

**ATLAS ENGINEERED PRODUCTS LTD.**  
2005 Boxwood Road Nanaimo, BC V9S 5X9

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS and  
INFORMATION CIRCULAR**

**ADDENDUM**

Please be advised that the Company's Notice of Annual General and Special Meeting of Shareholders (the "Notice") and Information Circular (the "Circular") dated September 28, 2023 relating to the Company's annual general and special meeting of the shareholders to be held on Thursday, November 2, 2023 at 10:00 a.m. (PST) (the "Meeting") contains a typographical error in respect of the record date for the Meeting.

**The correct record date for the Meeting is September 25, 2023.**

Except as set forth above, the Notice and the Circular remain unchanged.

DATED at Vancouver, British Columbia, the 3rd day of October, 2023.

**ON BEHALF OF THE BOARD**

*/s/ Mohammad Hadi Abassi*

---

Mohammad Hadi Abassi  
Chief Executive Officer and President, Founder

**ATLAS ENGINEERED PRODUCTS LTD.**  
2005 Boxwood Road Nanaimo, BC V9S 5X9

**INFORMATION CIRCULAR**  
(as at September 28, 2023 except as otherwise indicated)

Atlas Engineered Products Ltd. (the “**Company**”) is providing this Information Circular and a form of proxy in connection with management’s solicitation of proxies for use at the annual general and special meeting (the “**Meeting**”) of the Company to be held on Thursday, November 2, 2023 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All amounts referred to as \$ or dollars means Canadian currency, unless otherwise indicated.

**Attending the Meeting via Video Conference**

The Meeting will be held via video conference only. **Persons wishing to attend the Meeting will be required to pre-register for the Meeting at the link set forth below. Once you have pre-registered for the Meeting, you will receive a separate email providing access details for the Meeting.** Pre-registration is being required to ensure that only eligible shareholders and proxyholders are permitted to vote, and to ensure the proper counting of those votes. After registering, approved attendees will receive a confirmation email containing information about joining the Meeting. In order to ensure your ability to attend the Meeting, please pre-register for the Meeting as early as possible.

**Pre-registration link:** <https://us02web.zoom.us/meeting/register/tZYuduurrzssHNIDxGW-sFPjenXqrke-Jx6S>

Shareholders will have an equal opportunity to participate at the Meeting online regardless of geographic location. Registered shareholders and proxyholders will be able to attend the virtual meeting and vote, and will be considered to be present in person at the Meeting for the purposes of determining quorum. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the virtual Meeting as a guest, but will not be able to vote at the Meeting. This is because the Company and its transfer agent, do not have a record of the non-registered shareholders, and, as a result, will have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder.

The Meeting will be held via the Zoom meeting platform. In order to access the Meeting, shareholders will have two options, being via teleconference or through the Zoom application, which requires internet connectivity. **Registered shareholders wishing to vote in person and any shareholders wishing to view materials that may be presented by Management will need to utilize the Zoom application and provide their first and last name.**

Shareholders may also listen to the Meeting via teleconference. However, Registered shareholders participating via teleconference will not be able to vote in person at the Meeting as the Corporation’s scrutineer must take steps to verify the identity of registered shareholders using the video features.

**Access to the Meeting will be opened approximately 30 minutes prior to the start of the Meeting. It is strongly recommended that persons attending the meeting access the Meeting 30 minutes before the Meeting starts to facilitate registration by the Company’s scrutineer.**

**APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the “**Management Proxyholders**”).

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

## VOTING BY PROXY

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Dept., 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NON-REGISTERED HOLDERS

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee (a "Nominee") such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited and in the United States, under the name Cede & Co., as nominee for the Depository Trust Company (which acts as a brokerage depository for many U.S. firms and custodial banks). If you purchased your shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101.

#### **REVOCABILITY OF PROXY**

In addition to revocation in any other manner permitted by law, a shareholder, his attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of Common Shares without par value (the "shares"), of which 59,245,049 shares were issued and outstanding as of the Record Date (including 912,000 shares acquired by the Company pursuant to its normal course issuer bid and not yet cancelled, which shares will not be voted at the Meeting), and an unlimited number of Class B Preferred Shares, of which no shares are issued and outstanding. Persons who are registered shareholders at the close of business on September 20, 2022 (the "**Record Date**") will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.

To the knowledge of the directors and executive officers of the Company, as of the Record Date, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

#### **EXECUTIVE COMPENSATION**

##### **Named Executive Officers**

"**Named Executive Officer**" or "**NEO**" means: (a) the Company's CEO, (b) the Company's CFO, (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2022, the Company had the following NEOs: Mohammad Hadi Abassi, Chief Executive Officer ("**CEO & President**"), Melissa MacRae, and Chief Financial Officer ("**CFO**"), Gurmit Dhaliwal, Chief Operating Officer ("**COO**"). The Company did not have any other executive officers during the year ended December 31, 2022. Effective January 1, 2022, Ms. MacRae was appointed as Chief Financial Officer ("**CFO**"), previously she was the Interim Chief Financial Officer. Additionally, Ms. Dhaliwal was appointed as Chief Operating Officer ("**COO**"), previously she was the Vice President of Operations.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Discussion and Analysis

#### Significant Elements

The significant elements of compensation awarded to the NEOs are management fees and stock options. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program. The Board of Directors is solely responsible for determining compensation to be paid to the Company's NEOs. In addition, the Board of Directors reviews annually the total compensation package of each of the Company's executives on an individual basis.

#### *Cash Salary*

In setting compensation rates for NEOs, the Company compares the amounts paid to them with the amounts paid to executives in comparable positions at other comparable corporations. The Company's compensation payable to the NEOs is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of the Company.

In addition, NEOs are eligible under the Company's stock option plan (the "**Stock Option Plan**") to receive grants of stock options. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of its shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to NEOs is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

The Board has not proceeded to a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

The Company's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

#### **Share-Based and Option-Based Awards**

The Company does not grant share-based awards. The Board is responsible for granting options to the NEOs. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs. When new options are granted, the Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders. The exercise price of the stock options granted is generally determined by the market price at the time of grant, less any allowable discount.

**SUMMARY COMPENSATION TABLE**

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

**Summary Compensation Table**

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)(3)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mohammad Hadi Abassi <sup>(4)</sup> <b>CEO &amp; President</b>	Dec 31, 2022	350,000	N/A	60,545	172,800	N/A	N/A	39,830	623,175
	Dec 31, 2021	288,000	N/A	7,952	N/A	N/A	N/A	41,600	337,552
	Dec 31, 2020	267,400	N/A	13,827	N/A	N/A	N/A	N/A	281,227
Melissa MacRae <sup>(5)</sup> <b>CFO</b>	Dec 31, 2022	165,000	N/A	32,927	74,400	N/A	N/A	9,600	281,927
	Dec 31, 2021	124,000	N/A	7,952	20,080	N/A	N/A	22,775	174,807
	Dec 31, 2020	103,099	N/A	N/A	11,547	N/A	N/A	9,600	124,246
Gurmit Dhaliwal <sup>(6)</sup> <b>COO</b>	Dec 31, 2022	180,000	N/A	42,133	84,000	N/A	N/A	9,600	315,733
	Dec 31, 2021	140,000	N/A	7,952	20,080	N/A	N/A	34,706	184,738
	Dec 31, 2020	124,048	N/A	N/A	6,693	N/A	N/A	9,600	140,341

Notes:

- (1) Share Based Awards means an award under an equity incentive plan of equity based instruments that do not have option like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) Option Based Awards mean an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option like features.
- (3) The Company uses the Black-Scholes option pricing model for determining fair value of stock options issued at grant date. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Share price, expected dividend yield, and risk-free interest rate. The key assumptions are as follows: risk free rate of 0.39-3.23%, expected life of five years, expected volatility of 66-165% and expected dividend of Nil.
- (4) Mr. Abassi was appointed as CEO and President, on January 31, 2021. Prior to this Mr. Abassi was CEO of the Company from November 9, 2017 to November 4, 2018 and the EVP from November 5, 2018 to January 30, 2021. The Company entered into an updated employment agreement with Mr. Abassi on January 31, 2022 for a salary of \$350,000 per year and a car allowance of \$1,000 monthly (\$12,000 annually). Prior to this the Company entered into an amended management consulting agreement with Mr. Abassi dated September 1, 2018 for a monthly consulting fee of \$24,000.
- (5) Ms. Melissa MacRae was appointed as CFO of the Company on January 1, 2022. Prior to this Ms. MacRae was the Interim CFO of the Company from May 16, 2019 to December 31, 2021. As of January 1, 2022, Ms. MacRae entered into a new employment agreement for a salary of \$165,000 per year and a car allowance of \$800 per month (\$9,600 annually).
- (6) Ms. Gurmit Dhaliwal was appointed as COO of the Company on January 1, 2022. Prior to this Ms. Dhaliwal was the VP OPS of the Company from June 1, 2019 and December 31, 2021. As of January 1, 2022, Ms. Dhaliwal entered into a new employment agreement for a salary of \$180,000 per year and a car allowance of \$800 per month (\$9,600 annually).

**INCENTIVE PLAN AWARDS**

**Outstanding Share-Based Awards and Option-Based Awards**

The Company does not have any share-based awards held by a NEO. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the Company’s most recently completed financial year ended December 31, 2022:

<i>Name</i>	<i>Option-based Awards</i>				<i>Share-based Awards</i>	
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option expiration date</i>	<i>Value of unexercised in-the-money options (\$)<sup>(1)</sup></i>	<i>Number of shares or units that have not vested (#)</i>	<i>Market or payout value of share-based awards that have not vested (\$)</i>
Mohammad Hadi Abassi <i>CEO &amp; President</i>	195,000 50,000 150,000 100,000	0.30 0.29 0.60 0.73	March 4, 2024 April 21, 2025 January 4, 2027 December 20, 2027	87,750 23,000 22,500 2,000	N/A N/A N/A N/A	N/A N/A N/A N/A
Melissa MacRae <i>CFO</i>	50,000 75,000 100,000	0.29 0.60 0.73	April 21, 2025 January 4, 2027 December 20, 2027	23,000 11,250 2,000	N/A N/A N/A	N/A N/A N/A
Gurmit Dhaliwal <i>COO</i>	50,000 100,000 100,000	0.29 0.60 0.73	April 21, 2025 January 4, 2027 December 20, 2027	23,000 15,000 2,000	N/A N/A N/A	N/A N/A N/A

Notes:

- (1) “**In-the-Money Options**” means the excess of the market value of the Company’s shares on December 31, 2022 over the exercise price of the options. The market price for the Company’s common shares on December 31, 2022 was \$0.75.

**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each NEO:

<i>Name</i>	<i>Option-based awards - Value vested during the year<sup>(1)</sup> (\$)</i>	<i>Share based awards – Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation - Value earned during the year (\$)</i>
Mohammad Hadi Abassi <sup>(2)</sup> <i>CEO &amp; President</i>	10,333	N/A	172,800
Melissa MacRae <sup>(3)</sup> <i>CFO</i>	10,333	N/A	74,400
Gurmit Dhaliwal <sup>(4)</sup> <i>COO</i>	10,333	N/A	84,000

Notes:

- (1) The value of option-based awards is the product of the number of common shares issuable on the exercise of the option on the vesting date multiplied by the difference between the exercise price and the closing market price for the common shares on the vesting date.
- (2) Mohammad Hadi Abassi was granted 500,000 stock options on November 8, 2017 at an exercise price of \$0.49. Mr. Abassi exercised these options on November 29, 2022. Mr. Abassi was granted an additional 195,000 stock options on March 4, 2019 at an exercise price of \$0.30, expiring March 4, 2024. Mr. Abassi was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Mr. Abassi was granted an additional 150,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. Mr. Abassi was granted an additional 100,000 stock options on December 20, 2022 at an exercise price of \$0.73, expiring December 20, 2027. For the options granted to Mr. Abassi,

1/3 of the options vest six months after the date of grant, 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date.

- (3) Melissa MacRae was granted 75,000 stock options on November 8, 2017 at an exercise price of \$0.49. Ms. MacRae exercised these options on December 7, 2022. Ms. MacRae was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Ms. MacRae was granted an additional 75,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. Ms. MacRae was granted an additional 100,000 stock options on December 20, 2022 at an exercise price of \$0.73, expiring December 20, 2027. For the options granted to Ms. MacRae, 1/3 of the options vest six months after the date of grant; 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date.
- (4) Gurmit Dhaliwal was granted 75,000 stock options on November 8, 2017 at an exercise price of \$0.49. Ms. Dhaliwal exercised these options on December 7, 2022. Ms. Dhaliwal was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Ms. Dhaliwal was granted an additional 100,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. Ms. Dhaliwal was granted an additional 100,000 stock options on December 20, 2022 at an exercise price of \$0.73, expiring December 20, 2027. For the options granted to Ms. Dhaliwal, 1/3 of the options vest six months after the date of grant, 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date.

#### **PENSION BENEFITS**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

#### **TERMINATION AND CHANGE OF CONTROL BENEFITS (WHETHER VOLUNTARY, INVOLUNTARY OR CONSTRUCTIVE), RESIGNATION, RETIREMENT A CHANGE IN CONTROL OF THE COMPANY OR A CHANGE IN AN NEOS RESPONSIBILITIES.**

Under the terms of the Company's agreement with Mr. Mohammad Hadi Abassi, the Company's CEO & President as at December 31, 2022, Mr. Abassi is entitled to eight weeks severance based on his length of service as determined by Employment Standards Act.

Under the terms of the Company's agreement with Ms. Melissa MacRae, the Company's CFO as at December 31, 2022, Ms. MacRae is entitled to four months severance, plus one additional month of severance for each year served, up to a maximum of six months severance. As of January 31, 2022, Ms. MacRae was appointed as CFO of the Company and under the terms of her employment agreement is subsequently paid a salary of \$165,000 per annum.

Under the terms of the Company's agreement with Ms. Gurmit Dhaliwal, the Company's COO as at December 31, 2022, Ms. Dhaliwal is entitled to four months severance, plus one additional month of severance for each year served, up to a maximum of six months severance. As of January 31, 2022, Ms. Dhaliwal was appointed as COO of the Company and under the terms of her employment agreement is subsequently paid a salary of \$180,000 per annum.

The Company has no other contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the NEOs responsibilities.

#### **DIRECTOR COMPENSATION**

In March 2020, the Board approved a new director compensation model for all non-executive directors that includes a monthly stipend, a per meeting fee for acting as a Board committee member, and a per meeting fee for acting as Chair.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

**Director Compensation Table**

<i>Name</i>	<i>Fees earned (\$)</i>	<i>Share based awards (\$)</i>	<i>Option-based awards (\$)<sup>(1)(2)</sup></i>	<i>Non-equity inventive plan compensation (\$)</i>	<i>Pension value (\$)</i>	<i>All other compensation (\$)</i>	<i>Total (\$)</i>
Greg Smith	29,000	Nil	16,431	Nil	Nil	Nil	45,431
Kevin Smith	30,500	Nil	16,431	Nil	Nil	Nil	46,931
Don Hubbard	33,500	Nil	16,431	Nil	Nil	Nil	49,931
Paul Andreola	29,000	Nil	22,441	Nil	Nil	Nil	51,441

Notes:

- (1) Option Based Awards mean an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option like features.
- (2) The Company uses the Black-Scholes option pricing model for determining fair value of stock options issued at grant date. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Share price, expected dividend yield, and risk-free interest rate. The key assumptions are as follows: risk free rate of 0.39-3.23%, expected life of five years, expected volatility of 66-165% and expected dividend of Nil.

**Outstanding Share-Based Awards and Option-Based Awards Held by Directors**

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year ended December 31, 2022.

<i>Name</i>	<i>Option-based Awards</i>			
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option Expiration date</i>	<i>Value of unexercised in-the-money options (\$)<sup>(1)</sup></i>
Greg Smith <sup>(2)</sup>	50,000	0.60	February 5, 2023	7,500
	100,000	0.30	March 4, 2024	45,000
	50,000	0.29	April 21, 2026	23,000
	50,000	0.60	January 4, 2027	7,500
Kevin Smith <sup>(3)</sup>	150,000	0.60	February 5, 2023	22,500
	100,000	0.30	March 4, 2024	45,000
	50,000	0.29	April 21, 2026	23,000
	50,000	0.60	January 4, 2027	7,500
Don Hubbard <sup>(4)</sup>	50,000	0.60	February 5, 2023	7,500
	100,000	0.30	March 4, 2024	45,000
	50,000	0.29	April 21, 2026	23,000
	50,000	0.60	January 4, 2027	7,500
Paul Andreola <sup>(5)</sup>	100,000	0.49	January 4, 2026	26,000
	50,000	0.29	April 21, 2026	23,000
	50,000	0.60	January 4, 2027	7,500

Notes:

- (1) **“In-the-Money Options”** means the excess of the market value of the Company’s shares on December 31, 2022 over the exercise price of the options. The market price for the Company’s common shares on December 31, 2022 was \$0.75.
- (2) Greg Smith was granted 100,000 stock options on November 8, 2017 at an exercise price of \$0.49. Mr. Smith exercised these options on November 4, 2022. Mr. Smith was granted an additional 50,000 stock options on February 5, 2018 at an exercise price of \$0.60, expiring February 5, 2023. Mr. Smith exercised these options prior to their expiration. Mr. Smith was granted an additional 100,000 stock options on March 4, 2019 at an

exercise price of \$0.30, expiring March 4, 2024. Mr. Smith was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Mr. Smith was granted an additional 50,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. For the options granted to Mr. Smith, 1/3 of the options vest six months after the date of grant, 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date for all options granted.

- (3) Kevin Smith was granted 150,000 stock options on February 5, 2018 at an exercise price of \$0.60, expiring February 5, 2023. Mr. Smith exercised these options prior to their expiration. Mr. Smith was granted an additional 100,000 stock options on March 4, 2019 at an exercise price of \$0.30, expiring March 4, 2024. Mr. Smith was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Mr. Smith was granted an additional 50,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. For the options granted to Mr. Smith, 1/3 of the options vest six months after the date of grant, 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date for all options granted.
- (4) Don Hubbard was granted 100,000 stock options on November 8, 2017 at an exercise price of \$0.49. Mr. Hubbard exercised these options on November 4, 2022. Mr. Hubbard was granted an additional 50,000 stock options on February 5, 2018 at an exercise price of \$0.60, expiring February 5, 2023. Mr. Hubbard exercised these options prior to their expiration. Mr. Hubbard was granted an additional 100,000 stock options on March 4, 2019 at an exercise price of \$0.30, expiring March 4, 2024. Mr. Hubbard was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Mr. Hubbard was granted an additional 50,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. For the options granted to Mr. Hubbard, 1/3 of the options vest six months after the date of grant, 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date for all options granted.
- (5) Paul Andreola was granted 100,000 stock options on January 4, 2021 at an exercise price of \$0.49, expiring April 21, 2026. Mr. Andreola was granted an additional 50,000 stock options on April 21, 2021 at an exercise price of \$0.29, expiring April 21, 2026. Mr. Andreola was granted an additional 50,000 stock options on January 4, 2022 at an exercise price of \$0.60, expiring January 4, 2027. For the options granted to Mr. Andreola, 1/3 of the options vest six months after the date of grant, 1/3 of the options vest 12 months after the date of grant and 1/3 of the options vest 18 months after the grant date for all options granted.

**Value Vested or Earned for Incentive Plan Awards During the Most Recently Completed Financial Year**

<i>Name</i>	<i>Option-based awards - Value vested during the year (\$)</i>	<i>Share based awards – Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation - Value earned during the year (\$)</i>
Greg Smith	10,333	N/A	Nil
Kevin Smith	10,333	N/A	Nil
Don Hubbard	10,333	N/A	Nil
Paul Andreola	13,667	N/A	Nil

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year ended December 31, 2022:

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>

Equity compensation plans approved by the security holders	3,007,500	\$0.55	2,777,226
Equity compensation plans not approved by the security holders	Nil	Nil	Nil
<b>Total</b>	3,007,500	\$0.55	2,777,226

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

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

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

Except as disclosed below, none of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

#### **MANAGEMENT CONTRACTS**

Other than as disclosed elsewhere in this Circular, no management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

#### **AUDIT COMMITTEE**

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

##### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

##### **Composition of Audit Committee and Independence**

The Company's current Audit Committee consists of Don Hubbard, Greg Smith and Kevin Smith. National Instrument 52-110 *Audit Committees*, ("**NI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current Audit Committee members, Greg Smith, Don Hubbard and Kevin Smith are considered independent. All of the Audit Committee members are "financially literate, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

### **Relevant Education and Experience**

**Don Hubbard** – Mr. Hubbard is an accomplished businessman and community leader. He is currently the President and CEO of Hubbard Consulting Ltd. Mr. Hubbard previously owned and managed RCR Mining LLP and was the former Board Chair of the Vancouver Island Health Authority. Mr. Hubbard is also formerly the General Manager of Lafarge North West Division and Island operations which merged with Warren Materials Ltd. in which Mr. Hubbard held many senior operation positions with Warren Materials.

**Greg Smith** - Mr. Greg Smith is a seasoned capital markets veteran who held senior positions in investment banking before transitioning to private equity with the acquisition of one of the largest HVAC companies in Western Canada. Mr. Smith also held the position of Portfolio Manager for Phillips, Hagar & North & Executive Director, Canadian Securitization Group, CIBC World Markets in Toronto for close to ten years. Mr. Smith, currently serves as President & Director of Broadway Refrigeration & Air Conditioning Co. Ltd. and Omega Mechanical Ltd. who collectively have over 150 employees. Mr. Smith earned an MBA from Dalhousie University and is a Chartered Financial Analyst and has served in advisory positions to multiple private and public ventures. He is currently serving as a director of Ironwood Capital Corp. (TSX-V: IRN).

**Kevin Smith** – Mr. Kevin Smith is President of Northland Living, the real estate development division for Northland Properties Corporation. Northlands is headquartered in Vancouver with operations across Canada, the UK, Ireland and the USA. Prior to being President of Northland Living, Mr. Smith was Executive Vice-President & CFO of Northland Properties. Prior to joining Northland, Mr. Smith was the Executive Vice-President and CFO for the Intracorp Group of Companies, a real estate development company with headquarters in Vancouver and with operations across North America. Prior to joining Intracorp, Mr. Smith served as the Executive Vice-President & Chief Financial Officer at Whistler Blackcomb Holdings Inc. During his time there he successfully led Whistler Blackcomb through an initial public offering (IPO) on the Toronto Stock Exchange in 2010 to create Whistler Blackcomb as a separate, publicly traded company from Intrawest. As a strategic leader at Whistler Blackcomb Holdings, he was responsible for all financial, legal, information technology, public company reporting, debt financing, commercial operations, investor relations, budgeting, cash management, tax planning & strategic business planning. Prior to Whistler Blackcomb, Mr. Smith spent twelve years at Intrawest, holding several senior finance roles. Mr. Smith is a FCPA, FCA and holds a Bachelor of Science degree from The University of British Columbia. He is also currently serving as a director and audit chair of Diversified Royalty Corp and the Vancouver Airport Authority.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

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

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **Audit Fees**

The aggregate fees billed by the Company's external auditor in the last two fiscal years.

<i>Financial Year Ended</i>	<i>Audit Fees (\$)<sup>(1)</sup></i>	<i>Audit Related Fees (\$)<sup>(2)</sup></i>	<i>Tax Fees (\$)<sup>(3)</sup></i>	<i>All Other Fees (\$)<sup>(4)</sup></i>
December 31, 2022	166,300	12,009	35,412	1,859
December 31, 2021	140,800	11,612	27,189	1,686

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

### **Exemption in Section 6.1**

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101, Disclosure of Corporate Governance Practices, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating five individuals to the Board, each of whom are current directors of the Company. The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement, including persons who are employees or executive officers of the Company or who have been employees or executive officers of the Company within the last three years. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Mohammad Hadi Abassi, who is the CEO and President of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and the Audit Committee chairperson. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities, elects a chairperson of the Board

and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

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

### **Orientation and Continuing Education**

The Board’s practice is to recruit for the Board only persons with extensive experience in identifying and targeting junior businesses for transactions and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company’s affairs and plans prior to obtaining their consent to act as a director.

### **Ethical Business Conduct**

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

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

### **Nomination of Directors**

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

### **Assessments**

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives.

The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

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

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Financial Statements, Auditor's report and Management Discussion & Analysis

The audited financial statements of the Company for the fiscal year ended December 31, 2022 as proposed by the Company, the audit report of PWC relating thereto and the Company's management discussion and analysis relating thereto will be placed before the Meeting.

**No further action or approval is required at the Meeting in respect of these documents.**

### 2. Set Number of Directors to be Elected

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at five (5). The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at five (5).

**The Board unanimously recommends that shareholders vote "for" the setting the number of directors of the Company at five (5).**

### 3. Election of Directors

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows.

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>
<b>Mohammad Hadi Abassi</b> British Columbia, Canada Director	Current CEO and President of the Company, Former EVP Business Development	November 9, 2017	6,263,409
<b>Don Hubbard</b> <sup>(2)</sup> British Columbia, Canada Director	President and CEO of Hubbard Consulting Ltd.	November 9, 2017	421,300
<b>Greg Smith</b> <sup>(2)</sup> British Columbia, Canada Director	President & Owner of Broadway Refrigeration and Air Conditioning Co. Ltd.	November 9, 2017	477,500
<b>Kevin Smith</b> <sup>(2)</sup> British Columbia, Canada Director	Chief Financial Officer at Northland Properties Corporation	November 15, 2017	150,000

<b>Paul Andreola</b> British Columbia, Canada Director	CEO of NameSilo Technologies Corp.	December 23, 2020	1,706,079
--	------------------------------------	-------------------	-----------

Notes:

(1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.

(2) Current member of the audit committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

To the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
- (i) was the subject, while the director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or
- (d) 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
- (e) 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 securityholder in deciding whether to vote for a director.

The following nominee directors of the Company hold directorships in other reporting issuers as set out below:

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>
Greg Smith	ImmunoPrecise Antibodies Ltd. <sup>(3)</sup>
Kevin Smith	Diversified Royalty Corp. <sup>(4)</sup> Vancouver Airport Authority
Paul Andreola	NameSilo Technologies Corp. <sup>(2)</sup> Departure Bay Capital Corp. <sup>(1)</sup> Total Telecom Inc. <sup>(1)</sup>

Notes:

- (1) Listed on the TSX Venture Exchange
- (2) Listed on the Canadian Securities Exchange
- (3) Listed on NADAQ
- (4) Listed on the Toronto Stock Exchange

**The Board unanimously recommends that shareholders vote “for” the election of each of the above nominees as directors of the Company.**

#### **4. Appointment and Remuneration of Auditor**

The Company is nominating PricewaterhouseCoopers (“PwC”) of 250 Howe Street, Suite 1400, Vancouver, British Columbia for re-appointment as auditor of the Company to hold office until the next annual meeting of shareholders and to authorize the Board to fix the remuneration to be paid thereto.

**The Board unanimously recommends shareholders to vote “for” the appointment of PricewaterhouseCoopers as the Company’s auditors until the next annual general meeting at a remuneration to be fixed by the Company’s board of directors.**

#### **5. Ratification of 10% Rolling Stock Option Plan**

The Company’s amended and restated Stock Option Plan (the “**Stock Option Plan**”) was originally approved by the shareholders at the Company’s 2022 AGM. As a “rolling” stock option plan, the Stock Option Plan is required to be re-approved by the shareholders each year at the Company’s annual general meeting.

The purpose of the Stock Option Plan is to attract and motivate directors, senior officers, employees, consultants and others providing services to the Company and its subsidiaries, and thereby advance the Company’s interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of stock options. The Company is currently listed on Tier 1 of the TSX Venture Exchange (the “**TSX-V**”) and has adopted a “rolling” stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant.

##### *Summary of Stock Option Plan Provisions*

The following information is intended as a brief description of the Company’s Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. Capitalized terms are as defined in the Stock Option Plan .

- The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any other share compensation arrangement.
- The exercise price per Common Share for an Option shall be determined by the Board, but will in no event be less than the permitted discount to the Market Price for the Common Shares at the date of grant.
- Options expiring during a Blackout Period will be extended to the date that is 10 business days after the expiration of the Blackout Period, provided that (i) the Blackout Period was formally imposed under the policies of the Company due to the bona fide existence of undisclosed Material Information, (ii) the Blackout Period expired due to the disclosure of the undisclosed Material Information, and (iii) the Company is not subject to any cease trade order or similar order under applicable securities laws.
- The number of Common Shares reserved for issuance in any 12 month period under the Stock Option Plan and any other compensation arrangement involving the issuance or potential issuance of Common Shares to:
  - (a) any one person may not exceed 5% of the outstanding Common Shares at the time of the grant (unless the Company has obtained disinterested shareholder approval pursuant to the policies of the TSX-V);

- (b) any one consultant may not exceed 2% of the outstanding Common Shares at the time of the grant; and
- (c) any one person that is an Investor Relations Service Provider may not exceed 2% of the outstanding Common Shares at the time of grant.
- In addition, unless the Company has obtained disinterested shareholder approval pursuant to the policies of the TSX-V, the number of Common Shares reserved for Issuance under the Stock Option Plan and any other compensation arrangement involving the issuance or potential issuance of Common Shares to Insiders:
  - (a) may not exceed 10% of the Common Shares outstanding at any point in time; and
  - (b) may not result in the issuance to Insiders within a one year period of more than 10% of the outstanding Common Shares
- Upon expiry of an option, or in the event an option is otherwise terminated for any reason without having been exercised, the number of Common Shares that were subject to the expired or terminated option shall again be available for the purposes of the Stock Option Plan.
- Options granted under the Stock Option Plan, may not have a term exceeding 10 years after the date of the grant.
- Options may be exercised by means of a “cashless exercise” or “net exercise”, provided that Board continues to have discretion whether or not to permit any cashless exercise or net exercise of any options. As set forth under the Stock Option Plan, a “cashless exercise” of an option would involve an arrangement with the Company whereby a brokerage firm would lend funds to an optionee to exercise options granted under the Stock Option Plan, with the brokerage firm then selling a sufficient number of shares to repay the loan, the brokerage firm receiving an equivalent number of shares issued from the exercise of the options, and the optionee receiving the balance of the shares issued upon exercise. A “net exercise” of an would involve an optionee not making any cash payment for the exercise of an option, with the optionee instead receiving only that number of shares that is equal to the quotient obtained by dividing (a) the product of the number of options being exercised and the difference between (i) the VWAP of the shares and (ii) the exercise price of the subject options, by (b) the VWAP of the shares.
- If an Optionee is terminated for cause, each Option held by such participant will terminate immediately and will cease to be exercisable.
- If an Optionee dies or suffers a disability prior to expiry of an Option, any Options that vested prior to such death or disability may be exercised by the participant’s legal representatives until the earlier of the one year anniversary of the Optionee’s date of death or disability, and the scheduled expiry date of those Options.
- If an Optionee ceases to qualify for participation under the Stock Option Plan for any reason other than a termination for cause or death or disability, any Options that vested prior to such termination may be exercised for a period of 90 days after termination unless otherwise determined by the Board.
- Any Options that do not vest prior to the participant ceasing to qualify for participation under the Stock Option Plan may not be exercised.
- Subject to prior approval by the TSX-V and, in certain instances, disinterested shareholder approval in accordance with the policies of the TSX-V, adjustments to the Stock Option Plan may be made by the Board, in its discretion.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the TSX-V, Options granted to persons that are Investor Relations Service Providers must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three month period.

Upon request, the Company will promptly provide a copy of the Stock Option Plan free of charge to any securityholder of the Company. Shareholders are asked to pass the following ordinary resolution (meaning a resolution passed by the majority of votes cast in person or by proxy at the Meeting) authorizing the re-approval of the Stock Option Plan.

**“RESOLVED AS AN ORDINARY RESOLUTION, THAT:**

1. The stock option plan (the “**Stock Option Plan**”) of Atlas Engineered Products Ltd. (the “**Company**”) dated September 26, 2022 be and the same is hereby ratified, confirmed and approved, and shall thereafter continue and remain in effect until ratification is required pursuant to the rules of the TSX Venture Exchange or other applicable regulatory requirements; and
2. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and to execute, deliver and file all such agreement, documents and instruments, and to do all such other acts and things, as such director or officer deems necessary or desirable to give effect to the forgoing resolutions.

**The Board unanimously recommends that shareholders vote “for” the ratification and approval of the Stock Option Plan.**

**6. Ratification and Approval of Shareholder Rights Plan**

At the Meeting, shareholders will be asked to vote in respect of an ordinary resolution approving and ratifying a shareholder rights plan (the “**Shareholder Rights Plan**”). The Shareholder Rights Plan was approved and adopted by the Board on September 26, 2023, subject to ratification by shareholders at the Meeting. A summary of the principal terms of the Shareholder Rights Plan is provided in Schedule “B” to this Information Circular. The full text of the Shareholder Rights Plan is available on the Company’s profile at [www.sedar.com](http://www.sedar.com).

*Overview of the Shareholder Rights Plan*

The approval and ratification of the Shareholder Rights Plan is not being recommended in response to or in contemplation of any known take-over bid or other similar transaction. Neither management nor the Board is aware of any pending, threatened or proposed acquisition or take-over bid of the Company. The adoption of the Shareholder Rights Plan does not change the duty of the Board to act honestly and in good faith with a view to the best interests of the Company. Further, the Shareholder Rights Plan is not intended as a means to prevent a take-over of the Company, to secure the continuance of management or the Board in their respective offices, or to deter fair offers for the shares.

In the event of a take-over bid or similar transaction, the Board will continue to have the right and responsibility to take such action and to make such recommendations to shareholders as are considered necessary or appropriate. The Shareholder Rights Plan applies to the shares, securities that are convertible into shares, as well as any other shares with voting rights that may be issued by the Company. Currently, the Common Shares are the only class of shares issued and outstanding. Should the Company issue a new class of voting shares in the future, the Shareholder Rights Plan would apply to those voting shares in the same manner described below. The Company does not have any present intention of issuing any other class of voting shares.

*Rationale for Adopting the Shareholder Rights Plan*

In asking shareholders to approve the Shareholder Rights Plan, the Board considered the legal and regulatory framework in Canada governing take-over bids. Under applicable Canadian securities laws, a take-over bid generally means an offer to acquire voting securities of a person or persons, where the securities subject to the offer to acquire, together with securities already owned by the bidder and certain related parties, constitute 20% or more of the outstanding securities. The Shareholder Rights Plan is designed to address certain concerns raised by the existing legal and regulatory framework by creating mechanisms to assist in maximizing shareholder value in the face of a take-over bid and encouraging fair and equal treatment of all shareholders.

Notwithstanding amendments that were made to the legal and regulatory framework for take-over bids in 2016, there are still concerns related to the potential for unequal treatment of shareholders due to the possibility that control of the

Company could be acquired pursuant to a private agreement in which one or a small group of shareholders dispose of shares at a premium to market price, which premium is not shared with the other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders. The Shareholder Rights Plan is intended to mitigate the potential for such “creeping” take-over bids. It does so by encouraging a potential bidder to proceed either by way of a Permitted Bid (as defined in the Shareholder Rights Plan), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

#### *Shareholder Rights Plan Resolution*

Shareholders are asked to pass the following ordinary resolution (meaning a resolution passed by the majority of votes cast in person or by proxy at the Meeting) ratifying and approving the Shareholder Rights Plan.

#### **“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT:**

1. The Shareholder Rights Plan, as described in the Company’s Information Circular dated September 28, 2023, is hereby ratified, confirmed and approved.
2. Any one or more directors or officers of the Company are hereby authorized, for and on behalf of the Company, to take, or cause to be taken, any and all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such agreements, deeds, instruments, notices, consents, acknowledgments, certificates, assurances and other documents (including any documents required under applicable laws or regulatory policies) as any such director or officer in his or her sole discretion may determine to be necessary or desirable to give effect to the foregoing resolutions, such determination to be conclusively evidenced by the taking of any such action or such director’s or officer’s execution and delivery of any such agreement, deed, instrument, notice, consent, acknowledgment, certificate, assurance or other document.
3. Notwithstanding the passing of this resolution by the shareholders, the Board of Directors may, in its sole discretion, revoke this resolution before it is acted upon, without further approval of the shareholders.

The Company is not aware of any shareholder who will be ineligible to vote on the approval of the Shareholder Rights Plan at the Meeting.

**The Board of Directors has determined that the Shareholder Rights Plan is in the best interests of the Company and the shareholders and unanimously recommends that shareholders vote in favour of the Shareholder Rights Plan Resolution.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company’s comparative annual financial statements to December 31, 2022 a copy of which, together with Management’s Discussion and Analysis thereon, can be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company as set out below to request copies of the Company’s financial statements and Management’s Discussion Analysis.

#### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 28th day of September, 2023.

**ON BEHALF OF THE BOARD**

*/s/ Mohammad Hadi Abassi*

---

Mohammad Hadi Abassi  
Chief Executive Officer and President

## SCCHEDULE “A”

### ATLAS ENGINEERED PRODUCTS LTD. (the “Company”)

#### AUDIT COMMITTEE CHARTER

---

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Company. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the board of directors. The Company, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Company. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

#### **PART 1**

##### **Purpose:**

The purpose of the Committee is to:

- (a) improve the quality of the Company’s financial reporting;
- (b) assist the board of directors to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the directors and external auditors;
- (d) enhance the external auditor’s independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

##### **1.1 Definitions**

“**accounting principles**” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“**Affiliate**” means a Company that is a subsidiary of another Company or companies that are controlled by the same entity;

“**audit services**” means the professional services rendered by the Company's external auditor for the audit and review of the Company’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“**Charter**” means this audit committee charter;

“**Committee**” means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;

“**Control Person**” means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company except where there is evidence showing that the holder of those securities does not materially affect the control of the Company;

“**financially literate**” has the meaning set forth in Section 1.2;

“**immediate family member**” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual’s home;

“**Instrument**” means National Instrument 52-110 – *Audit Committees*;

“**MD&A**” has the meaning ascribed to it in National Instrument 51-102;

“**Member**” means a member of the Committee;

“**National Instrument 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*; and

“**non-audit services**” means services other than audit services.

## **1.2 Meaning of Financially Literate**

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

## **PART 2**

### **2.1 Audit Committee**

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

### **2.2 Relationship with External Auditors**

The Company will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

### **2.3 Committee Responsibilities**

1. The Committee shall be responsible for making the following recommendations to the board of directors:
  - (a) 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 Company; and
  - (b) the compensation of the external auditor.
2. The Committee 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

Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

- (a) reviewing the audit plan with management and the external auditor;
  - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
  - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
  - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
  - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
  - (g) reviewing interim unaudited financial statements before release to the public;
  - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;
  - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
  - (j) reviewing the terms of reference of the internal auditor, if any;
  - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
  - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall review the Company's financial statements, MD&A, and annual and interim earnings press releases before the Company publicly discloses this information.
  4. The Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.
  5. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.
  6. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.

7. The Committee shall, as applicable, establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
8. As applicable, the Committee shall establish, periodically review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
9. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

#### **2.4 Non-Audit Services**

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;
- (b) the Company or the subsidiary of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

#### **2.5 Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

### **PART 3**

#### **3.1 Composition**

1. The Committee shall be composed of a minimum of three members of the Board, as well as, the Chief Financial Officer as a Company representative and non-voting member.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall not be employees, Control Persons or officers of the Company.
4. Each audit committee member must be financially literate as defined in section 1.2.

## **PART 4**

### **4.1 Authority**

Until the replacement of this Charter, the Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

## **PART 5**

### **5.1 Disclosure in Information Circular**

If management of the Company solicits proxies from the security holders of the Company for the purpose of electing directors to the board of directors, the Company shall include in its management information circular the disclosure required by Form 52-110F2 (Disclosure by Venture Issuers).

## **PART 6**

### **6.1 Meetings**

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

## Schedule “B”

### Shareholder Rights Plan - Summary

The following is a summary of the principal terms of the shareholder rights plan (“Shareholder Rights Plan”) approved and adopted by the Board of Directors of Atlas Engineered Products Ltd. (the “Company”) on September 26, 2023, subject to ratification by shareholders of the Company at the annual general meeting of shareholders to be held on September 26, 2023 (the “Meeting”). This summary is qualified in its entirety by reference to the full text of the Shareholder Rights Plan, which is available on the Company’s profile at [www.sedar.com](http://www.sedar.com).

#### **Overview**

The Shareholder Rights Plan provides a mechanism whereby a take-over bid must comply with certain procedural safeguards to protect the interests of shareholders. The Company has issued rights (“Rights”) as of September 26, 2023 (the “Effective Date”) to all holders of the Company’s common shares (the “Common Shares”) pursuant to the terms of the Shareholder Rights Plan. One Right was issued for each outstanding Common Share that was outstanding on the Effective Date and one Right will be issued for each Common Share issued after the Effective Date and prior to the earlier of the Separation Time (as described below) and the termination of the Shareholder Rights Plan. The Rights will automatically trade with and be transferred with their underlying Common Shares unless and until an event occurs that causes a separation of the Rights from the Common Shares to which they are attached (as described below), which would include a Flip-In Event (as described below) or the announcement of an intention to commence a take-over bid (other than Permitted Bid (as described below)). The Rights are not exercisable unless and until there is such a separation of the Rights from the Common Shares to which they are attached. The issuance of the Rights does not change the manner in which shareholders currently trade their Common Shares.

The Shareholder Rights Plan encourages unsolicited bidders to either make a Permitted Bid or to approach the Board of Directors with their offer and attempt to convince the Board of Directors to either waive the Flip-In Event or to redeem the Rights. If the offer is coercive or inadequate, the Board of Directors can choose not to cooperate with the bidder and not to agree to waive the Shareholder Rights Plan or redeem the Rights.

#### **Key Characteristics**

The key characteristics of the Shareholder Rights Plan are as follows:

- Creation and Issuance of Rights. Pursuant to the Shareholder Rights Plan, the Company will issue one Right for each Common Share outstanding on the Effective Date, and will issue one Right for each additional Common Share issued after the Effective Date but prior to the earlier of the Separation Time or the expiry of the Rights. Certificates issued for Common Shares after the Effective Date (but prior to the close of business at the Separation Time or the expiry of the Rights) will include a legend evidencing the Rights. Notwithstanding the foregoing, certificates representing Common Shares that were issued prior to approval of the Shareholder Rights Plan do not require a legend to evidence the Rights.
- Trading of Rights. Until the Separation Time, the Rights will be evidenced by the outstanding certificates for the Common Shares and each Right will be transferred with, and only with, the Common Share to which it is attached. Unless and until the Separation Time occurs, the surrender for transfer of a certificate representing Common Shares will also constitute the transfer of the Rights associated with the Common Shares represented by the certificate. After the Separation Time, the Company will mail separate certificates evidencing the Rights.

- Exercise of Rights and Separation Time. The Rights are not exercisable unless and until there is a separation of the Rights from the Common Shares to which they are attached. This “Separation Time” will generally occur on the close of business on the 10th trading day after the earlier of: (a) the first date of public disclosure of facts indicating that a person has become an Acquiring Person (i.e. a Flip-In Event); (b) the date of commencement or first public announcement of a take-over bid that is not a Permitted Bid or a Competing Permitted Bid; or (c) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as a Permitted Bid or Competing Permitted Bid. Unless and until the Separation Time, the Rights will continue to be attached to and trade with the Common Shares and the Rights will not be exercisable.
- Exercise Price. The Exercise Price of the Rights is equal to three times (3x) the market price of the Common Shares, determined as of the Separation Time. Prior to a Flip-In Event occurring, a Rights holder will be entitled to receive one Common Share upon the exercise of a Right. Effectively, unless a Flip-In Event occurs, each Right will entitle the holder to purchase one Common Share at three times the market price for that Common Share, effectively rendering the Rights of little or no value at the time of issue.

The Exercise Price and the number of Rights are subject to adjustment from time to time upon the occurrence of certain events, including a subdivision or consolidation of the Common Shares, the declaration of a dividend payable through the issuance of certain securities or the issuance of certain securities in exchange for or in lieu of shares.

- Flip-in Event. A Flip-In Event will occur if a person becomes an Acquiring Person (as described below). If a Flip-In Event occurs, the holder of each Right will (other than the Acquiring Person), upon exercising the Right and paying the Exercise Price, be entitled to receive Common Shares having a market value equal to two times (2x) the Exercise Price. Effectively, by paying an exercise price equal to three times (3x) the market price of the Common Shares, the holder will receive Common Shares having a value equal to 6 times (6x) the market price of each Common Share. As a result, a Flip-In Event will entitle the holders of Rights (other than the Acquiring Person) to purchase Common Shares at a 50% discount to the market price at the time of exercise.

The Shareholder Rights Plan provides that, in certain circumstances, the Board of Directors may waive the foregoing adjustments.

- Acquiring Person. An “Acquiring Person, is a person that acquires beneficial ownership of at least 20% of the outstanding Common Shares and any other shares of the Company entitled to vote generally in the election of directors (collectively, “Voting Shares”) unless the acquisition qualifies for certain exceptions, including (but not limited to):
  - (i) a Voting Share Reduction (generally, a repurchase or redemption of shares by the Company which has the effect of increasing the person’s percentage ownership of the Company);
  - (ii) a Permitted Bid Acquisition (generally, an acquisition of shares made pursuant to a Permitted Bid or Competing Permitted Bid (described below));
  - (iii) an Exempt Acquisition (generally, an acquisition in respect of which the Board of Directors has waived the application of the Shareholder Rights Plan, pursuant to a shareholder approved transaction (such as an amalgamation or arrangement), or pursuant to certain distributions of securities made by the Company); or
  - (iv) a Pro Rata Acquisition (generally, the acquisition of shares pursuant to a dividend reinvestment plan, a share dividend, or a rights offering (provided that, in the case of a rights offering, the person does not acquire more securities than the percentage of Voting Shares beneficially owned by that person before the rights offering)).

A person becoming an Acquiring Person will trigger a Flip-In Event. An Acquiring Person is not permitted to exercise any Rights. The Shareholder Rights Plan provides that any Rights beneficially owned by the Acquiring Person will become null and void when the Flip-In Event occurs.

- Beneficial Ownership, Exemptions for Portfolio Managers and Others. In determining whether a person has become an Acquiring Person, all shares over which the person has beneficial ownership will be included. Under the Shareholder Rights Plan, a person is deemed to beneficially own any securities that (i) are owned by its associates or affiliates; (ii) are owned by any persons “acting jointly or in concert” with it; or (iii) it has the right to become the owner of within 60 days.

Portfolio managers, fund managers, trust companies, crown agents engaged in the management of investment funds and pension plan and registered plan administrators are not deemed to beneficially own the securities held by them provided that they hold those securities in the ordinary course and that they are not making, and have not announced an intention to make, a take-over bid.

- Lock-Up Agreements and Permitted Lock-Up Agreements. A person may be considered to be the beneficial owner of securities that are subject to a lock-up agreement unless the lock-up agreement is a Permitted Lock-Up Agreement. A lock-up agreement is an agreement under which a shareholder (a “Locked-Up Shareholder”) agrees to deposit or tender its securities to a particular take-over bid (the “Lock-Up Bid”). The person who makes the Lock-Up Bid will be deemed to be the beneficial owner of the shares of the Locked-Up Shareholder unless the agreement it enters into with the Locked-Up Shareholder is a Permitted Lock-Up Agreement.

A Permitted Lock-Up Agreement is generally one which permits the Locked-up Shareholder to withdraw its securities from the lock-up to tender to another take-over bid or support another transaction that will provide greater value to the Locked-Up Shareholder than the Lock-Up Bid, subject to certain exceptions. To qualify as a Permitted Lock-Up Agreement, the lock-up is also not allowed to require a Locked-Up Shareholder to pay excessive fees, penalties, expense reimbursement or other amounts if it fails to deposit or tender its shares to the Lock-Up Bid or withdraws shares previously tendered in order to deposit such shares to another take-over bid or support another transaction. Effectively, a Permitted Lock-Up Agreement permits the Locked-Up Shareholder to remove their securities from the Lock-Up Bid and tender those securities in superior take-over bids.

- Permitted Bid and Competing Permitted Bid. A take-over bid will avoid triggering a Flip-In Event, and a person acquiring Voting Shares will not become an “Acquiring Person”, if the bid meets certain procedural requirements set forth in the Shareholder Rights Plan (a “Permitted Bid”). Generally, a Permitted Bid is a take-over bid that complies with certain procedural safeguards as specified under Shareholder Rights Plans.

To qualify as a Permitted Bid, a take-over bid must:

- (i) be made to all holders of Voting Shares other than the offeror;
- (ii) be open for acceptance for at least 105 days (or such shorter period as permitted by Canadian securities laws);
- (iii) require a minimum deposit of more than 50% of the Voting Shares held by independent shareholders (i.e., generally, shareholders who are not, or are not related to, the offeror);
- (iv) unless the take-over bid is withdrawn, allow Voting Shares to be deposited up to the close of business on the date on which the deposited shares may be taken up or paid for;

- (v) allow any Voting Shares deposited pursuant to the take-over bid to be withdrawn until they are taken up and paid for; and
- (vi) if the required minimum amount of shares are deposited, require the offeror to make a public announcement of that fact and leave the take-over bid open for deposits of Voting Shares for an additional 10 days after the announcement.

The Shareholder Rights Plan also allows for a Competing Permitted Bid to be made while a Permitted Bid is in existence. A Competing Permitted Bid is generally a take-over bid that (A) is made after a Permitted Bid has been made but prior to the expiry, termination or withdrawal of the Permitted Bid, and (B) satisfies all the requirements of a Permitted Bid as described above, except that no shares can be taken up or paid for prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits under Canadian securities laws.

- Waiver of Flip-In Event. The Board of Directors may, in certain circumstances, waive the occurrence of a Flip-In Event prior to its occurrence. With the prior consent of the holders of the Voting Shares, the Board of Directors may waive the occurrence of a Flip-In Event in connection with an acquisition of Voting Shares, provided that such acquisition was not made by means of a take-over bid circular sent all of the holders of Voting Shares. The Board of Directors may also waive a Flip-In Event if a person inadvertently became an Acquiring Person, provided that the such person disposes of sufficient Voting Securities to no longer be an Acquiring Person within 14 days.
- Redemption of Rights. The Shareholder Rights Plan permits the Board of Directors to redeem (buy back and cancel) the Rights for a nominal price (\$0.00001 per Right) with the prior approval of the holders of Voting Shares. The redemption right must generally be made for all and not less than all the Rights outstanding and must be made prior to the occurrence of a Flip-In Event. The Shareholder Rights Plan provides that, in the event a person acquires shares pursuant to a Permitted Bid, Competing Permitted Bid or a take-over bid in which the Flip-In Event provisions were waived by the Board of Directors, the Rights are no longer valid and are deemed to have been redeemed by the Board of Directors.
- Term of Shareholder Rights Plan. The Shareholder Rights Plan must be ratified at the Meeting and thereafter must be reconfirmed every three years. If the Shareholder Rights Plan is not confirmed or reconfirmed, as applicable, the Shareholder Rights Plan will expire, unless a Flip-In Event occurs prior to such expiration.
- Amendments to Shareholder Rights Plan. Any amendments to the Shareholder Rights Plan are subject to the receipt of any required approvals or consents from applicable regulatory authorities, including any necessary approvals of the TSX Venture Exchange.

THIS PAGE INTENTIONALLY LEFT BLANK