. Other directorships held by the directors in other reporting issuers are identified under the heading "Particular Matters to be Acted Upon – Election of Directors".

Board Committees

Audit Committee Mandate

The responsibilities and functions of the Audit Committee are set out in the Amended and Restated Audit Committee Charter ("Audit Committee Charter"), as adopted by the Audit Committee in July 2009 and as reviewed and amended and restated as of November 4, 2015. The Audit Committee Charter is attached as Schedule C hereto.

The Audit Committee met four times during the year ended June 30, 2018. At June 30, 2018, the Audit Committee was comprised of: Louis De Jong (Chair), Dan Shmitt and Tao Zhang.

Compensation Committee Mandate

The Compensation Committee was comprised of: John Roland (Chair), Evan Chen and Tao Zhang. In January 2018, the Board of Directors determined that the Board of Directors as a whole would meet as the Compensation Committee. The Board of Directors, in its capacity as the Compensation Committee, did not meet during the year ending June 30, 2018. The education and experience of each member of the Board of Directors that is relevant to the performance of his or her responsibilities related to Board of Directors acting as the Compensation Committee is outlined above under “Election of Directors”.

The Board of Directors, acting as the Compensation Committee, is responsible for personnel matters, including performance, compensation and succession. The terms of reference, previously prepared by the Compensation Committee and maintained by the Board of Directors, include reviewing and making recommendations to the Board of Directors with respect to employee and consultant compensation arrangements including stock options and management succession planning. The primary function of the Board of Directors when acting on compensation matters is fulfilling its oversight responsibilities regarding the compensation of Executive Officers, the general compensation plan for the Company and the grant of stock options.

Also part of the mandate is ongoing review of compensation of executive officers and directors of the Company, a review of the Company’s current compensation model and to recommend changes including the implementation of short-term and long-term incentives for executive officers, other employees and directors of the Company.

Product Roadmap Committee Mandate

In February 2016, the Board established a Product Roadmap Committee as part of the ZTE Corporation investment in the Company. The Product Roadmap Committee is comprised of Evan Chen and Tao Zhang. Mr. Xu was the Chair of the Committee until he resigned as a director on July 4, 2018. The purpose of the Product Roadmap Committee is to make recommendations to the Board for future product development. The Product Roadmap Committee did not meet formally during the year ended June 30, 2018.

Reliance on Certain Exemptions

The Company has relied on the exemption in Section 6.1(Venture Issuers) of National Instrument 52-110 (“NI 52-110”) for a portion of the fiscal year. NI 52-110 exempts issuers listed on the TSX-V from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110. As a result, the members of the Audit Committee are not required to be either “independent” or “financially literate” within the meaning of NI 52-110; however, the Company is required to provide on an annual basis, disclosure regarding its Audit Committee in its management proxy circular.

Pre-approval Policies and Procedures

The Audit Committee has instituted a policy to pre-approve audit and non-audit services. The Audit Committee also considers on a continuing basis whether the provision of non-audit services is compatible with maintaining the independence of the external auditor.

Audit Committee Report

As of December 31, 2018, the Audit Committee of the Company was comprised of the following three members: Louis De Jong (Chair), Tao Zhang and Dan Shmitt.

The Board of Directors believes that the composition of the Audit Committee reflects financial literacy and expertise. All members of the Audit Committee are considered to be “financially literate” as such terms are defined under CSA Guidelines. The Board of Directors has made these determinations based on the education as well as breadth and depth of experience of each member of the Audit Committee. The education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member is outlined above under “Election of Directors”.

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities to the Company’s shareholders, the investment community and others regarding the: (a) Company’s financial statements, MD&A’s and financial press releases; (b) financial reporting process and systems of internal accounting and financial controls; and (c) identification, assessment and programs to manage risk. Subject to the determination of the Board from time to time, the Audit Committee is to review the (a) recommendation to shareholders regarding the appointment of the Auditors; (b) scope and compensation of the Auditors; (c) Company’s financial policies and procedures; and (d) legal and environmental compliance programs.

The Committee maintains clear and open communications during the year with the Company’s independent auditor and the Company’s senior officers responsible for accounting and financial matters.

The Audit Committee has reviewed and discussed with management and MNP LLP the consolidated financial statements of the Company as at the twelve months ended June 30, 2018 and management’s discussion and analysis for the twelve months then ended. Based on that review and on the report of the independent auditors of the Company, the Audit Committee recommended to the Board of Directors that the Company’s consolidated financial statements and management’s discussion and analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee has recommended to the Board of Directors that the shareholders of the Company be requested to re-appoint MNP LLP, Chartered Accountants and Licensed Public Accountants, as the independent auditor of the Company for year ending June 30, 2019. MNP LLP were appointed the auditors of the Company in June 2017.

The Company incurred professional fees with their auditors during the last two fiscal years set out in the table below.

	Fiscal 2018	Fiscal 2017
	(CAD\$) **	(CAD\$)
Audit fees and related expenses	\$170,000	\$178,369
Income tax compliance	25,000	23,385
	<u>\$195,000</u>	<u>\$201,754</u>

Notes:

** The amounts shown represent estimates for these services.

SUMMARY OF BOARD MEETINGS AND ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

The attendance record of each director of the Board for all board meetings for the fiscal year ended June 30, 2018 is as follows⁽¹⁾:

Director	Board Meetings Attended	Percentage
John Roland	7	100%
Louis De Jong	7	100%
Dan Shmitt ⁽³⁾	5	71%
Tao Zhang	6	86%
Evan Chen	6	86%
Ming Xu ⁽²⁾	-	0%
Zhiyin Gao ⁽⁴⁾	-	0%

Notes:

- (1) In addition to the meetings held by the Board of Directors in person, a number of actions were taken by resolution in writing to accommodate the approval of decisions taken between regularly scheduled meetings.
- (2) Mr. Xu resigned as a director on July 4, 2018.
- (3) Mr. Shmitt was appointed director on September 8, 2017.
- (4) Mr. Gao resigned as a director on September 8, 2017.

Ethical Conduct

The Board of Directors has approved and put in place a Code of Business Conduct and Ethics which has been disseminated to all of the Company's employees and is available on SEDAR at www.sedar.com. A Disclosure and Insider Trading Policy has also been adopted by the Board of Directors.

Shareholder Feedback

The Board of Directors believes that management should speak for the Company in its communications with shareholders and others in the investment community and that the Board of Directors should be satisfied that appropriate investor relations programs and procedures are in place. Management meets with shareholders and others in the investment community to receive shareholder feedback.

Expectations of Management

The Board of Directors believes that it is appropriate for management to be responsible for the development of long-term strategies for the Company. Meetings of the Board of Directors are held, as required, to specifically review and deal with long-term strategies of the Company as presented by senior members of management.

The Board of Directors appreciates the value of having selected senior officers attend Board of Directors meetings to provide information and opinions to assist the directors in their deliberations. The Chair arranges for the attendance of senior officers at board meetings in consultation with the CEO.

SHAREHOLDER PROPOSALS

Any proposals of the Company's shareholders intended to be presented at the Company's annual meeting of shareholders in 2019 must be received at the Company's offices, attention: Chief Executive Officer no

later than August 31, 2019, for inclusion in the proxy circular related to that meeting. The Company's next annual meeting of shareholders is expected to be held during the quarter ending December 31, 2019.

ADDITIONAL INFORMATION

Additional financial information with respect to the Company is available in the Company's audited consolidated financial statements for the twelve months ended June 30, 2018 and related management's discussion and analysis for the twelve months ended June 30, 2018 which have been filed with Canadian securities regulators and are available under the Company's profile at www.sedar.com. The Notice, this Circular and form of proxy are also available at www.sedar.com and the Company's website www.enablence.com.

Upon request made to the Chief Executive Officer of the Company at 390 March Road, Suite 119, Ottawa Ontario, K2K 0G7, the Company will provide a shareholder of the Company with a copy of its audited consolidated financial statements as at and for the year ended June 30, 2018 and related management's discussion and analysis of financial condition and results of operations for the year then ended and the Notice, this Circular and form of proxy.

APPROVAL BY BOARD OF DIRECTORS

The contents and the sending of this Circular have been approved by the board of directors of the Company.

DATED at Toronto, Ontario, this 7th day of January, 2019.

By Order of the Board of Directors

/s/ Louis De Jong

Chair of the Board of Directors

SCHEDULE A - OPTION PLAN RESOLUTION

RESOLVED THAT

1. subject to regulatory approval, the Enablence Technologies Inc. Amended and Restated Stock Option Plan continue as a “rolling” plan reserving a maximum of 10% of the issued and outstanding shares of the Company, substantially in the form attached hereto as Schedule B; and
2. any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such director’s or officer’s opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE B

ENABLENCE TECHNOLOGIES INC. - AMENDED AND RESTATED STOCK OPTION PLAN

ARTICLE ONE - PURPOSE AND INTERPRETATION

1.01 Purpose:

The purpose of the Enablence Technologies Inc. Amended and Restated Stock Option Plan (the “Plan”) is to assist and encourage directors, officers, employees and Consultants of the Company and its Subsidiaries to work towards and participate in the growth and development of the Company and its Subsidiaries by providing such persons with the opportunity, through stock options, to acquire an ownership interest in the Company.

1.02 Definitions: In the Plan, the following capitalized words and terms shall have the following meanings:

- (i) “Act” means the Canada Business Corporations Act or its successor, as amended from time to time;
- (ii) “Committee” if appointed, means the appropriate compensation committee appointed by the Board to administer the Plan. All references in the Plan to the Committee means the Board if no Committee has been appointed.
- (iii) “Consultant” means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director of the Company, that:
 - (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution of securities;
 - (b) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;
 - (c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
 - (d) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company;
- (iv) “Consultant Company” means for an individual consultant, a company or partnership of which the individual is an Employee, shareholder or partner;
- (v) “Director” means a director of the Company;
- (vi) “Disability” means permanent and total disability as determined under procedures established by the Board for the purposes of the Plan;
- (viii) “Employee” means:

- (a) an individual who is considered an Employee of the Company or its subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (b) an individual who works full-time for the Company or its subsidiary providing services normally provided by an Employee and who is subject to the same control and direction by the Company over the details and methods of work as an Employee of the Company, but for whom income tax deductions are not made at source; or
 - (c) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an Employee and who is subject to the same control and direction by the Company over the details and methods of work as an Employee of the Company, but for whom income tax deductions are not made at source.
- (ix) “Insider” means
 - (a) a director or senior officer of the Company;
 - (b) a director or senior officer of the company that is an Insider or subsidiary of the Company;
 - (c) a person that beneficially owned or controls, directly or indirectly, voting shares of the Company carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company; or
 - (d) the Company itself if it holds any of its own securities.
- (x) “Investor Relations Activities” means any activities, by or on behalf of the Company or shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
 - (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company;
 - (I) to promote the sale of products or services of the Company, or
 - (II) to raise public awareness of the Company,
 that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
 - (b) activities or communications necessary to comply with the requirements of
 - (I) applicable Securities Laws,
 - (II) TSX-V Requirements (as defined in the Manual) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Company;

- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (I) the communication is only through the newspaper, magazine or publication, and
 - (II) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the TSX-V.
- (xi) “Listed Shares” means a share or other security of the Company that is listed on the TSX-V or on such stock exchange in Canada or the United States as may be selected for such purpose by the Board;
- (xii) “Management Company Employee” means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in Investor Relations Activities;
- (xiii) “Manual” means the TSX-V Corporate Finance Manual;
- (xiv) “Market Price” subject to the exceptions set out in the Manual from time to time, means the last closing price of the Company’s Listed Shares before either the issuance of the news release or the filing of the Price Reservation Form (Form 4A) required to fix the price at which the securities are to be issued or deemed to be issued;
- (xv) “Option” means an option to purchase Shares granted to a Participant under the Plan;
- (xvi) “Option Agreement” means an agreement between the Company and a Participant to purchase Options pursuant to this Plan, substantially in the form set out in Schedule A;
- (xvii) “Optioned Shares” means the common shares of the Company that may be subscribed for by an Option holder pursuant to an Option Agreement;
- (xviii) “Optionee” means a Participant to whom an Option has been granted and who continues to hold such Option;
- (xix) “Participant” means:
 - (a) any Director, officer, Employee or Consultant of the Company and its subsidiaries and Affiliates, or
 - (b) a corporation controlled by a person identified in subparagraph (a) above, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly by such person (an “Employee Corporation”);
- (xx) “Securities Act” means the *Securities Act* (Ontario) or its successor, and the regulations and Ontario Securities Commission Rules (General) thereunder, as amended from time to time;

- (xxi) “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 Company;
- (xxii) “Shares” means common shares of the Company;
- (xxiii) “Subsidiaries” means a subsidiary of the Company as defined under the Act; and
- (xxiv) “Take-over Bid” shall have the meaning ascribed thereto in the Securities Act.

1.03 Other Capitalized Terms: Any capitalized terms not defined in this Plan shall have the meaning ascribed thereto in the Manual, as amended from time to time.

ARTICLE TWO - THE PLAN

2.01 The Plan: The Plan is hereby established for certain Participants of the Company and its Subsidiaries.

2.02 Participants: Participation in the Plan shall be voluntary. The extent of participation in the Plan by each Participant shall be determined by the Board in its sole and absolute discretion. No Participant shall participate in the Plan without the prior written consent of the Board, as evidenced by the due execution of an Option Agreement.

2.03 Number of Options: Subject to adjustment as provided in Section 2.09 of the Plan, the Shares to be offered under the Plan shall consist of the Company’s authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all option granted under the Plan shall not exceed 10% of the issued and outstanding shares of the Company as at the date of grant of each Option under the Plan. If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the un-purchased shares subject thereto shall again be available for the purpose of this Plan. The maximum total number of Shares that may be issued under Option to any single Participant shall not exceed five (5%) percent of the Shares outstanding, from time to time, calculated on a non-diluted basis.

2.04 Vesting of Options:

(1) Subject to the terms of Section 2.07(i), Options granted pursuant to Option Agreements entered into under this Plan shall have a minimum vesting period as follows:

- (i) 25% of the Optioned Shares will vest on the first anniversary upon which such Options are granted (the “Date of Grant”);
- (ii) 25% of the Optioned Shares will vest on the second anniversary following the Date of Grant;
- (iii) 25% of the Optioned Shares will vest on the third anniversary following the Date of Grant; and
- (iv) the remaining 25% of the Optioned Shares will vest on the fourth anniversary following the Date of Grant.

(2) Options granted pursuant to Option Agreements will comply with the following conditions:

- (i) no more than 5% of the issued shares of the Company may be granted to any one individual in any 12 month period;
- (ii) the number of stock options granted to Insiders shall not exceed 10% of the issued shares;
- (iii) the number of stock options granted to Insiders shall not exceed 10% of the issued shares within a 12 month period;
- (iv) no more than 2% of the issued shares of the Company may be granted to any one Consultant in any 12 month period;
- (v) no more than an aggregate of 2% of the issued shares of the Company may be granted to Employees or Consultants conducting Investor Relations Activities in any 12 month period;
- (vi) if the Participant is an Insider of the Company, any reduction in the exercise price of an Option granted to the Insider will be approved by disinterested shareholder approval (as defined in the Manual from time to time); and
- (vii) Employees, Consultants or Management Company Employees, as the case may be, are in a bona fide relationship with the Company.

2.05 Exercise Price: Subject to the provisions of the Plan, including any adjustments pursuant to the provisions of Section 2.09, the exercise price per Share of any Option shall be the Market Price. If, as and when any Shares have been duly purchased and paid for under the terms of an Option, such Shares will be conclusively deemed allotted and issued as fully paid non-assessable Shares at the price paid.

2.06 Lapsed Options: In the event that Options granted under the Plan terminate or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

2.07 Option Term, Exercise and Payment:

- (i) The Options granted in accordance with this Plan may be exercisable at such time and in such manner and the Option Agreements shall contain, subject to the terms hereof, such provisions as may be determined in each case by the Board, subject to the requirements of the TSX-V, which requirements may include, without limitation, minimum vesting periods, and such terms may vary between Options so granted.
- (ii) The term of Options granted shall be determined by the Board in its discretion, to a maximum of ten years from the date the Option is granted (the "Expiry Date").
- (iii) Except as set forth in Section 2.08, no Option may be exercised unless the Participant is, at the time of such exercise, a Director, officer, Employee or Consultant of, the Company or a Subsidiary and shall have been continuously a Director, officer, Employee or Consultant, since the grant of his or her Option. Absence on leave with the approval of the Company or a Subsidiary shall not be considered an interruption of employment or service for any purpose of the Plan.
- (iv) The exercise of any Option will be contingent upon receipt by the Company of (i) a notice of exercise substantially in the form set out in Schedule B from the Optionee giving notice

of the exercise or partial exercise of an Option previously granted to the Optionee, and (ii) cash payment of the full exercise price of the Options being exercised. No Participant or his or her legal representative, legatee or distributee will be, or will be deemed to be, a holder of any Shares, nor have any rights as a shareholder of the Company with respect to which an Option was granted under this Plan, unless and until certificates for such Shares are issued to the Participant, under the terms of the Plan.

2.08 Termination of Employment: Subject in all cases to the earlier expiration of an Option on its applicable Expiry Date, an Option will expire before its Expiry Date in the following events and manner:

- (i) unless otherwise determined by the Chief Executive Officer of the Company, if an Optionee resigns as an Employee, Consultant, Director or officer or is dismissed without cause, the Optionee (other than an individual engaged in Investor Relations Activities) may exercise only that portion of the Option that is vested and exercisable at the Termination Date (as defined below) during the period ending ninety (90) days after the Termination Date (as defined below). For the purposes of this Plan, the transfer of an Employee, Consultant, Director or officer from the Company to a Subsidiary or a Subsidiary to the Company shall not be considered a resignation, dismissal or termination; however, the sale of a Company's Subsidiary to an arm's length party or a sale on such other terms as determined by the Board shall be considered a termination.

"Termination Date" for the purposes of paragraph (i) above means the later of (A) the date which is the last day of any minimum statutory notice period, if any, applicable to the Optionee pursuant to applicable employment standards legislation; and (B) the date which is designated by the Company, a Subsidiary or a as the last day of the Optionee's employment or term of office with the Company or a Subsidiary. The Termination Date specifically does not mean the date on which a period of reasonable notice which the Company or Subsidiary may be required at law to provide to the Optionee would expire.

- (ii) unless otherwise determined by the Chief Executive Officer of the Company, if an Optionee ceases to be a Participant as a result of being dismissed from his office or employment for cause or his contract as a Consultant being terminated before its normal termination date for cause, including where a Participant resigns his office or employment or terminates his contract as a Consultant after being requested to do so by the Company as an alternative to being dismissed or terminated by the Company for cause, the portion of the Option that is exercisable at the date of causal dismissal may be exercised by the Optionee during the period ending fifteen (15) days after the date of causal dismissal;
- (iii) if an Optionee dies, the portion of the Option that is exercisable at the date of death of the Optionee may be exercised by the legal personal representatives of the Optionee during the period ending one (1) year after the death of the Optionee but in no event later than the expiration date of the Option prescribed by the terms of the Option Agreement; and
- (iv) if an Optionee is terminated due to Disability, the portion of the Option that is exercisable at the date of termination due to Disability may be exercised by the Optionee during the period ending ninety (90) days after the date of termination due to Disability.

Upon the end of the expiry period, all unexercised Options shall lapse and shall be of no further force or effect. All Options not exercisable as of the Termination Date shall lapse at the Termination Date and shall be of no further force or effect.

2.09 Adjustment in Shares Subject to the Plan: In the event there is any change in the Shares of the Company through the declaration of stock dividends or subdivisions, consolidations or exchanges of Shares, or otherwise, the number of Shares available for Option, the Shares subject to any Option, and the Option price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan. No fractional Shares shall be issued under any such adjustment and in computing any such adjustment any fractional Share that might otherwise become subject to an Option shall be cancelled or eliminated.

2.10 Option Agreement Amendments: Subject to the rules, regulations and policies of the TSX-V (and any shareholder approvals required thereunder), the Board may, at any time, amend an Option Agreement, but no amendment shall affect the rights of a Participant holding an Option under an Option Agreement at the time of any such amendment without such Participant's consent. Notwithstanding the foregoing, in the case of any amendment of an Option Agreement held by an insider of the Company where the effect of such amendment is to reduce the exercise price under the Option Agreement, such amendment shall have no force or effect unless it is approved by the shareholders of the Company other than the insiders of the Company. For the purposes hereof, the term "insider" shall have the meaning attributed thereto in the Securities Act.

2.11 Record Keeping: The Company shall maintain a register in which shall be recorded:

- (i) the name and address of each Participant; and
- (ii) the number of Options granted to a Participant and the number of Options outstanding.

2.12 Necessary Approvals: The obligation of the Company to issue and deliver any Shares in accordance with the Plan shall be subject to the approval of any applicable regulatory authority, including the TSX-V, having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any Option exercise price paid to the Company shall be returned to the Participant.

2.13 Restrictions on Re-sale of Shares: Applicable securities laws may impose a restriction on the transfer or sale of the Options and the Shares issued upon the exercise thereof for a prescribed time period commencing from the date of the Option grant. In addition to such restrictions, the policies and procedures of the TSX-V may require that the Options and Shares issued upon the exercise thereof be subject to a restriction on the transfer or sale of such securities for a period of four (4) months commencing from the date of the Option grant. The Company shall legend the certificates representing such Shares with any applicable transfer or sale restrictions as prescribed by the TSX-V.

ARTICLE THREE - GENERAL

3.01 Transferability: Except as contemplated under Section 2.08 herein, the benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable by a Participant. During the lifetime of a Participant, all benefits, rights and Options shall only be exercised by the Participant or by his or her guardian or legal representative.

3.02 Employment: Nothing contained in the Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment at any time. Participation in the Plan by a Participant shall be voluntary.

3.03 Delegation to Committees: All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and by resolution of the Board, be exercised by a Committee of such Board. All of the powers exercisable by the Board under the Plan may to the extent permitted by applicable law and authorized by resolution of the Board, be exercised by a committee of at least three directors.

3.04 Administration and Amendment of the Plan:

- (i) The Plan shall be administered by the Board or Committee. The Board or Committee shall be authorized to interpret the Plan and may, from time to time, establish, amend or rescind rules and regulations required for carrying out the Plan. Any such interpretation of the Plan shall be final and conclusive. All administrative costs of the Plan shall be paid by the Company. The senior officers of the Company are authorized and directed to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Plan and of the rules and regulations established for administering the Plan.
- (ii) Subject to the rules, regulations and policies of the TSX-V (including any shareholder approval required thereunder), the Board or Committee (subject to delegation contemplated under Section 3.03 herein) reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board or Committee. However, any amendment of the Plan which would:
 - (a) materially increase the benefits under the Plan;
 - (b) materially increase the number of Shares which may be issued under the Plan; or
 - (c) materially modify the requirements as to the eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Company. Any material amendment to any provision of the Plan shall be subject to any necessary approvals by TSX-V or regulatory body having jurisdiction over the securities of the Company.

3.05 Exchange and Shareholders Approval: The provisions of this Plan shall not be effective until approved by the TSX-V. The provisions of this Plan shall be subject to the rules, policies and procedures of the TSX-V pertaining to Option incentive plans, as the same may exist from time to time and shall be further subject to the provisions of any statute, regulation or regulatory authority having jurisdiction. In accordance with the TSX-V Manual, as may be amended from time to time, each year the shareholders of the Company will approve the Plan.

3.06 Effective Date. The provisions of this Plan will become effective immediately upon the closing of the proposed reverse take-over of Pacific Northwest Partners Limited by Enablence Inc. as contemplated in the management information circular of Pacific Northwest Partners Limited dated as of June 16, 2006.

3.07 Amalgamation, Consolidation or Merger: If the Company amalgamates, consolidates with or merges with or into another corporation, any Shares receivable on the exercise of an Option granted under the Plan shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation, consolidation or merger had the Option been exercised prior to such event.

3.08 No Representation or Warranty: The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

3.09 Governing Law: This Plan will be governed in accordance with the laws of Ontario and the laws of Canada applicable therein.

OPTION AGREEMENT

This Option Agreement is entered into between Enablence Technologies Inc. (the “Company”) and the Optionee named below pursuant to the Amended and Restated Stock Option Plan (the “Plan”), and confirms that:

1. on _____, 20__;
2. _____ (the “Optionee”);
3. was granted on the option to purchase _____ common shares (the “Optioned Shares”) of the Company;
4. for the price of \$ _____ per Optioned Share;
5. exercisable from time to time up but not after _____, _____, and subject to the Vesting Schedule contained in section 2.04 of the Plan if applicable;
6. it is the responsibility of the Optionee to seek individual tax advice with respect to any tax consequences that may arise, depending on the jurisdiction of residency, with respect to the grant, vesting and exercise of Options and that the Company is not responsible for tax obligations of the Optionee;

all on the terms and subject to the condition set out in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and condition of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ____ day of _____, 20__.

ENABLENCE TECHNOLOGIES INC.

(the Optionee)

By: _____
Authorized Signatory)

ENABLENCE TECHNOLOGIES INC.

Attention: CEO

Re: Exercise of Option under Amended and Restated Stock Option Plan

Dear Sir:

The undersigned, being the holder of an option to purchase Common Shares of Enablence Technologies Inc. (the "Company") pursuant to the Company's Amended and Restated Stock Option Plan does hereby elect to exercise the said option to purchase _____ Common Shares and does hereby tender to the Company the purchase price of \$ _____ therefor.

Yours very truly,
Optionee

This day of 20____.

Please deliver the shares as follows:

SCHEDULE C

AMENDED AND RESTATED AUDIT COMMITTEE CHARTER

(adopted by the Board of Directors on July 24, 2009; amended and confirmed November 4, 2015)

Mandate

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities to the Company's shareholders, the investment community and others regarding the:

- a. Company's financial statements, MD&A's and financial press releases;
- b. Financial reporting process and systems of internal accounting and financial controls; and
- c. Identification, assessment and programs to manage risk.

In doing so, the Audit Committee is responsible for maintaining a clear and open communications channel with the external auditors and Company management.

Subject to the determination of the Board from time to time, the Audit Committee is to review the:

- a. Recommendation to shareholders regarding the appointment of the Auditors;
- b. Scope and compensation of the Auditors;
- c. Company's financial policies and procedures; and
- d. Legal and environmental compliance programs.

The Audit Committee is responsible for providing meaningful and effective oversight and counsel to management without assuming responsibility for management's day-to-day responsibilities.

Management is responsible for the reliable preparation, presentation and integrity of the financial statements and other financial information of the Company. They are responsible for defining, implementing and maintaining appropriate accounting and financial reporting principles and policies, as well as internal controls and procedures that provide compliance with accounting standards and applicable laws and regulations. Management is responsible for maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly.

Composition

The Committee will consist of at least three members of the Board of Directors. The Board of Directors will appoint the Committee members and the Chair of the Committee. In selecting members and the Chair, the Board of Directors will take into consideration those directors who bring background skills and experience relevant to financial statement review and analysis.

A majority of the members of the Committee will not be officers or employees and all members of the Committee will be financially literate.

Meetings

The Committee meets at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, as circumstances dictate and as determined by the Committee from time to time, when

the auditors are present, the Committee shall have a portion of the meeting meet separately with the auditors without management present and with management without the auditors present. A quorum for meetings of the Audit Committee shall be at least 50% of the members of the committee.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee:

Documents/Reports Reviews

1. Reviews and updates its Mandate annually for approval by the Board.
2. Reviews the Company's annual and interim financial statements, MD&A and financial press releases before the Company publicly discloses this information, as well as any reports containing financial information which are submitted to any governmental body, or to the public, including prospectuses and any certification, report, opinion or review rendered by the external auditors.

External Auditors

The Audit Committee has the direct responsibility for the oversight of the external auditors and their compensation for audit and any non-audit services. In discharging this responsibility, the Audit Committee shall:

1. Review annually the performance, experience, qualifications and independence of the external auditors.
2. Recommend to the Board on the selection and, where applicable, the replacement of the external auditors nominated annually for shareholders' approval.
3. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
4. Review and approve the audit plan, services and fees.
5. Resolve any disagreements between management and the external auditors regarding financial reporting.
6. Inform the external auditors and management that the auditors shall have direct access to the Audit Committee at all times, as well as the Committee having direct access to the auditors at all times.
7. Instruct the auditors that they are ultimately accountable to the Audit Committee and are required to report directly to the Committee.
8. Review all management letters from the external auditors together with management's responses thereto and action plans to resolve any significant issues.
9. Review and pre-approve all non-audit services provided by the Company's external auditors, together with the fees for such services, in accordance with the policy for such services.

Financial Reporting Processes

1. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process and controls.
2. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

3. Consider and approve, if appropriate, changes to the Company's accounting principles and practices as recommended by the external auditors and/or management.
4. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
5. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
6. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.
7. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
8. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
9. Review the officer certification process.

Other

1. Review the Company's Annual Information Form in respect of disclosure required by Form 52-110F1 and F2.
2. Review incidents or alleged incidents of fraud, illegal acts and conflicts of interest.
3. Discuss with management and the auditors any correspondence from or with regulators or governmental agencies.
4. Review any related party transactions as defined in the Securities Act (Ontario).
5. The Audit Committee may, at its own discretion or at the request of the Board, investigate such other matters as are considered necessary or appropriate in carrying out its mandate and in such matters shall have the authority to retain such counsel, experts or other advisors, financial or otherwise, as it deems necessary or appropriate, and set out and commit the Company to pay the compensation for such advisors.