

# ***IMAFLEX inc.***

May 23, 2018

Dear Shareholder,

It is our pleasure to invite you to attend the annual meeting of shareholders (the “Meeting”) of Imaflex Inc., which will be held this year on **Tuesday, June 19, 2018 at 2:00 p.m. (Montréal time) at the offices of Lavery, de Billy, L.L.P., 1 Place Ville Marie, Suite 4000, Montréal, Québec, H3B 4M4.** The Notice of Meeting and related material are enclosed.

Your vote is important and we encourage all shareholders to exercise their right. If you are unable to attend the Meeting, please complete, date, and return the accompanying form of proxy in the envelope provided. Even if you plan to attend the Meeting, you can conveniently express your views in advance by returning a completed form of proxy.

We look forward to seeing you at the Meeting and thank you for your continued support.

Yours very truly,

*(s) Joseph Abbandonato*

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President and Chief Executive Officer and  
Chairman of the Board of Directors

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT PROXY CIRCULAR**

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***IMAFLEX inc.***

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This Notice of Meeting and Management Proxy Circular is provided in connection with the solicitation by the management of Imaflex Inc. of proxies to be voted at the Annual Meeting of the shareholders of the Corporation to be held on June 19, 2018 at 2:00 p.m. (Montréal time) at the offices of Lavery, de Billy, L.L.P., 1 Place Ville Marie, Suite 4000, Montréal, Québec, H3B 4M4.

**Dated May 23, 2018**

# **IMAFLEX** *inc.*

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE is hereby given that the annual meeting (the “**Meeting**”) of the holders of common shares (the “**Common Shares**”) of Imaflex Inc. (the “**Corporation**”) will be held on June 19, 2018 at 2:00 p.m. (Montréal time) at the offices of Lavery, de Billy, L.L.P., 1 Place Ville Marie, Suite 4000, Montréal, Québec, H3B 4M4, for the following purposes:

1. To receive the Corporation’s audited consolidated financial statements for the year ended December 31, 2017 and the related report of the auditors;
2. To elect the Corporation’s directors;
3. To appoint the auditors of the Corporation for the ensuing year, and authorize the directors to fix their remuneration; and
4. To transact such other business as may properly be brought before the Meeting or at any adjournment thereof.

A management proxy circular, form of proxy (the “**Form of Proxy**”), and return envelope accompany this notice of Meeting.

Shareholders may exercise their rights by attending the Meeting or by completing a Form of Proxy. Should you be unable to attend the Meeting, kindly complete and sign the enclosed Form of Proxy and return same as soon as possible in the envelope provided herein. Your Common Shares will be voted in accordance with your instructions as indicated on the Form of Proxy. Please note that said Form of Proxy will not be valid unless it is received at the offices of Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, no later than 5:00 p.m. (Eastern Time) on June 15, 2018 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time to which the Meeting may be adjourned. A person appointed as proxy need not be a shareholder of the Corporation.

Notice is also hereby given that the Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on May 15, 2018 (the “**Record Date**”). Only holders of Common Shares as of the Record Date are entitled to receive notice of the Meeting. Shareholders will be entitled to vote their Common Shares at the Meeting.

SIGNED in Montréal, Québec, this May 23, 2018

**BY ORDER OF THE BOARD OF DIRECTORS**

Per: (s) *Joseph Abbandonato*  
**President and Chief Executive Officer and  
Chairman of the Board of Directors**

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# **IMAFLEX *inc.***

## **ANNUAL MEETING OF SHAREHOLDERS**

to be held on June 19, 2018

### **MANAGEMENT PROXY CIRCULAR**

#### ***Solicitation of Proxies***

This management proxy circular (the “Circular”) is furnished in connection with the solicitation by the management of Imaflex Inc. (the “Corporation”) of proxies to be used at the annual meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (the “Common Shares”) of the Corporation to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (“Notice of Meeting”) and in this Circular. Solicitation of proxies will be primarily by mail, but may also be by telephone or oral communication by the directors and officers of the Corporation, at no additional cost. The cost of the solicitation of proxies will be borne by the Corporation.

The Corporation may also reimburse brokers and other persons holding shares in their own name or in the names of their nominees for their expenses in sending proxies and proxy materials to the beneficial owners, and obtaining their proxies, but solicitations will not be made by employees engaged for that purpose or by soliciting agents.

#### ***Appointment and Revocation of Proxies***

An instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his attorney duly authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney thereof.

The persons named in the Form of Proxy accompanying the Notice of Meeting (the “**Form of Proxy**”) are officers and/or directors of the Corporation. **A Shareholder submitting a Form of Proxy shall have the right to appoint a person, other than the person or persons designated in the Form of Proxy furnished by the Corporation, to represent the Shareholder at the Meeting. To exercise this right, the Shareholder must either insert the name of the desired representative in the blank space provided in the Form of Proxy and by striking out the names printed on the form or submit another proxy.** A Form of Proxy will not be valid unless it is received at the offices of Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, no later than 5:00 p.m. (Eastern Time) on June 15, 2018 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time to which the Meeting may be adjourned.

A person giving a proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney duly authorized, and delivered to the offices of Computershare, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which such Form of Proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deliveries the Form of Proxy shall be revoked.

### ***Validity of Form of Proxy***

The By-Laws of the Corporation provide that a proxy or an instrument appointing a duly authorized representative of the Corporation shall be in writing, under the hand of the appointee or his attorney duly authorized in writing, or, if such appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorized for that purpose.

### ***Voting by Proxy***

**Shares represented by a proxy are to be voted or withheld from voting on any ballot by the proxy named in the enclosed Form of Proxy in accordance with the instructions of the Shareholders. If no instructions are indicated, these shares will be voted IN FAVOUR of the matters referred to in the accompanying notice of meeting. The enclosed Form of Proxy confers discretionary authority on the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting and which may properly come before the Meeting.**

As at the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting, other than those matters referred to in the Notice of Meeting.

### ***Beneficial Shareholders***

Only registered holders of Common Shares of the Corporation, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares of the Corporation beneficially owned by a holder (a “**Beneficial Shareholder**”) are registered either:

- (A) in the name of an intermediary (an “**Intermediary**”) that the Beneficial Shareholder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds and registered educational savings plans and similar plans; or
- (B) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant.

In accordance with the requirements of *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the Notice of Meeting, this Circular, the Form of Proxy and the Corporation's audited consolidated financial statements for the fiscal year ended December 31, 2017 (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Shareholders. Generally, Beneficial Shareholders who have not waived the right to receive Meeting Materials will either:

- (A) be given a proxy which has already been signed by the Intermediary (typically by facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. This Form of Proxy need not be signed by the Beneficial Shareholder. In this case, the Beneficial Shareholder who wishes to submit a proxy should otherwise properly complete the Form of Proxy and deposit it with Computershare as described above; or
- (B) more typically, be given a voting instruction form that must be completed and signed by the Beneficial Shareholder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting form by telephone).

The purpose of these procedures is to permit Beneficial Shareholders to direct the voting of the shares they beneficially own. Should a Beneficial Shareholder who receives either a Form of Proxy, a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Beneficial Shareholder), the Beneficial Shareholder should strike out the names of the persons named in the proxy and insert the Beneficial Shareholder (or such other corresponding directions on the form). **In either case, Beneficial Shareholders should carefully follow the instructions of their Intermediaries, including those regarding when and where the proxy or the proxy authorization form is to be delivered, and their service companies.**

#### ***Interest of Certain Persons in Matters to be Acted Upon***

No director or officer, past or present or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, in any matter to be acted upon at the Meeting, except that such persons may be directly involved in the normal business of the Meeting or the general affairs of the Corporation.

#### ***Voting of Common Shares and Principal Holders thereof***

As of the date hereof, there are 49,863,637 Common Shares of the Corporation issued and outstanding, each of which entitles its holder thereof to one vote at the Meeting. Only Shareholders registered at the close of business on May 15, 2018 are entitled to receive notice of and to vote at the Meeting.

The following table lists those persons who own or are known to the Corporation to own beneficially, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, as at the date hereof:

Name	Number of Common Shares	Percentage of Common Shares
Joseph Abbandonato <sup>(1)</sup>	14,594,700	29.27%

**Notes:**

- (1) Of the 14,594,700 Common Shares controlled by Joseph Abbandonato, 3,909,890 are held by Roncon Consultants Inc., a corporation controlled by Joseph Abbandonato, and 10,684,810 are held directly by Joseph Abbandonato.

## MATTERS TO BE ACTED UPON AT MEETING

### *1. Presentation of Financial Statements*

The Corporation's audited consolidated financial statements for the year ended December 31, 2017 and the report of the auditors' thereon will be placed before the Meeting.

### *2. Election of Directors*

Each of the nominees named hereunder has advised management of the Corporation that he will be willing to serve as a director if elected. Management of the Corporation proposes the nomination of seven directors for the current year. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director. Each nominee elected as a director will hold office until the next annual meeting or until his successor is duly elected, unless he ceases to hold office pursuant to the *Canada Business Corporations Act* (the "CBCA") or his office is vacated earlier pursuant to the by-laws of the Corporation. All nominees are mentioned in the table below.

The management recommends voting FOR the election of all nominees to the Board of Directors listed below. **Unless the Form of Proxy states otherwise, or if the right to vote is not exercised for the election of all nominees proposed as directors by the management of the Corporation, the persons named in the enclosed Form of Proxy intend to VOTE FOR the election of all nominees proposed as directors by the management.**

The resolution regarding the election of the directors of the Corporation must be adopted by a majority of the votes cast by the Shareholders present or represented by proxy and entitled to vote at the Meeting.

The following table states the names and place of residence of the individuals proposed to be nominated for election as directors. This table also sets out, for each individual, all other positions and offices with the Corporation now held by them, their principal occupation or employment, the periods during which they have served as directors of the Corporation and the number of shares of the Corporation beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction, as at the date hereof:

Name and Place of Residence	Director since	Office	Principal Occupation	Number of Common Shares Beneficially Owned or Controlled
Joseph Abbandonato Québec, Canada	October 22, 1998	President, Chief Executive Officer and Chairman of the Board of Directors	Since 1993, Joseph Abbandonato has been President and Chief Executive Officer of the Corporation.	14,594,700 <sup>(1)</sup>
Tony Abbandonato Québec, Canada	June 20, 2016	Vice-President, Manufacturing and Secretary of the Corporation	Tony Abbandonato is the Vice-President, Manufacturing and Secretary of the Corporation. He was also a director of the Corporation from May 19, 1999 to June 21, 2012.	4,540,061 <sup>(2)</sup>
Michel Baril <sup>(3)</sup> Québec, Canada	March 31, 2008	Director	Corporate director for several public companies.	20,000
Consolato Gattuso Québec, Canada	March 19, 2012	Director	Consolato Gattuso is a founding partner with the law firm Mitchell Gattuso S.E.N.C.	45,316
Philip Nolan <sup>(3)</sup> Québec, Canada	June 19, 2001	Director	Philip Nolan is a partner with the law firm Lavery, de Billy, L.L.P.	4,839,000 <sup>(4)</sup>
Mario Settino <sup>(3)</sup> , CPA, CA Québec, Canada	June 21 2017	Director	Mario Settino is Chief Financial Officer of BioAmber Inc.	(-)
Lorne Steinberg, MBA, CFA Québec, Canada	June 21, 2017	Director	Lorne Steinberg is the founder of Lorne Steinberg Wealth Management Inc., a Montreal based wealth management firm.	(-)

**Notes:**

- (1) Of the 14,594,700 Common Shares controlled by Joseph Abbandonato, 3,909,890 are held by Roncon Consulting Inc., a corporation controlled by Joseph Abbandonato and 10,684,810 are held directly by Joseph Abbandonato.
- (2) Of the 4,540,061 Common Shares controlled by Tony Abbandonato, 1,802,214 are held by 3479528 Canada Inc., a corporation controlled by Tony Abbandonato, and 2,737,847 are held directly by Tony Abbandonato.
- (3) Member of the Audit and Compensation Committee.
- (4) The 4,839,000 Common Shares controlled by Philip Nolan are held by 6849504 Canada Inc., a corporation controlled by Philip Nolan.

Each nominee has provided the information as to the Common Shares of the Corporation he beneficially owns, or over which he exercises control or direction, as at the date of this Circular.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Corporation, no proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that, (i) while the proposed director was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) after the proposed director ceased to act in that capacity but which resulted from an event that occurred while that person was acting in such capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, except for:

- Philip Nolan was a director of Clifton Star Resources Inc. when a cease trade order was issued by the British Columbia Securities Commission on July 22, 2011 on the ground that it had not complied with the obligation to file a technical report supporting its disclosure of the mineral resources estimate and to file a material change report disclosing such mineral resource estimate. This cease order was revoked on March 5, 2012.

To the knowledge of the Corporation, no proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for:

- Michel Baril was Chairman of the Board of T-Rex Vehicles Inc. six months before it made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada).

Mr. Baril was also, until February 8, 2010, a director of Raymor Industries Inc. which filed a notice of intention to make a proposal to its unsecured creditors under the *Companies' Creditors Arrangement Act* (Canada) on January 16, 2009. The proposal was approved by the unsecured creditors, as amended and approved by the Superior Court on January 27, 2010.

To the knowledge of the Corporation, no proposed director has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed directors.

To the knowledge of the Corporation, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

### ***3. Appointment of Auditors***

Raymond Chabot Grant Thornton LLP (“**RCGT**”) were initially appointed on May 17, 2013 as auditors of the Corporation.

The management and the Board of Directors of the Corporation recommend voting **FOR** the appointment of RCGT as independent auditors of the Corporation to hold office until the next annual meeting.

**Unless the Form of Proxy states otherwise, or if the right to vote is not exercised for the appointment of the auditors, the persons named in the enclosed Form of Proxy intend to VOTE FOR the appointment of RCGT as independent auditors of the Corporation and to authorize the directors to fix their remuneration.**

The resolution regarding the appointment of the independent auditors must be adopted by a majority of the votes cast by the Shareholders present or represented by proxy and entitled to vote at the Meeting.

### ***4. Other Business***

Management of the Corporation has no knowledge, as at the date hereof, of any business other than that mentioned in the Notice of Meeting, to be presented for action by the Corporation at the Meeting. However, the Form of Proxy solicited hereunder confers upon the proxy holder the discretionary right to exercise the powers conferred thereunder upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof.

## **DIRECTORS AND EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Audit and Compensation Committee***

The audit and compensation committee (the “**Audit and Compensation Committee**”) establishes executive officer compensation, the general compensation structure, policies and programs of the Corporation. The Audit and Compensation Committee has also been mandated to review the adequacy and form of the compensation of directors and to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director.

The members of the Audit and Compensation Committee are Messrs. Michel Baril, Philip Nolan and Mario Settino. The Audit and Compensation Committee is composed of a majority of independent directors and meets at least annually to receive information on and determine matters regarding executive officer compensation in accordance with policies approved by the Board of Directors.

None of the members of the Audit and Compensation Committee has a formal background or experience in executive compensation directly related to his responsibilities on the Audit and

Compensation Committee. However, each member is an experienced business person who has been involved with other board of directors, has been involved in structuring compensation arrangements for executives and has general knowledge of incentive structures and compensation levels.

Mr. Baril has been involved as senior executive and president of a division of a multinational corporation and as director of other public companies. Mr. Settino is a chartered professional accountant with extensive experience working as a senior executive in a broad range of public companies. Mr. Nolan has gained relevant experience through his legal practice advising corporate clients from various industry sectors as well as from being a director of another public company where he chaired the Compensation Committee for seven (7) years. These skills and experience enable the Audit and Compensation Committee to make proper decisions on the suitability of the Corporation's compensation program.

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

The goal of the Corporation's executive officer compensation program is to attract, retain and motivate high quality executives and to encourage them to meet Shareholders' expectations by preserving and growing the business. The compensation program is designed to communicate and focus the executives on critical business issues which ultimately increase long-term Shareholder value.

### ***Compensation and Risk Management***

In light of the Corporation's size and its current compensation program which is relatively simple, neither the Audit and Compensation Committee nor the Board of Directors specifically consider the risks associated with the Corporation's compensation program.

The Corporation has not adopted a policy and has not restricted Named Executive Officers (as hereinafter defined) or directors from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, any of which are designed to hedge their equity-based compensation awards or the value of the securities they hold. To the knowledge of the Corporation, none of the Named Executive Officers or directors purchased such financial instruments during the financial year ended December 31, 2017.

### ***Elements of the Corporation's Named Executive Officers' Compensation Program***

The compensation program consists of base salaries, annual performance incentives and stock options.

Base salaries of executive officers used to be determined by referencing salary levels in the industry in which the Corporation operates. The Audit and Compensation Committee used to review information drawn from a variety of sources, including the experience of its members in hiring individuals for similar positions. Criteria included in the determination of salary levels included the individual's experience level, the scope and complexity of the position held and salaries paid for similar positions at other companies of similar size and complexity. Neither the Corporation nor the Audit and Compensation Committee benefited from the services of a compensation consultant for the last two financial years.

Annual bonuses may or may not be paid and are determined on a discretionary basis by the Audit and Compensation Committee and approved by the Board of Directors based on an executive's performance throughout the year. The Corporation does not establish fixed objectives used to determine bonuses paid out to executives.

The stock option component of the executive officer compensation package is provided to focus management's attention on corporate performance over a period of time longer than one year in recognition of long-term horizons for return on investments and strategic decisions in the industry. The level of stock option awards given to each executive officer is determined by his position, his potential future contributions to the Corporation and the number and terms of stock option awards previously granted to the executive. All stock option awards are reviewed by the Committee and then recommended to the Board of Directors for approval. The Audit and Compensation Committee determines a meaningful level of award for employees ranging from key employees to the Chief Executive Officer. The level of stock option awards is also influenced by the number of executive officers and key employees in the current year and the likelihood of grants in future years to executive officers and key employees since the total number of stock options available under the Corporation's stock option plan (the "**Stock Option Plan**") is fixed. The total amount of stock options issued over the past years is looked at but does not have a material impact on the number of options to be granted. There were 200,000 stock options issued to employees during the year ended December 31, 2017, all of which were issued to members of Imaflex management.

#### ***Elements of the Corporation's Directors' Compensation Program***

During the last financial year, each non-executive director was entitled to receive \$5,000 per annum for his services as a director. For the period ended December 31, 2017, each director was entitled to an attendance fee of \$750 per meeting of the Board of Directors. The Chairman of the Audit and Compensation Committee received an additional attendance fee of \$250 per meeting. However, directors who are officers of the Corporation are not entitled to any compensation or attendance fee as members of the Board of Directors.

#### ***Director and Named Executive Officer Compensation***

The following table sets forth information concerning the compensation paid to the Corporation's President and Chief Executive Officer, the Corporation's Controller, in his capacity as Chief Financial Officer, the Corporation's Vice-President, Manufacturing, the Corporation's Vice-President, Marketing & Innovation, and the Corporation's Vice-President Corporate Affairs as required to be disclosed in accordance with applicable securities regulations (the "**Named Executive Officers**") during the Corporation's last two fiscal years ended December 31, 2017 and 2016. The compensation paid to Directors is also set forth in the table below.

**Summary Compensation Table**

<b>Table of Compensation Excluding Compensation Securities</b>							
<b>Name and Position</b>	<b>Year</b>	<b>Salary, Consulting Fee, Retainer or Commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or Meeting Fees (\$)</b>	<b>Value of Perquisites (\$)</b>	<b>Value of all Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
Joseph Abbandonato President and Chief Executive Officer and Director <sup>(1)</sup>	2017	158,250	6,344	—	—	—	164,594
	2016	158,250	—	—	—	—	158,250
Tony Abbandonato Vice-President, Manufacturing and Director <sup>(2)</sup>	2017	144,764	5,646	—	—	—	150,410
	2016	141,759	—	—	—	—	141,759
Ralf Dujardin Vice-President, Marketing and Innovation	2017	223,850	—	—	—	—	223,850
	2016	231,815	—	—	—	—	231,815
John Ripplinger Vice-President, Corporate Affairs <sup>(3)</sup>	2017	170,310	—	—	—	—	170,310
	2016	54,176	—	—	—	—	54,176
Giancarlo Santella Controller	2017	144,423	5,536	—	—	—	149,959
	2016	139,154	—	—	—	—	139,154
Michel Baril Director	2017	5,000	—	3,000	—	—	8,000
	2016	5,000	—	3,750	—	—	8,750
Consolato Gattuso Director	2017	5,000	—	3,000	—	—	8,000
	2016	5,000	—	3,750	—	—	8,750
Philip Nolan Director	2017	5,000	—	3,000	—	—	8,000
	2016	5,000	—	3,750	—	—	8,750
Mario Settino Director <sup>(4)</sup>	2017	2,500	—	2,000	—	—	4,500
	2016	—	—	—	—	—	—
Lorne Steinberg Director <sup>(4)</sup>	2017	2,500	—	1,500	—	—	4,000
	2016	—	—	—	—	—	—

**Notes:**

- (1) Joseph Abbandonato is President and Chief Executive Officer of the Corporation and does not receive any director fees.
- (2) Tony Abbandonato is Vice-President, Manufacturing of the Corporation and does not receive any director fees.
- (3) John Ripplinger was appointed Vice President, Corporate Affairs and commenced working at Imaflex on September 6, 2016.
- (4) Mario Settino and Lorne Steinberg were elected to the Board of Directors on June 21, 2017.

### ***Compensation Securities Table***

The following table details all compensation securities granted or issued to the Corporation's Named Executive Officers and Directors by the Corporation or one of its subsidiaries during the fiscal year ended December 31, 2017 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries:

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Compensation Securities, number of Underlying Securities and Percentage of Class<sup>(1)</sup></b>	<b>Date of Issue or Grant</b>	<b>Issue Conversion or Exercise Price (\$)</b>	<b>Closing Price of Security or Underlying Security on Date of Grant (\$)</b>	<b>Closing Price of Security or Underlying Security at Year End (\$)</b>	<b>Expiry Date</b>
John Ripplinger Vice-President, Corporate Affairs	Options	150,000 0.30%	November 28, 2017	1.11	1.11	1.00	November 28, 2022

**Notes:**

- (1) One fourth of the options granted vested immediately upon grant, with an additional quarter vesting every six-month period thereafter.

### ***Exercise of Compensation Securities by Named Executive Officers and Directors***

The following table lays out all compensation securities that were exercised by the Corporation's Named Executive Officers and Directors during the fiscal year ended December 31, 2017.

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Underlying Securities Exercised</b>	<b>Exercise Price per Security (\$)</b>	<b>Date of Exercise</b>	<b>Closing Price per Security on Date of Exercise (\$)</b>	<b>Difference between Exercise Price and Closing Price on Date of Exercise (\$)</b>	<b>Total Value on Exercise Date (\$)</b>
Ralf Dujardin Vice-President, Marketing and Innovation	Options	125,000	0.40	December 28, 2017	1.00	0.60	75,000

### ***Stock Option Plan ("SOP")***

On May 10, 2017, the Board of Directors approved the 2017 Stock Option Plan, amending and replacing the 2007 SOP. The main modifications to the 2007 SOP related to the termination of options in the event that an optionee ceases to be an eligible person, there is a change of control or there is a blackout period. All options issued under the 2007 SOP became subject to the same terms and conditions of the 2017 SOP.

Pursuant to the 2017 SOP, options may be granted in favour of directors, officers, employees and consultants providing ongoing services to the Corporation. A maximum of 4,973,860 Common Shares are reserved for issuance, representing less than 10% of the total number of Common Shares issued and outstanding.

The exercise price, terms and conditions of the options are established by the Board of Directors, subject to the rules of the regulatory authorities having jurisdiction over the securities of the Corporation. The exercise price at the time of the grant of the options shall not be less than the closing market price of the Common Shares listed on the TSXV on the day prior to their grant. The options granted may be exercised during a period not exceeding five years. The options are non transferable. There were 2,450,000 stock options issued and outstanding at the beginning of the 2017 fiscal year. During the 2017 fiscal year 200,000 stock options were issued and 125,000 were exercised, resulting in a total of 2,525,000 stock options issued and outstanding as of December 31, 2017.

### ***Equity Compensation Plan Information***

The following table shows, aggregated information for the Stock Option Plan as at December 31, 2017. During the course of the 2017 fiscal year, 125,000 stock options were exercised.

<b>Plan Category</b>	<b>Number of Common Shares to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted Average Exercise Price of Outstanding Options</b>	<b>Number of Common Shares Remaining Available for Future Issuance Under the Plan</b>
Stock Option Plan of the Corporation approved by the Shareholders	2,525,000	\$0.490	2,448,860
Stock Option Plan of the Corporation not approved by the Shareholders	N/A	N/A	N/A

### ***Employment Agreements and Termination or Change of Control Benefits***

As at December 31, 2017, there were no employment agreements entered into between the Corporation and Named Executive Officers or any other agreement under which a Named Executive Officer is entitled to receive payments following or in connection with any termination of employment or a change in control of the Corporation.

### ***Pension Plan***

There is no pension plan for Named Executive Officers of the Corporation.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the commencement of the last completed fiscal year of the Corporation, none of the directors or executive officers or employees of the Corporation have been or are indebted to the Corporation nor has the Corporation guaranteed or otherwise supported any indebtedness of any of the said parties during that period.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the knowledge of the Corporation, no directors or executive officers or any other insiders of the Corporation or persons in relation or being part of the same group as said officials has any material interest in a transaction having been concluded since the beginning of the last fiscal year or has an interest in any planned transaction that has or could affect in a material manner the Corporation or one of its subsidiaries, with the exception of Joseph Abbandonato.

Joseph Abbandonato, the Corporation's President, Chief Executive Officer and Chairman of the Board of Directors, is the controlling shareholder of Roncon Consultants Inc. ("**Roncon**"). Three of the Corporation's production facilities are leased from Roncon and parties related to Roncon under long-term operating lease agreements for the aggregate consideration of \$867,766 for the financial year ended December 31, 2017.

## **DIRECTORS AND OFFICERS LIABILITY INSURANCE**

The Corporation maintains Directors' and Officers' liability insurance on behalf of its directors and officers. For the financial year ended December 31, 2017, the policy limit was \$10,000,000, subject to a maximum deductible of \$25,000 per loss, as well as specific exclusions which are usually contained in policies of this nature. The Corporation pays a total annual premium of \$25,000.

## **AUDIT AND COMPENSATION COMMITTEE**

The charter of the Audit and Compensation Committee is attached to this Circular as Schedule "A".

The Audit and Compensation Committee is composed of three members: Mario Settino, Michel Baril and Philip Nolan. Each member is also a director of the Corporation. All members of the Audit and Compensation Committee are financially literate. The majority of the members are independent within the meaning of *Regulation 52-110 respecting Audit Committees* ("**Regulation 52-110**") with the exception of Philip Nolan, legal counsel to the Corporation. The Corporation is relying upon the exemption in section 6.1 of Regulation 52-110.

### ***Relevant Education and Experience***

The education and experience of each Audit and Compensation Committee member that is relevant to the performance of his responsibilities are as follows:

#### Mario Settino – Chairman of the Audit and Compensation Committee

Mr. Settino is a chartered professional accountant who began his career with Deloitte. He has over 30 years of financial and operational experience, working in a senior role with such companies as BioAmber, Peds Legwear, Miranda Technologies, Loblaws, Bombardier Aerospace and LGS (an IBM company). Mr. Settino holds a Bachelor of Commerce from Concordia University and a Graduate Diploma in Accountancy from McGill University.

### Michel Baril

Mr. Baril is a mechanical engineer with over 25 years of management experience. He began his career with Canadian General Electric and subsequently joined Bombardier where he held various senior management positions. As an experienced executive, he is conversant with financial statements and financial matters in general. Mr. Baril graduated from Ecole Polytechnique de Montreal with a Mechanical Engineering degree.

### Philip Nolan

Mr. Nolan is a tax lawyer and partner with the law firm of Lavery, de Billy, which he joined in 1988. As a tax lawyer, he is conversant with financial statements and financial matters. He is again cited in the current edition (2018) of Best Lawyers in Canada as a leading practitioner in the field of Tax Law. Mr. Nolan graduated from the University of Montréal Law School and from the University of Western Ontario with a Bachelor of Arts in administrative and Commercial Studies.

The Audit and Compensation Committee meets on a quarterly basis and holds special meetings as circumstances require. Mr. Nolan and Michel Baril attended the four meetings of the Audit and Compensation Committee held during the last fiscal year and Mr. Settino, who was elected to the Board of Directors on June 21, 2017, attended two meetings.

### ***Audit and Compensation Committee Oversight***

All the recommendations made by the Audit and Compensation Committee with respect to the appointment and/or compensation of the Corporation's external auditors since the commencement of the Corporation's most recently completed financial year have been adopted by the Board of Directors.

### ***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "De Minimis Non-Audit Services", or any exemption provided by Part 8 of Regulation 52-110. As mentioned above, the Corporation is relying upon the exemption in section 6.1 of Regulation 52-110.

### ***Pre-Approval Policies and Procedures***

The Audit and Compensation Committee approves the engagement terms for all audit and non-audit services to be provided by the Corporation's accountants before such services are provided to the Corporation or any of its subsidiaries.

### ***External Auditor Service Fees***

For the last two fiscal years, the Corporation's external auditors have billed the following fees for their services to the Corporation:

	2016 Fiscal Year (\$)	2017 Fiscal Year (\$)
Audit Fees	92,400	96,873
Audit-Related Fees <sup>(1)</sup>	–	–
Tax Fees <sup>(2)</sup>	54,532	50,269
Other Fees	9,975	–
Total	156,907	147,142

**Notes:**

- (1) These fees include the fees and disbursements for services reasonably related to the performance of the audit of the Corporation's financial statements not reported under "Audit Fees".
- (2) These fees represent the aggregate fees and disbursements for the service related to tax compliance, tax advice, and tax planning.

## CORPORATE GOVERNANCE

### Statement of Corporate Governance Practices

The Board of Directors of the Corporation considers good corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to enhance Shareholder value.

The Board of Directors is responsible for ensuring that the Corporation addresses all relevant corporate governance issues in compliance with the corporate governance guidelines set forth in *Policy Statement 58-201 to Corporate Governance Guidelines*. The Corporation's disclosure of corporate governance practices pursuant to *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* is set out in Schedule "B" to this Circular in the form required by Form 58-101F2.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited consolidated financial statements and Management's Discussion and Analysis for the period ended December 31, 2017 a copy of which may be obtained on request to Tony Abbandonato, Secretary of the Corporation at 5710 Notre-Dame Street West, Montréal, Québec H4C 1V2. The Corporation may require the payment of a reasonable charge when the request is made by someone other than a Shareholder.

## PROPOSALS BY SHAREHOLDERS

Pursuant to the CBCA, resolutions intended to be presented by Shareholders for action at the 2019 annual meeting must comply with the provisions of the CBCA and be deposited at the Corporation's head office no later than one year less 90 days before the date of this Circular, namely February 22, 2019, in order to be included in the management proxy circular and form of proxy relating to such meeting.

**DIRECTORS' APPROVAL**

The contents of this Circular, and the sending thereof to Shareholders entitled to receive notice of the Meeting, to each director and to the auditors of the Corporation, have been approved by the Board of Directors of the Corporation.

SIGNED in Montréal, Québec, this May 23, 2018

Per: (s) Joseph Abbandonato  
Chairman of the Board of Directors

Per: (s) Tony Abbandonato  
Director

## SCHEDULE "A"

### IMAFLEX INC. AUDIT AND COMPENSATION COMMITTEE CHARTER

The audit and compensation committee (the "**Committee**") will provide independent review and oversight of Imaflex Inc. (the "**Corporation**") financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors.

The Committee will also assist the Board of Directors in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. The Committee will review the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Corporation's business, operations and risks.

#### 1. AUTHORITY

The Board of Directors authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of Corporation's officers at meetings as appropriate.

#### 2. ORGANIZATION

##### 2.1 Membership

- a. The Committee will be comprised of at least three directors, a majority of which are independent of management;
- b. The Chairman of the Committee will be nominated by the Committee from time to time. The secretary of the Committee will be such person as nominated by the Chairman;
- c. A quorum for any meeting will be two members.

2.2 Attendance at Meetings

- a. The Committee may invite such other persons to its meetings, as it deems appropriate;
- b. The external auditors may be present at each Committee meeting and be expected to comment on the financial statements in accordance with best practices;
- c. The Committee shall meet as frequently as required, and in compliance with Regulation 52-110 and related applicable laws. Special meetings shall be convened as necessary. External auditors may convene a meeting if they consider that it is necessary;
- d. Minutes of the proceedings of all meetings will be kept.

3. ROLES AND RESPONSIBILITIES

The Committee:

- 3.1 shall recommend to the board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- 3.2 shall recommend the compensation of the external auditor;
- 3.3 shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- 3.4 shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;
- 3.5 shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the corporation publicly discloses this information;
- 3.6 shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 3.5, and must periodically assess the adequacy of those procedures;

- 3.7 shall establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- 3.8 shall review and approve the corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

## SCHEDULE “B”

### IMAFLEX INC. CORPORATE GOVERNANCE

*Regulation 58-101 respecting Disclosure of Corporate Governance Practices* requires the Corporation to annually disclose certain information regarding its corporate governance practices. Those practices are as follows.

#### **Board of Directors**

Joseph Abbandonato, the Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation annually presents to the Board of Directors the proposed corporate strategies. The Board of Directors delegates to management the responsibility for the development of these strategies and holds itself responsible for the approval of the strategies finally adopted. In addition to those matters which must by law be approved by the Board of Directors, management is required to seek Board of Directors approval for significant acquisitions, divestitures and capital expenditures. Other matters of strategic importance to the Corporation or which impact significantly on the operations of the Corporation are brought to the Board of Directors’ attention for its input, consideration and approval.

The Board of Directors oversees the identification of the principal risks of the Corporation's business and the implementation by management of appropriate systems to manage such risks. The Board of Directors reviews from time to time organizational matters such as succession planning. Given current management’s tenure, their vast experience and low turnover, succession planning is not seen as critical at the present time by the Board of Directors.

The following directors are “independent” pursuant to *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* since they qualify as “independent” directors, as such term is defined in *Regulation 52-110 respecting Audit Committees*: Michel Baril, Consolato Gattuso, Philip Nolan, Mario Settino and Lorne Steinberg. Under *Regulation 52-110 respecting Audit Committees* even though Philip Nolan is qualified as an independent member when he sits on the Board of Directors, he is not considered as an independent member for the purpose of his work for the Audit and Compensation Committee of the Corporation.

The following directors are not independent for the reasons listed after their name: Joseph Abbandonato (President and Chief Executive Officer of the Corporation) and Tony Abbandonato (Vice-President, Manufacturing of the Corporation).

1. **Directorships**

The following directors of the Corporation are presently a director of:

Director	Reporting Issuers
Michel Baril	Nemaska Lithium Inc. Monarques Gold Corporation

2. **Orientation and Continuing Education**

Reports and other documentation relating to the Corporation's business and affairs are provided to new directors. Board of Directors meetings are held at the Corporation's main site to give the directors additional insight into the Corporation's business and operations.

Orientation and education of directors is an ongoing matter. As such, ongoing informal discussions between management and members of the Board of Directors are encouraged and visits to the Corporation's operations are organized.

3. **Ethical Business Conduct**

The Corporation is committed to promote the highest standard of ethic and integrity in the pursuance of all of its activities

Furthermore, the directors, officers and employees of the Corporation are expected to act and to hold their office within the best interests of the Corporation. The Corporation expects from all directors to act in compliance with all laws and regulations applicable to their office as Director of the Corporation.

In the event any transactions or agreements occur in respect of which a Director or executive officer has a material interest, the matter must be initially reviewed by the Audit and Compensation Committee and is then submitted to the Board of Directors. The Board of Directors may implement any measures that it finds necessary in order to ensure the exercise of independent judgment. In the event a Director has a material interest in any transaction or agreement, such Director will abstain from voting in that regard.

4. **Nomination of Directors**

The Board of Directors of the Corporation does not feel it is necessary to increase the number of directors on the Board of Directors at this time.

Joseph Abbandonato, the Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation seeks qualified candidates to be considered for nomination as directors. Proposed candidates are subject to review and approval by the Board of Directors.

Any new appointees or nominees to the Board of Directors must have a favourable track record in general business management, special expertise in areas of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve as a director.

5. **Compensation**

On an annual basis, Joseph Abbandonato, the Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation and the Audit and Compensation Committee evaluate the adequacy of compensation of the directors. After sufficient review and analysis, the Audit and Compensation Committee recommends the remuneration of the directors to the Board of Directors for approval.

6. **Other Board Committees**

As of the date hereof, given the size of the Corporation, only the Audit and Compensation Committee was created by the Board of Directors.

7. **Assessments**

The Board of Directors of the Corporation has not established any formal procedures for assessing the performance of the Board of Directors or its committees and its Directors individually. Generally, those responsibilities have been carried out on an informal basis by the Board of Directors itself. Furthermore, it is the view of the Board of Directors that, in light of its small size and the close and open relationship among its members, the formality of a committee would not be as effective as the current arrangement and is therefore unnecessary.

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