



PERIMETER MEDICAL IMAGING AI, INC.

NOTICE OF ANNUAL AND SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
PERIMETER MEDICAL IMAGING AI, INC.  
TO BE HELD ON OCTOBER 27, 2022

DATED: SEPTEMBER 20, 2022

**PERIMETER MEDICAL IMAGING AI, INC.**  
**359 Eastern Avenue, Suite 110, Toronto, Ontario M4M 1B7**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the "**Meeting**") of shareholders of Perimeter Medical Imaging AI, Inc. ("**Perimeter**" or the "**Company**") will be held at the offices of Stikeman Elliott LLP, 666 Burrard Street, Suite 1700, Vancouver, BC V6C 2X8 on October 27, 2022 at 9:00 a.m. (Vancouver Time), for the following purposes:

1. to receive the audited financial statements of the Company and the auditors' report thereon for its fiscal year ended December 31, 2021;
2. to elect directors of the Company for the ensuing year;
3. to appoint an auditor of the Company for the ensuing year and authorize the directors to approve the remuneration to be paid to such auditor;
4. to consider, and if thought fit, pass with or without amendment, an ordinary resolution to ratify, confirm and approve the Company's new omnibus equity incentive plan dated for reference September 15, 2022, as set out in Schedule A to the accompanying Management Information Circular (the "**Omnibus Incentive Plan**"), and to reserve common shares in the capital of the Company from treasury for issuance under the Omnibus Incentive Plan, the full text of which is set out in the accompanying Circular, under the heading "*Particulars of Matters to be Acted Upon – Ratification of Omnibus Incentive Plan*"; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Please Read This Important Notice

To mitigate risks to Perimeter shareholders, Perimeter employees and other stakeholders related to the COVID-19 (coronavirus) public health emergency, and based on government recommendations to avoid large gatherings, Perimeter is providing access to the Meeting by telephone conference call. In light of COVID-19, **we strongly encourage Perimeter shareholders to vote in advance of the Meeting rather than appearing in person, or appointing an alternate proxyholder to attend the Meeting in person.**

Any person who wishes to attend the Meeting in person must first register with the Meeting's host at least 72 hours in advance and receive approval, by calling Michael Stewart at 604-631-1440 or by email at [mmstewart@stikeman.com](mailto:mmstewart@stikeman.com).

Perimeter shareholders who dial in to the telephone conference call will be able listen to the Meeting regardless of their geographic location or particular circumstances they

may be facing as a result of COVID-19. However, registered Perimeter shareholders and duly appointed proxyholders will not be able to vote via the telephone conference call. In light of COVID-19, we strongly encourage Perimeter shareholders to vote in advance of the Meeting in accordance with the instructions provided in the information circular accompanying this Notice of Meeting, and Perimeter shareholders are encouraged NOT to attend the Meeting in person if at all possible.

Perimeter shareholders may access the telephone conference call as follows:

Dial-in: Canada, Vancouver (Toll): 1 604-449-5251  
Conference ID: 114 744 759#

The ability of Perimeter shareholders to attend the Meeting in person is subject to any governmental orders applicable at the time of the Meeting which might prevent or restrict Perimeter shareholders from attending in person. Perimeter shareholders who do wish to attend the Meeting in person, should carefully consider and follow the instructions of the federal Public Health Agency of Canada: (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>). We ask that Perimeter shareholders also review and follow the instructions of any regional health authorities of the Province of British Columbia, including the Vancouver Coastal Health Authority, the Fraser Health Authority and any other health authority holding jurisdiction over the areas you must travel through to attend the Meeting. Please do not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days immediately prior to the Meeting.

Perimeter continues to monitor developments regarding COVID-19. In the unlikely event that Perimeter decides any change to the date, time, location or format of the Meeting are necessary or appropriate due to difficulties arising from COVID-19, Perimeter will promptly notify Perimeter shareholders of the change by issuing a news release.

The board of directors of Perimeter has fixed September 20, 2022 as the record date for determining the Company shareholders entitled to receive notice and vote at the Meeting.

A Management Information Circular accompanies this Notice and contains details of matters to be considered at the Meeting.

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

**Unregistered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their common shares will**

**be voted at the Meeting. If you hold your common shares in a brokerage account, you are not a registered shareholder.**

**Vancouver, BC  
September 20, 2022**

BY ORDER OF THE BOARD OF  
DIRECTORS OF PERIMETER MEDICAL  
IMAGING, INC.

(signed) "Dr. Anthony F. Holler"

Anthony F. Holler

Chairman of the Board

**PERIMETER MEDICAL IMAGING AI, INC.**  
**359 Eastern Avenue, Suite 110, Toronto, Ontario M4M 1B7**

**MANAGEMENT INFORMATION CIRCULAR**  
as at September 20, 2022 (except as otherwise indicated)

This Management Information Circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Perimeter Medical Imaging AI, Inc. for use at the Annual and Special Meeting (the "**Meeting**") of holders of common shares of the Company (the "**Common Shares**") to be held at the offices of Stikeman Elliott LLP, 666 Burrard Street, Suite 1700, Vancouver, BC V6C 2X8 on October 27, 2022 at 9:00 a.m. (Vancouver Time), and at any and all adjournments thereof, and for the purposes set forth in the accompanying notice of the Meeting.

"**Shareholders**" means the holders of Common Shares. "**Registered Shareholders**" mean Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. "**Beneficial Shareholders**" means shareholders who do not hold Common Shares in their own name.

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restrict Perimeter shareholders from attending in person. Perimeter shareholders who do wish to attend the Meeting in person, should carefully consider and follow the instructions of the federal Public Health Agency of Canada: (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>). We ask that Perimeter shareholders also review and follow the instructions of any regional health authorities of the Province of British Columbia, including the Vancouver Coastal Health Authority, the Fraser Health Authority and any other health authority holding jurisdiction over the areas you must travel through to attend the Meeting. Please do not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days immediately prior to the Meeting.

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### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS**

This Circular contains forward-looking statements that relate to Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include but are not limited to statements and information concerning: the matters to be brought before the Meeting; the administration of the Existing Option Plan or the Omnibus Incentive Plan (as defined below); the Board's use of Options (as defined below) as part of the Company's overall executive compensation plan; the proposed composition of the Board and Board's committees after the Meeting and the Company's compensation policies, practices and plans.

These forward-looking statements are based on the beliefs of the management of the Company as well as on assumptions which such management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, (i) the accuracy of Perimeter's financial projections; (ii) obtaining positive results from trials; (iii) obtaining necessary regulatory approvals; and (iv) general business, market and economic conditions.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results,

performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, and other factors including, but not limited to, those described in Perimeter's most recent Management Discussion and Analysis which is available on Perimeter's SEDAR profile at [www.sedar.com](http://www.sedar.com), and could cause actual events or results to differ materially from those projected in any forward-looking statements. In particular, we note the risk that our technology may not achieve the anticipated benefits in terms of surgical outcomes.

Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of the Company. Perimeter does not intend, nor does Perimeter undertake any obligation, to update or revise any forward-looking information contained in this news release to reflect subsequent information, events, or circumstances or otherwise, except if required by applicable laws.

## **REPORTING CURRENCY**

This Circular contains reference to Canadian dollars ("**\$**" or "**C\$**") and United States dollars ("**US\$**"). All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars. Unless otherwise stated, any Canadian dollar amount which have been converted from United States dollars have been converted at an exchange rate of C\$1.00 = US\$0.79, representing the daily exchange rate for converting United States dollars into Canadian dollars, as quoted by the Bank of Canada on December 31, 2021. On September 20, 2022, the daily exchange rate quoted by the Bank of Canada was C\$1.00 = US\$0.75

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers, regular employees of the Company and the Company may retain the services of a proxy solicitation agent to assist in the solicitation of proxies. The Company will bear all costs of this solicitation.

### **Appointment of Proxyholder**

Only Registered Shareholders of Perimeter or their duly appointed proxy holders are entitled to vote in person at the Meeting. Voting instructions for Beneficial Shareholders are set forth below under the heading "*Registered Shareholder*".

The purpose of the accompanying form of proxy ("**Proxy**") is to permit a Registered Shareholder to designate one or more persons as proxy holder(s) to vote on that Registered Shareholder's behalf in accordance with the instructions given by the Registered Shareholder in the Proxy.

The individuals named in the accompanying Proxy are officers and/or directors of the Company. **If you are a Registered Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with the instructions provided by the Registered Shareholder on any ballot that may be called for. If a choice is specified with respect to any matter to be acted upon, the Registered Shareholder's Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy. At the time of printing of this Circular, management of Perimeter knows of no such amendments, variations or other matters that are anticipated to be presented for consideration or action at the Meeting.**

### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail to Computershare Investor Services Inc., 8<sup>th</sup> Floor – 100 University Avenue, Toronto, ON, M5J 2Y1 or by fax within North America at 1-866-249-7775, outside North America at 416-263-9524;
- (b) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy the toll free number, the holder's account number and the proxy access number;

- (c) using the internet through Computershare's website at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy for the holder's account number and the proxy access number; or
- (d) using any other method described in the Proxy, by following the instructions for such method set out in the Proxy.

In all cases, to be valid, a Proxy (or other acceptable form of proxy) must be received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used, unless the Chairman of the Meeting exercises their discretion to accept proxies received after that time.

A Proxy may not be valid unless it is dated and signed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized. If a Proxy is executed by an authorized attorney for an individual Registered Shareholder, or by an officer or attorney for a corporate Registered Shareholder, the instrument so empowering the officer or attorney, as the case may be, or a notarially certified copy thereof, should accompany the Proxy.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing and submitting a Proxy bearing a later date in accordance with the instructions and deadline set out above;
- (b) by executing a valid notice of revocation, to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the notice of revocation to Computershare in accordance with the instructions set out above or at the address of the office of the Company at 359 Eastern Avenue, Suite 110, Toronto, Ontario M4M 1B7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (c) personally attending the Meeting and voting the Registered Shareholder's Common Shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

## Beneficial Shareholders

**The following information is of significant importance to Beneficial Shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares).

If Common Shares are listed in an account statement provided to a Shareholder by a broker or other "**intermediary**" (a term used to refer to, among others, brokers, banks, trust companies and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans), then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of intermediaries. In Canada, the vast majority of such Common Shares are registered under the name CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms) and in the United States, under the name Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Pursuant to Canadian National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), intermediaries, such as those listed above, are required to seek voting instructions from Beneficial Shareholders in advance of meetings of Shareholders. Meeting materials sent to Beneficial Shareholders (who have not waived their right to receive Meeting materials) do not contain a Proxy. Instead, pursuant to NI 54-101, they will likely contain a Voting Instruction Form ("**VIF**"). The content of a VIF is almost identical to the content of a Proxy. A VIF differs from the Proxy insofar as its purpose is limited to instructing the Registered Shareholder (the intermediary) or the Company how to vote on behalf of the Beneficial Shareholder. Without specific instructions, intermediaries are prohibited from voting such Common Shares. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

Every intermediary has its own mailing procedures and provides its own return instructions to clients. By returning a VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct to ensure that their Common Shares are voted at the Meeting.

A Beneficial Shareholder who wishes to attend the Meeting and vote in person may write the name of the Beneficial Shareholder in the place provided for that purpose on the VIF. **A Beneficial Shareholder also has the right to appoint a person or company other than the persons designated in the Proxy, who need not be a Shareholder, to attend the Meeting and act on behalf of the Beneficial Shareholder. Unless prohibited by law, the person whose name is written in the space provided in the VIF will be appointed as proxy holder for the Beneficial Shareholder and will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in the VIF or this Circular.** A Beneficial Shareholder should consult a legal

advisor if the Beneficial Shareholder wishes to modify the authority of the person to be appointed as proxy holder in any way.

There are two kinds of Beneficial Shareholders recognized by NI 54-101, those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for Non- Objecting Beneficial Owners).

The Company is taking advantage of the provisions of NI 54-101 which permits the Company to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable VIF from our transfer agent, Computershare. The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions as specified in the request for voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

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

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting. Unless required pursuant to United States proxy rules, the Company does not intend to pay for the intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Most brokers or intermediaries delegate responsibility for mailing proxy-related materials to OBOs, and obtaining voting instructions from OBOs to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and the United States. Broadridge prepares its own form of VIF based on the Proxy and mails the VIF and the other proxy-related materials to OBOs. The completed VIF must then be returned to Broadridge in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any Shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your**

**Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

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

Except as disclosed herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, proposed nominee for election as director of the Company, and no associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors, the appointment of auditors and the ratification, confirmation and approval of the Omnibus Incentive Plan.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The board of directors of the Company (the "**Board**") has fixed September 20, 2022 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a Proxy or VIF in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

To mitigate risks related to the global COVID-19 (coronavirus) public health emergency to Perimeter shareholders, Company employees and other stakeholders, and based on government recommendations to avoid large gatherings, we strongly encourage

Perimeter shareholders to vote in advance of the Meeting rather than appearing in person, or appointing an alternate proxyholder to attend the Meeting in person.

The Company's authorized capital consists of an unlimited number of Common Shares without par. As of the Record Date, there were 64,172,657 Common Shares issued and outstanding, each carrying the right to one vote on all matters to come before the Meeting. The Company has no other classes of voting securities. The Common Shares of the Company are listed for trading on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "PINK".

To the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially own, or control or direct, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company other than as set below:

| Name of Registered Shareholder                      | Number of Common Shares   | Percentage of Outstanding Common Shares <sup>(1)</sup> |
|---|---------------------------|--|
| Roadmap Capital, Inc.                               | 16,693,527 <sup>(2)</sup> | 26.01%   |
| SC Master Holdings, LLC (" <b>Social Capital</b> ") | 14,466,667 <sup>(3)</sup> | 22.54%   |

Notes:

- (1) Percentage of outstanding Common Shares is calculated based on 64,172,657 Common Shares issued and outstanding as of September 20, 2022.
- (2) Roadmap Capital, Inc. is also the holder of 467,548 fully vested warrants to purchase 467,548 Common Shares.
- (3) Social Capital is also the holder of fully vested warrants to purchase 14,466,664 Common Shares

On January 26, 2022, the Company entered into an investor rights agreement with Social Capital (the "**Investor Rights Agreement**"). The Investor Rights Agreement grants Social Capital the right to designate one individual for election or appointment to the Perimeter Board so long as Social Capital holds at least 15% of the issued and outstanding Common Shares of the Company (subject to certain top up adjustments). On June 22, 2022, the Board appointed Anantha Kancherla, Social Capital's nominee, to the Perimeter Board. Social Capital's nominee to the Board at the Meeting is Anantha Kancherla, who has not yet stood for election at a Shareholders meeting of the Company. No other group of Shareholders has the right to elect a specified number of directors, nor is there cumulative or similar voting rights attached to the Common Shares.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **Election of Directors**

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions

of the BCBCA, each director elected will hold office until the conclusion of the next annual meeting of the Company, or if no director is then elected until a successor is elected.

Three of the Company's current directors will not stand for re-election at the Meeting: Dr. Franklyn G. Prendergast, Douglas G. Janzen and Imed Zine. The Board would like to sincerely thank Dr. Prendergast, Mr. Janzen and Mr. Zine for their contributions to the Company.

Pursuant to Section 10.12 of the Company's Articles, any additional director nominations for an annual meeting must be received by the Company, not less than 30 days prior to the date of the Meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following the day on which the first public announcement of the date of such meeting is made. As of the date of this Circular, the Company has not received notice of a nomination in compliance with the Company's Articles. If no such notice is received by the aforementioned deadline, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

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

| <b>Name of Nominee;<br/>Current Position with<br/>the Company and<br/>Province or State and<br/>Country of Residence</b> | <b>Principal<br/>Occupation<sup>(1)(2)</sup></b>   | <b>Period as a Director<br/>of the Company</b> | <b>Common Shares<br/>Beneficially Owned or<br/>Controlled<sup>(1)</sup></b> |
|--|--|--|---|
| <b>Anthony Holler<sup>(3)(4)</sup></b><br>Chairman<br><i>Vancouver, British<br/>Columbia, Canada</i>                     | CEO and Chairman<br>of the Board of<br>Directors of Sunniva<br>Inc., a cannabis<br>products company;<br>Chair of the Board of<br>Kadestone Capital<br>Corp., a property<br>development,<br>acquisition and<br>management<br>company. Previously<br>Chairman of CRH<br>Medical Corporation<br>from December 2005<br>until March 2020. | December 2019                                  | 333,717 Common<br>Shares <sup>(5)</sup><br>277,500 Options                  |

| Name of Nominee;<br>Current Position with<br>the Company and<br>Province or State and<br>Country of Residence                         | Principal<br>Occupation <sup>(1)(2)</sup>   | Period as a Director<br>of the Company | Common Shares<br>Beneficially Owned or<br>Controlled <sup>(1)</sup>     |
|---|---|--|---|
| <p><b>Jeremy Sobotta</b><br/>Chief Executive Officer<br/>and Director<br/><i>Dallas, Texas, United<br/>States of America</i></p>      | <p>CEO of the Company. Previously CFO of the Company and, prior to joining Perimeter, held leadership roles with Smith and Nephew, and Stryker, medical equipment manufacturing companies.</p>  | <p>October 2020</p>                    | <p>73,492 Common Shares,<br/>1,462,965 Options,<br/>10,000 Warrants</p> |
| <p><b>Suzanne M. Foster<sup>(6)(7)</sup></b><br/>Director<br/><i>Londonderry, New<br/>Hampshire, United<br/>States of America</i></p> | <p>President of Beckman Coulter Life Sciences, a global leader in laboratory automation and innovation. Previously President of Cardinal Health Inc. at Home Solutions, an integrated healthcare services and products company. Previously Vice President &amp; General Manager at Medtronic, a global leader in medical technology, services, and solutions. Member of the Board of Directors of Unitil Corporation, a public company that engages in the local distribution of electricity and natural gas.</p> | <p>March 2018</p>                      | <p>43,756 Common Shares<br/>331,667 Options<br/>42,000 Warrants</p>     |

| Name of Nominee;<br>Current Position with<br>the Company and<br>Province or State and<br>Country of Residence                                    | Principal<br>Occupation <sup>(1)(2)</sup>  | Period as a Director<br>of the Company | Common Shares<br>Beneficially Owned or<br>Controlled <sup>(1)</sup>  |
|--|--|--|--|
| <p><b>Aaron Davidson</b><br/>Director<br/><i>Huntsville, Ontario,<br/>Canada /<br/>Pine Ridge, Florida,<br/>United States of<br/>America</i></p> | <p>Previously CFO and SVP Corporate Developmental, Profound Medical Inc., a medical technology company. Co-Head and Managing Director of H.I.G. BioHealth Partners, an investment fund investing in biohealth opportunities.</p>   | <p>August 2020</p>                     | <p>84,000 Common Shares<br/>240,000 Options<br/>84,000 Warrants</p>  |
| <p><b>Ian Mortimer<sup>(3)(6)</sup></b><br/>Director<br/><i>Burnaby, British<br/>Columbia, Canada</i></p>  | <p>President and Chief Executive Officer of Xenon Pharmaceuticals Inc., a clinical stage biopharmaceutical company. Member of the Board of Directors of Xenon Pharmaceuticals Inc. Chairman of the Board of Directors of Appili Therapeutics Inc., a public drug development company focused on infectious diseases.</p> | <p>July 2020</p>                       | <p>113,333 Common Shares<br/>240,000 Options<br/>92,500 Warrants</p> |
| <p><b>Hugh Cleland<sup>(6)(8)</sup></b><br/>Director<br/><i>Oakville, Ontario,<br/>Canada</i></p>  | <p>Co-Founder and Principal at Roadmap Capital, a venture capital investment platform. Member of the Board of Directors of CHAR Technologies Ltd., a cleantech development and services company.</p>   | <p>April 2017</p>                      | <p>59,800 Common shares,<br/>90,000 Options</p>                      |

| Name of Nominee;<br>Current Position with<br>the Company and<br>Province or State and<br>Country of Residence    | Principal<br>Occupation <sup>(1)(2)</sup>   | Period as a Director<br>of the Company | Common Shares<br>Beneficially Owned or<br>Controlled <sup>(1)</sup> |
|--|---|--|---|
| <b>Anantha Kancherla<sup>(9)</sup></b><br>Director<br><br>Menlo Park, California,<br>United States of<br>America | Engineering Director<br>at Meta Platforms,<br>Inc., a multinational<br>technology<br>conglomerate.<br>Previously VP of<br>Engineering at Lyft, a<br>mobility as a service<br>company. | June 2022                              | Nil   |

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Unless otherwise stated above, any nominees named above not elected at the last annual meeting have held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee
- (4) If elected, following the Meeting, Ms. Foster is expected to replace Dr. Holler as Chair of the Board. Dr. Holler will remain on the Board as a director.
- (5) Dr. Holler owns units of the Roadmap Perimeter LP I and the Roadmap Perimeter LP II that effectively give him indirect ownership of (but not voting control over) 333,717 Common Shares as of September 20, 2022.
- (6) Member of the Nominations, Corporate Governance and Compensation Committee.
- (7) If elected, following the Meeting, Ms. Foster is expected to replace Dr. Holler as Chair of the Board.
- (8) Mr. Cleland is a principal of Roadmap, which, as of the date of this Circular, beneficially owned, or controlled or directed, directly or indirectly, 16,693,527 Common Shares and 467,548 Warrants.
- (9) Nominated to the Board by Social Capital pursuant to the Investor Rights Agreement.

Unless otherwise specified, the persons named in the enclosed Proxy will vote for the election of each of the seven nominees to serve as directors of the Company. The Board does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve, the persons designated in the Proxy will be able to vote in their discretion for any substitute nominee or nominees.

**The Board unanimously recommends that each Shareholder vote FOR the approval election of each of the seven nominees to serve as directors of the Company. Common Shares represented by proxies in favour of the management nominees will be voted FOR the election of each of the seven nominees to serve as directors of the Company, unless a Shareholder has specified in its Proxy that their Common Shares are to be withheld from voting on the election of a director.**

**Cease Trade Orders and Bankruptcies.** Other than as described below, no proposed director of the Company is, as of the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the proposed

director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as described below, no proposed director of the Company is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (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.

Other than as described below, no proposed director of the Company has, within the 10 years before the date of this 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 proposed director.

Other than as described below, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

From September 2013 to March 2017, Mr. Cleland served on the board of directors of American Solar Direct Inc., a private U.S. corporation specializing in the sale and installation of solar panels in California. American Solar Direct Inc. experienced rapid growth between 2009 and 2014 but, as renewable energy fell out of favor with the then new U.S. presidential regime, financing for solar panel companies became increasingly difficult to obtain on terms that were commercially acceptable. Mr. Cleland resigned from the board of American Solar Direct Inc. in March 2017. In June 2017, American Solar Direct Inc. filed for bankruptcy with the U.S. Bankruptcy Court in the Central District of California (Los Angeles). American Solar Direct Inc.'s assets were eventually sold to an operating solar power company.

Dr. Holler is a founding shareholder and the current Chief Executive Officer and Chairman of the Board of Sunniva Inc. ("**Sunniva**"), a publicly held cannabis cultivation company that operated in California and Canada. Through its wholly-owned subsidiary, Sunniva operated medical cannabis clinics that provided educational and clinical services to patients. In California, Sunniva focused on creating sustainable premium cannabis brands. In Q4 2019, as Sunniva was nearing completion of its primary asset, the Cathedral City glasshouse in California, the owner and landlord of the property attempted to terminate Sunniva's rights to the property despite Sunniva having paid, under protest,

significant construction cost overruns. In Q1 2020, in an effort to conserve capital, Sunniva ceased its California operations and was not able to file annual financial information for its 2019 fiscal year. In June 2020, Sunniva became the subject of a cease trade order, that continues to persist, for its failure to file periodic disclosure required by applicable securities legislation. In October 2020, Sunniva filed for the court's protection using the Companies' Creditors Arrangement Act ("**CCAA**") and emerged from the CCAA proceedings on June 18, 2021 after a successful implementation of its plan of arrangement. Sunniva has diverted the majority of its financial resources into enforcing its legal rights in respect to the Cathedral City glasshouse through arbitration.

### **Appointment of Auditor.**

KPMG LLP is the Company's auditor, and was first appointed as the Company's auditor on July 15, 2019 by the Board. KPMG LLP will be nominated at the Meeting for reappointment as auditor of the Company at remuneration to be fixed by the directors.

In order to be effective, the ordinary resolution must be passed by a majority of votes cast by Shareholders at the Meeting. Unless otherwise specified, the persons named in the enclosed Proxy will vote for the appointment of KPMG LLP as auditor of the Company for the ensuing year, at a remuneration to be fixed by the directors.

**The Board unanimously recommends that each Shareholder vote FOR the appointment of KPMG LLP as auditor of the Company and authorizing the Board to fix the auditor's remuneration. Common Shares represented by proxies in favour of the management nominees will be voted FOR the appointment of KPMG LLP as auditor of the Company and authorizing the Board to fix the auditor's remuneration, unless a Shareholder has specified in its Proxy that their Common Shares are to be withheld from voting on the appointment of auditor.**

### **Ratification of Omnibus Incentive Plan.**

At the Meeting, shareholders of the Company will be asked to approve an ordinary resolution (the "**Omnibus Incentive Plan Resolution**") ratifying, confirming and approving the Company's new omnibus equity incentive plan (the "**Omnibus Incentive Plan**") and to reserve Common Shares from treasury for issuances under the Omnibus Incentive Plan. The Omnibus Incentive Plan, if approved by the Shareholders at the Meeting, will replace the Company's current 20% fixed stock option plan, which was most recently approved by the Company's Shareholders at the annual general meeting held on held on October 27, 2021 (the "**Existing Option Plan**").

On September 15, 2022, the Board approved and adopted the Omnibus Incentive Plan for the benefit of the Company's directors, officers, employees and consultants. The Omnibus Incentive Plan has been established as a vehicle by which equity-based incentives may be awarded to the directors, officers, employees and consultants of the Company; to provide a flexible, Common Share-based mechanism to attract, retain and motivate qualified individuals; to recognize and reward their significant contributions to the long-term success of the Company; and to align the interests of the Company's directors, officers, employees and consultants more closely with Shareholders.

The Omnibus Incentive Plan is a "fixed up to 20%" plan as that term is used in TSXV Policy 4.4 – *Security Based Compensation* and would allow the Company to issue stock options, restricted share units, performance share units, deferred share units and stock appreciation rights (collectively "**Awards**") in accordance with the restrictions set out in the Omnibus Incentive Plan. The maximum number of Common Shares reserved and available for issuance under the Omnibus Incentive Plan, will be a fixed limit of up to an aggregate of 12,834,531 Common Shares, such number being equal to approximately 20% of the issued and outstanding Common Shares (the "**Total Share Authorization**"). Currently, the maximum number of Common Shares reserved and available for issuance under the Existing Option Plan is 8,972,766 Common Shares.

The Board intends to use Awards issued under the Omnibus Incentive Plan as part of the Company's overall executive compensating plan. Since the value of each type of Award increases or decreases with the price of the Common Shares, the issuance of Awards reflects a philosophy of aligning the interests of Award holders with those of the Shareholders by tying compensation to the share price performance. In addition, the various Awards may assist in the retention of qualified and experienced person by rewarding those individuals who make a long-term commitment.

On June 22, 2022 the TSXV conditionally approved the Omnibus Incentive Plan, subject to the Shareholders' approval at the Meeting.

### **Particulars of the Omnibus Incentive Plan**

A summary of the material terms of the Omnibus Incentive Plan is provided below. Please refer to Schedule A in this Circular for full text of the Omnibus Incentive Plan. This summary is qualified in its entirety by the full text of the Omnibus Incentive Plan. Unless otherwise specified, all capitalized terms used in the following summary have the same meanings as those given to such terms in the Omnibus Incentive Plan.

**Administration.** The Omnibus Incentive Plan is administered by the Board, subject to the Board's power to delegate such administrative duties and powers as it may seem fit, from time to time. The Board, or any committee that receives delegated authority to administer the Omnibus Incentive Plan from the Board is referred to herein as the "**Committee**". The Committee may further delegate certain duties to one or more of its members in accordance with applicable corporate law and as it deems advisable. In connection with its administrative role, the Board may make, amend and repeal at any time and from time to time such policies not inconsistent with the Omnibus Incentive Plan as it may deem necessary or advisable for the proper administration of the plan. The Company's administration of the Omnibus Incentive Plan will be consistent with the policies and rules of the TSXV and will comply with such other stock exchanges on which the Common Shares may be listed from time to time.

**Eligibility Under the Omnibus Incentive Plan.** Pursuant to the Omnibus Incentive Plan, Awards may be granted to:

- (a) a director of the Company or any of its subsidiaries;

- (b) an officer of the Company or any of its subsidiaries;
- (c) an employee of the Company or any of its subsidiaries, which is (i) an individual that is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (Canada); (ii) an individual who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; (iii) an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (d) a management company employee, which is an individual employed by a person providing management services to the Company, which is required for the ongoing successful operation of the business enterprise of the Company; and
- (e) a consultant to the Company or any of its subsidiaries, which is an individual (or a corporation or partnership of which the individual is an employee, shareholder or partner), other than an employee, officer, management company employee or a director of the Company, that (i) is engaged to provide on a bona fide basis, consulting, technical, management or other services to the Company or any of its subsidiaries, other than services provided in relation to a distribution; (ii) provides the services under a written contract between the Company or a subsidiary of the Company and the individual or the consultant company; (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or its subsidiaries; and (iv) has a relationship with the Company or a subsidiary of the Company that enables the individual to be knowledgeable about the business and affairs of the Company,

all of the foregoing collectively referred to as "**Participants**". Subject to certain restrictions, the Company may also issue Awards to a registered retirement savings plan or registered retirement income fund established and controlled by a Participant or a company that is wholly owned by an individual Participant.

**Common Shares Issuable Under the Omnibus Incentive Plan.** The Omnibus Incentive Plan provides that the maximum number of Common Shares that may be reserved and available for issuance under the Omnibus Incentive Plan and all of the Company's other equity incentive plans or compensation arrangements in existence from time to time on and after the effective date of the Omnibus Incentive Plan, will be 12,834,531 Common Shares. If any Award (or Option issued under the Existing Option Plan) expires, is cancelled, otherwise terminated for any reason without having been exercised in full, or

is settled in cash, the number of Common Shares in respect of which such Award was not exercised will again be available for issuance under the Omnibus Incentive Plan.

**Restrictions on Award Grants.** The Committee has the power to determine, in its sole discretion, those Participants to whom Awards are to be awarded. The following restrictions apply to grants under the Omnibus Incentive Plan.

- (a) Unless the Company receives Disinterested Shareholder Approval:
  - (i) the maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in any 12-month period to any one person must not exceed 5% of the Common Shares issued and outstanding calculated at the time of grant;
  - (ii) the maximum aggregate number of Common Shares which may be issued under share compensation arrangements of the Company granted or issued to Insiders as a group must not exceed 10% of the Common Shares issued and outstanding at any point in time; and
  - (iii) the maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in any 12-month period to Insiders as a group must not exceed 10% of the Common Shares issued and outstanding calculated at the time of grant.
- (b) The maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in a 12-month period to any one Consultant must not exceed 2% of the Common Shares issued and outstanding calculated at the time of grant.
- (c) The maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in a 12-month period to all persons retained to provide Investor Relations Activities must not exceed 2% of the Common Shares issued and outstanding calculated at the time of grant.
- (d) Persons retained to provide Investor Relations Activities to the Company may only be granted Options under the Omnibus Incentive Plan.

**Types of Awards** Awards of stock options, restricted share units, performance share units, deferred share units and stock appreciation rights may be made under the Omnibus Incentive Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Committee, in its sole discretion. Awards are subject to limitations set out in the Omnibus Incentive Plan, and by the TSXV and will generally be evidenced by an Award Agreement. In addition, subject to the limitations provided in the Omnibus Incentive Plan and in accordance with applicable law and TSXV requirements, the

Committee may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding awards, and waive any condition imposed with respect to Awards.

**Options** A stock option ("**Option**") entitles a holder thereof to purchase a prescribed number of treasury Common Shares at an exercise price set at the time of the grant. The Committee will establish the exercise price at the time each Option is granted, which exercise price must in all cases be not less than the Market Price (as defined in TSXV Policy 1.1 – *Interpretation*) of the Common Shares. Subject to any accelerated termination as set forth in the Omnibus Incentive Plan, each Option expires on its respective expiry date. The Committee will have the authority to determine the vesting terms (which may include performance goals) applicable to grants of Options, subject to the restrictions in the Omnibus Incentive Plan relating to Options granted to providers of Investor Relations Activities. Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option in accordance with the Award Agreement and the Omnibus Incentive Plan. No Option will be exercisable later than the tenth anniversary of the date of its grant, except where the expiry date of any Option would occur in a blackout period or within five days after the end of a blackout period, in which case the expiry date will be automatically extended to the tenth business day following the last day of the blackout period.

The Omnibus Incentive Plan allows Option holders to elect to exercise vested Options on a cashless basis, if, at the time, the Company has engaged a brokerage firm to facilitate cashless exercises. Cashless exercise is a process whereby the selected brokerage firm will loan money to the exercising Option holder to exercise the applicable Options and then sell a sufficient number of the Common Shares underlying the exercised Options in order to repay the loan made to the exercising Option holder.

**Restricted Share Units** A restricted share unit ("**RSU**") is a unit equivalent in value to a Common Share which entitles the holder to receive (subject to adjustment in certain circumstance) one Common Share (or the value thereof) for each RSU after a specified vesting period. The Committee may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Committee may prescribe, grant RSUs to Participants not engaged in Investor Relations Activities. The Committee shall have the authority to determine any vesting terms applicable to the grant of RSUs (which may include performance goals), provided no RSUs may vest before the date that is one year following the date of grant and after the date that is three years following the date of grant and that, if applicable, the vesting terms comply with Section 409A of the U.S. Internal Revenue Code of 1986 (the "**Code**").

Upon settlement, for each RSU, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested RSU, (b) a cash payment or (c) a combination of Common Shares and cash, in each case as determined by the Committee. Any such cash payments made by the Company shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Fair Market Value per Common Share as at the settlement date.

**Performance Share Units** A performance share unit ("**PSU**") is a unit equivalent in value to a Common Share which entitles the holder to receive (subject to adjustment in certain

circumstance) one Common Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Committee, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Committee and by the other terms and conditions of any PSU, all as set forth in the applicable Award Agreement. The Committee may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Committee may prescribe, grant PSUs to Participants not engaged in Investor Relations Activities.

The Committee shall have the authority to determine any vesting terms applicable to the grant of PSUs provided no PSUs may vest before the date that is one year following the date of grant and after the date that is three years following the date of grant and that, if applicable, the vesting terms comply with Section 409A of the Code. Upon settlement, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested PSU, (b) a cash payment, or (c) a combination of Common Shares and cash, in each case as determined by the Committee. Any such cash payments made by the Company to a participant shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Fair Market Value per Common Share as at the settlement date.

**Deferred Share Units** A deferred share unit ("**DSU**") is a unit equivalent in value to a Common Share which entitles the holder to receive (subject to adjustment in certain circumstances) one Common Share (or the value thereof) for each DSU at a future date. The Committee may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Committee may prescribe, grant DSUs to Participants not engaged in Investor Relations Activities.

The Committee shall have the authority to determine any vesting terms applicable to the grant of DSUs provided no DSUs may vest before the date that is one year following the date of grant and that, if applicable, the vesting terms comply with Section 409A of the Code. Upon settlement, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested DSU, (b) a cash payment, or (c) a combination of Common Shares and cash, in each case as determined by the Committee. Any such cash payments made by the Company to a participant shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Fair Market Value per Common Share as at the settlement date.

**Stock Appreciation Rights** A stock appreciation right ("**SAR**") entitles the recipient to receive, upon settlement of the SAR, the increase in the fair market value of a specified number of Common Shares from the date of the grant of the SAR to the date of exercise (payable in Common Shares, cash or a combination of both at the discretion of the Committee). The Committee may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Committee may grant SARs to any Participants not engaged in Investor Relations Activities. The Committee will establish the grant price of a SAR at the time each SAR is granted, which grant price must in all cases be not less than the Market Price (as defined in TSXV Policy

1.1 – *Interpretation*) of the Common Shares. The Committee shall have the authority to determine any vesting terms applicable to the grant of SARs (which may include performance goals), provided no SARs may vest before the date that is one year following the date of grant and that, if applicable, the vesting terms comply with Section 409A of the Code.

**Dividend Equivalents** At the discretion of the Committee, awards of RSUs, PSUs, DSUs and SARs may be credited with dividend equivalents in the form of cash, Common Shares or additional RSUs, PSUs, DSUs, or SARs as applicable. If awarded, dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Dividend equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. For clarity, any dividend equivalents granted shall be included in calculating the limits prescribed by the Omnibus Incentive Plan and shall reduce the applicable pool of Common Shares available for issuance under the compensation arrangements of the Company. If the Company does not have a sufficient number of available Common Shares under the Omnibus Incentive Plan to grant such dividend equivalents, the Company shall make such dividend payment in cash.

**Black-out Periods** If an Award expires during, or within five business days after, a blackout period imposed by the Company, then, notwithstanding any other provision of the Omnibus Incentive Plan, the Award shall expire 10 business days after the blackout period is lifted by the Company. The Omnibus Incentive Plan contains certain requirements applicable to eligible blackout periods including that the automatic extension of an Award will not be permitted where the participant or the Company is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Company's securities.

**Transferability.** Awards granted under the Omnibus Incentive Plan are non-transferable and non-assignable, except as specifically provided under the Omnibus Incentive Plan in the event of the death or disability of a Participant or to wholly-owned or controlled entities of an individual Participant.

**Effect of Death, Disability or Incapacity of Participant.** If a Participant dies or becomes Incapacitated during the term of an Award, or suffers a Disability and, as a result, their employment, term of office or engagement with the Company is terminated:

- (a) any Awards held by the Participant that are not yet vested at the Termination Date shall continue to vest in accordance with their terms;
- (b) any Awards held by the Participant that are subject to a Performance Goal shall be deemed to have been satisfied upon completion of the Performance Period;
- (c) the executor, liquidator or administrator of the Participant's estate may exercise Options or other exercisable Awards of the Participant that become exercisable prior to the termination of such Awards;
- (d) any RSUs, DSUs, PSUs or SAR held by the Participant that have vested or vest prior to their termination and do not otherwise have exercise requirements, shall be

paid to the Participant, executor, liquidator or administrator of the Participant's estate;

- (e) the right to exercise or be paid for an Award terminates on the earlier of:
  - (i) the date that is 12 months after the Termination Date;
  - (ii) the date on which the particular Award expires or terminates; and
  - (iii) with respect to Awards subject to Section 409A of the Code awarded to U.S. Participant, the last day of the same calendar year as the Participant's Separation from Service.

**Retirement** If a Participant voluntarily Retires then:

- (a) any Awards held by the Participant that are not yet vested at the Termination Date shall continue to vest in accordance with their terms;
- (b) the Participant or, if applicable, the executor, liquidator or administrator of the Participant's estate may exercise Options or other exercisable Awards of the Participant that become exercisable prior to the termination of such Awards;
- (c) any RSUs, DSUs, PSUs or SAR held by the Participant that have vested or vest, and do not otherwise have exercise requirements, shall be paid to the Participant or, if applicable, the executor, liquidator or administrator of the Participant's estate;
- (d) the right to exercise or be paid for an Award terminates on the earlier of:
  - (i) the date that is 12 months after the Termination Date;
  - (ii) the date on which the particular Award expires or terminates; and
  - (iii) with respect to Awards subject to Section 409A of the Code awarded to U.S. Participant, to the extent necessary to comply with section 409A of the Code, the last day of the same calendar year as the Participant's Separation from Service.

**Termination of Awards.** Except as explicitly provided otherwise in a Participant's employment agreement and subject to the discretion of the Board to determine otherwise:

- (a) if a Participant's employment, term of office or engagement terminates for just Cause:
  - (i) any vested but unexercised Options or other exercisable Awards held by the Participant at the Termination Date will be immediately cancelled and forfeited to the Company on the Termination Date;

- (ii) any other Awards held by the Participant that are not yet vested or payable by the Company at the Termination Date will be immediately cancelled and forfeited to the Company on the Termination Date; and
  - (iii) any remaining Awards held by the Participant that have vested and become payable by the Company before the Termination Date shall be paid to the Participant.
- (b) where a Participant's employment or term of office or engagement terminates for any reason other than for Cause, death or disability:
  - (i) any Options or other Awards held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of:
    - a. the date that is 90 days after the Termination Date;
    - b. the date on which the exercise period of the particular Award expires; and
    - c. with respect to Awards subject to Section 409A of the Code awarded to U.S. Participant, the last day of the same calendar year as the Participant's Separation from Service,
  - (ii) any RSU, DSU, PSU or SAR held by the Participant that have vested or vest prior to their termination, and do not otherwise have exercise requirements, shall be paid to the Participant in accordance with the terms of the Omnibus Incentive Plan and Award Agreement; and
  - (iii) any Award held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Company on the Termination Date.

Where a Participant's employment or term of office or engagement is terminated for any reason, other than for Cause, during the 24 months following a Change in Control, any unvested Awards as at the date of such termination shall be deemed to have vested as at the date of such termination and shall become payable or exercisable as at the date of termination.

**Adjustment.** The Omnibus Incentive Plan contains provisions for the adjustment in the number of Common Shares subject to the Omnibus Incentive Plan and issuable upon the exercise of Awards, and the other applicable terms and conditions thereof in the event of any stock dividend, stock consolidations, subdivisions or reclassifications of shares, spin-off, amalgamations, mergers, plans of arrangement, Change of Control (as defined in the Omnibus Incentive Plan) transactions, take-over bid transactions or events which the Board determines affects the Common Shares such that an adjustment is appropriate to

prevent dilution or enlargement of the rights of persons eligible to receive Awards under the Omnibus Incentive Plan.

In the event of a Change of Control transaction, the Board shall have the discretion to (a) to amend, abridge or eliminate any vesting terms of an Award so that it may be exercised or settled in whole or in part, conditionally or otherwise, by the Participant prior to the completion of the Change of Control transaction and, if determined appropriate by the Board, any such Award not exercised or otherwise settled at the effective time or record date (as applicable) of such Change of Control will be deemed to have expired, or (b) unilaterally determine that all outstanding Awards shall be cancelled upon a Change of Control, and that the value of such Awards, as determined by the Board, shall be paid out in cash in an amount based on the Change of Control Price within a reasonable time subsequent to the Change of Control, all subject to the approval of the TSXV.

Notwithstanding the foregoing, if the Board determines in good faith that the Awards will be honoured or assumed following a Change of Control, or new rights substituted therefore that are substantially equivalent, then no cancellation, acceleration of vesting, lapsing of restrictions or payments of an Award shall occur.

**Tax Withholding.** It is the responsibility of the Participant to ensure that they adhere to tax legislation in their jurisdiction regarding the reporting of benefits derived from the exercise or settlement of an Award. Pursuant to the Omnibus Incentive Plan, the Company may implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

**Termination of, and Amendments to, the Omnibus Incentive Plan.** The Board may at any time, and from time to time, and without Shareholder approval, amend the Omnibus Incentive Plan to fix typographical errors or to clarify the existing provisions of the Omnibus Incentive Plan that do not substantively alter the scope, nature and intent of the provisions; or terminate the Omnibus Incentive Plan. Except as described below, any other amendment shall require the approval of the TSXV. Notwithstanding the foregoing and any TSXV approval to an amendment, the Company may not amend the Omnibus Incentive Plan or grant any Awards in the following circumstances without disinterested shareholder approval: (i) making any individual Award grant that would result in the Total Share Authorization being exceeded; (ii) any individual Award grant that would result in the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of common shares exceeding ten percent (10%) of the issued common shares, calculated on the date an Award is granted to any Insider; (iii) any individual Award grant that would result in an aggregate number of common shares issuable to Insiders at any time exceeding ten percent (10%) (iv) any individual Award grant that would result in the number of common shares issued to any individual in any twelve (12) month period under the Omnibus Incentive Plan exceeding five percent (5%) of the issued common shares of the Company and (v) any amendment to Awards held by Insiders that would have the effect of decreasing the exercise price of the Awards or otherwise result in a benefit to an Insider. The Company may amend the terms of an Award without the acceptance of the TSXV in the following circumstances, (i) to reduce the number of

Common Shares under Awards; (ii) to impose additional performance criteria or other vesting conditions; or (iii) to cancel an Award.

### **Omnibus Incentive Plan Resolution**

In order to be effective, the Omnibus Incentive Plan Resolution must be passed by a majority of votes cast by Shareholders at the Meeting.

**The Board unanimously recommends that each Shareholder vote FOR the Omnibus Incentive Plan Resolution. Common Shares represented by proxies in favour of the management nominees will be voted FOR the Omnibus Incentive Plan, unless a Shareholder has specified in its Proxy that their Common Shares are to be voted against the Omnibus Incentive Plan Resolution.**

The following is the text of the Omnibus Incentive Plan Resolution which will be put forward at the Meeting:

#### **"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The Omnibus Equity Incentive Plan (the "Omnibus Incentive Plan") of Perimeter Medical Imaging AI, Inc. (the "Company"), in substantially the form described in, and appended as Schedule A to the Company's management information circular dated September 20, 2022 (the "Circular"), is hereby ratified, confirmed and approved subject to acceptance by the TSX Venture Exchange, 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.
2. The maximum number of common shares in the capital of the company (the "Common Shares") authorized and reserved for issuance under the Omnibus Incentive Plan and all of the Company's other equity incentive plans in existence from time to time, shall be a fixed limit of up to an aggregate of 12,834,531 Common Shares.
3. The directors of the Company or any committee of the board of directors of the Company be and is hereby authorized to issue awards pursuant to and subject to the terms and conditions of the Omnibus Incentive Plan to those eligible to receive awards thereunder.
4. Notwithstanding that these resolutions be passed by the shareholders of the Company, the adoption of the Omnibus Incentive Plan is conditional upon receipt of final approval of the TSX Venture Exchange, and the board of directors of the Company is hereby authorized and empowered to make any changes to the Omnibus Incentive Plan, if required by the TSX Venture Exchange, or to revoke these resolutions, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable to the board of directors.

5. Any one director or officer of the Company is authorized and directed, on behalf of the Company to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions."

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

In this section, "**Named Executive Officer**" or "**NEO**" means each of the following individuals:

- (a) each individual who served as Chief Executive Officer ("**CEO**") of Perimeter during any part of the most recently completed financial year, including an individual performing functions similar to a CEO;
- (b) each individual who served as Chief Financial Officer ("**CFO**") of Perimeter during any part of the most recently completed financial year, including an individual performing functions similar to a CFO;
- (c) the most highly compensated executive officer, or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO identified in paragraphs (a) and (b), at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of Perimeter, and was not acting in a similar capacity, at the end of that financial year.

The Company had three NEOs during its financial year ended December 31, 2021, namely Jeremy Sobotta, the Company's current CEO who served as CEO and CFO in the most recently completed financial year, Jay Widdig, who served as CFO from July 2021 to December 2021, and Tom Boon, the Company's Chief Operating Officer.

### Oversight and Description of Director and Named Executive Officer Compensation

**Objectives.** Perimeter has established a Nominations, Corporate Governance and Compensation Committee (the "**NCGC Committee**") currently comprised of four directors, Suzanne Foster (Chair), Ian Mortimer, Franklyn G. Prendergast (who will not stand for re-election at the Meeting), and Hugh Cleland. After the Meeting, it is expected that Mr. Davidson will join the NCGC Committee and replace Ms. Foster as chair.

The NCGC Committee oversees the Company's remuneration policies and practices. The NCGC Committee meets annually subsequent to the annual meeting or more frequently as determined by the committee and the Board to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. A copy of the NCGC Committee's charter is available on the Company's website at:

<https://ir.perimetermed.com/governance/governance-documents>.

Perimeter has relied on the experience of the Board and the NCGC Committee in setting Director and executive compensation. In considering compensation awards, the NCGC Committee takes into account the performance, potential, expertise, and experience of its executives as well as comparable levels of compensation for individuals with similar capabilities and experience. Regarding Perimeter's current executive compensation arrangements, the NCGC Committee has considered such factors as Perimeter's current financial situation, the estimated financial situation of Perimeter in the future and the need to attract and retain the key executives necessary for Perimeter's long-term success. The general objectives of Perimeter's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term value for Perimeter's Shareholders; (b) align management's interests with the long-term interests of Shareholders; (c) provide a compensation package that enables Perimeter to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that Perimeter is under by virtue of the fact that it has recently commercialized its technology and has a history of losses. The Board generally considers four elements of compensation – a base salary for the current financial year, a discretionary cash bonus for the previously completed financial year, a grant of long-term Options to purchase Common Shares, and benefits plans.

The Company's compensation objectives seek to align management interests with Shareholder interests through both short-term and long-term incentives linking compensation to performance. The short-term incentive is an annual cash bonus which is linked to individual performance and the Company's performance. Further, long-term incentive grants of Options also comprise a portion of overall compensation for the Company's NEOs. The Board believes this is appropriate because it creates a direct correlation between variations in the Company's share price (which is based in part on the Company's financial performance) and the compensation of its NEOs, thereby aligning the interests of the Company's executives and Shareholders.

**Base Salary.** Base salary is intended to reflect an executive officer's position within the Company, his or her years of experience and level of responsibility, and salary norms in the sector and the general marketplace. As such, decisions with respect to base salary levels for executive officers are not based on objective identifiable performance measures but for the most part are determined by reference to competitive market information for similar roles and levels of responsibility, as well as more subjective performance factors such as leadership, commitment, accountability, industry experience and contribution. The Company's view is that a competitive base salary is a necessary element for retaining qualified executive officers, as it creates a meaningful incentive for individuals to remain at Perimeter and not be unreasonably susceptible to recruiting efforts by the Company's competitors.

In determining the base salary compensation of Named Executive Officers, the Board and the NCGC Committee consider:

- (a) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value;
- (b) providing fair and competitive compensation;
- (c) balancing the interests of management and Shareholders; and
- (d) rewarding performance, both on an individual basis and with respect to operations in general.

**Bonus Awards.** The Board will consider whether it is appropriate and in the best interests of the Company to award a discretionary cash bonus to executive officers for the most recently completed financial year and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for Shareholders. Performance objectives include the achievement of the Company's departmental and individual goals, which may be quantitative or qualitative in nature. These have been established for each individual executive officer by the Board with alignment of such corporate and individual goals with the CEO and include objectives such as research and product development, company productivity, and long-term strategic guidance of the Company. These corporate, departmental, and individual goals form the basis for the review of the executive officers and the determination of cash bonuses at the end of each year with the Board. These awards are reviewed yearly to ensure that corporate performance metrics and individual goals are consistent from year to year.

Bonus award payments are based on the following assessment of:

- (a) whether or not the executive officers have successfully met or exceeded the established corporate, departmental and individual performance metrics and goals;
- (b) the executive officers' decisions and actions and whether or not they are aligned with the Company's long-term growth strategy and have created value for Shareholders;
- (c) whether any near-term goals and objectives were not met because the executive officers made decisions in the best long-term interests of the Company or due to factors outside of the executive officers' control; and/or
- (d) additional initiatives undertaken by the executive officers, which were not contemplated in the initial objectives.

For the fiscal year ended December 31, 2021, the Company established the following targets, as a percentage of base salary, were approved for each NEO for the fiscal year ending December 31, 2021:

| Position   | Target |
|------------|--------|
| CEO        | 25%    |
| Other NEOs | 20-25% |

For 2021, the Board adopted a mix of subjective and objective performance-based criteria that contemplate a number of factors related to key aspects of the Company's business plan and strategy:

| Criteria  | Relative Weight |
|---|-----------------|
| Certain commercial infrastructure and S-Series OCT installation criteria  | 30%             |
| Initiation and enrollment of patients in Perimeter's pivotal trial evaluating Perimeter's B-Series OCT system with ImgAssist AI | 30%             |
| Certain product development and production criteria   | 30%             |
| Certain quality management system criteria  | 10%             |

In addition to the corporate objectives described above, the Board has adopted additional subjective performance criteria to assess individual NEO performance. These additional criteria relate to performance in their respective functional areas and were given a relative weight of 20%-40% in determining the NEO's cash bonus incentive for 2021.

The Board assessed 2021 performance against these objectives and assigned the following achievement ratios to the criteria:

| Criteria  | 2021 Achievement |
|---|------------------|
| Certain commercial infrastructure and S-Series OCT installation criteria  | 18%              |
| Initiation and enrollment of patients in Perimeter's pivotal trial evaluating Perimeter's B-Series OCT system with ImgAssist AI | 15%              |
| Certain product development and production criteria   | 30%              |
| Certain quality management system criteria  | 10%              |

For 2022, the Board has adopted a mix of subjective and objective performance-based criteria that are based upon a number of factors and related to key aspects of the Company's business plan and strategy. At the conclusion of the year, the Board plans to assess actual performance against these objectives for cash bonus incentive plan purposes:

| Criteria   | Relative Weight |
|--|-----------------|
| Installation base of Perimeter's S-Series OCT system   | 40%             |
| Enrollment of patients in Perimeter's ongoing pivotal trial evaluating Perimeter's B-Series OCT system with ImgAssist AI | 40%             |
| Certain product development and production criteria  | 20%             |

In addition to the corporate objectives described above, the Board has adopted additional subjective performance criteria in order to assess the Chief Executive Officer's performance. These additional criteria include improving the Company's internal corporate governance and reporting standards and will be given a relative weight of 20% in determining the Chief Executive Officer's cash bonus incentive for 2022.

**Long-term Incentives.** Long-term incentives, in the form of Options, are intended to align the interests of Perimeter's directors and its executive officers with those of the Shareholders, to provide a long-term incentive that rewards these individuals for their contribution to the creation of Shareholder value and to reduce the cash compensation Perimeter would otherwise be required to pay. The Company currently has a 20% fixed stock option plan, which was most recently approved by the Company's Shareholders at the annual general meeting held on held on October 27, 2021. The Existing Option Plan is administered by the Board. In establishing the number of Options to be granted to any particular executive officer, the Board considers: general industry standards and expectations; the number and term of previous grants of Options; the overall number of Options that are outstanding relative to the number of outstanding Common Shares; the performance of the executive officer; and the limits imposed by the terms of the Existing Option Plan and the TSXV. The terms and conditions of Options, including vesting provisions and exercise prices, are governed by the terms of the Existing Option Plan, which are described under the heading "*Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*" below.

On September 15, 2022, the Board approved the new Omnibus Incentive Plan. The Omnibus Incentive Plan is intended to serve as the successor to the Existing Option Plan, and to replace the Existing Option Plan in its entirety (other than with respect to Options granted prior to September 15, 2022). The Omnibus Incentive Plan is subject to approval from the Shareholders by way of an ordinary resolution to be passed at the Meeting, and acceptance by the TSXV. For a detailed description of the provisions of the Omnibus Incentive Plan, please see "*Particulars of Matters to be Acted Upon – Ratification of Omnibus Incentive Plan*" above.

**Benefits Plans.** The Company provides broad-based benefit plans to all of its employees, including the same programs for NEOs. All employees participate in the same health care plans, and we do not provide NEOs with any different or additional benefit plans.

**Director Compensation.** Directors of the Company, other than the current CEO, are entitled to an annual fee of \$30,000 for their services. The chairman is entitled to an additional annual fee of \$15,000, the Chair of the Audit Committee is entitled to an

additional annual fee of \$12,000, and the Chair of the NCGC Committee is entitled to an additional annual fee of \$8,000. Members of the Audit Committee are entitled to an additional annual fee of \$6,000 and members of the NCGC Committee are entitled to \$4,000. Directors of the Company are also eligible to receive Options as an initial grant and on an annual basis in accordance with the Existing Option Plan and the TSXV. The granting of Options provides a link between director compensation and Perimeter's share price. It also rewards directors for achieving results that improve Perimeter's performance and thereby increases Shareholder value. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

**Independent Compensation Advisory Firm.** In March 2021, Perimeter engaged Aon, an independent executive compensation advisory firm (the "**Independent Compensation Advisory Firm**") that hosts an annual global life sciences compensation survey, to review executive and Board compensation levels and practices and provide recommendations for the 2022 fiscal year. The Independent Compensation Advisory Firm's mandate included the development of a peer group and high-level compensation philosophy that is reflective of market practice for similar-sized companies; reviewing management and Board compensation levels and structure; evaluating the historic equity grants made to management; and making recommendations on the Company's compensation programs, which would be market competitive among a defined peer group.

To facilitate our ability to benchmark competitive compensation levels and practices, the NCGC Committee established a peer group. The NCGC Committee selected the companies that constitute the peer group after discussing various recommendations from the Independent Compensation Advisory Firm. The peer group was selected using NCGC Committee-approved criteria designed to identify companies with whom we are most likely to compete for talent. The criteria includes factors such as our size (measured by revenue, market capitalization, and other size measures), our complexity, and our geographic footprint and also ensures we include companies that represent the medical device, life sciences, and technology industries.

The following lists the peer group adopted by the Company.

| <b>Compensation Peer Group</b> |                            |
|--------------------------------|----------------------------|
| Apollo Endosurgery             | Motus GI                   |
| Bluejay Diagnostics            | NetScientific              |
| ClearPoint Neuro               | Navidea Biopharmaceuticals |
| Effector Therapeutics          | NeuroPace                  |
| Endra Life Sciences            | Perenti Global             |
| GBS                            | Qualigen Therapeutics      |
| Hamilton Thorne                | Ra Medical Systems         |
| HeartBeam                      | Renalytix                  |
| Hyperfine                      | Stereotaxis                |
| Immuneering                    | Tivic Health Systems       |
| Lantern Pharma                 | Vicarious Surgical         |

The Board continues to consider the recommendations of the Independent Compensation Advisory Firm and expects to take those recommendations into account when evaluating executive and Board compensation in the future.

### NEO and Director Compensation (Excluding Compensation Securities)

The following table discloses all compensation for each NEO and director of the Company for the two most recently completed financial years, other than compensation disclosed below under the heading "Statement of Executive Compensation – Stock Options and Other Compensation Securities".

| Table of Compensation Excluding Compensation Securities |      |   |            |                                |  |                                      |                         |
|---|------|---|------------|--------------------------------|--|--------------------------------------|-------------------------|
| Name and position                                       | Year | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) <sup>(1)</sup> | Value of all other compensation (\$) | Total compensation (\$) |
| Jeremy Sobotta <sup>(2)</sup><br>CEO and Director       | 2021 | 330,156   | 50,712     | Nil                            | Nil                                      | Nil                                  | 380,868                 |
|   | 2020 | 316,950   | 38,034     | Nil                            | Nil                                      | 12,678                               | 367,662                 |
| Tom Boon <sup>(3)</sup><br>COO                          | 2021 | 394,339   | 37,950     | Nil                            | Nil                                      | Nil                                  | 432,289                 |
|   | 2020 | 217,903   | Nil        | Nil                            | Nil                                      | Nil                                  | 217,903                 |
| Jay Widdig <sup>(4)</sup><br>Former CFO                 | 2021 | 133,338   | Nil        | Nil                            | Nil                                      | Nil                                  | 133,338                 |
|   | 2020 | Nil   | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
| Anthony Holler <sup>(5)</sup><br>Chairman               | 2021 | 30,000  | Nil        | 21,000                         | Nil                                      | Nil                                  | 51,000                  |
|   | 2020 | 22,500  | Nil        | 3,000                          | Nil                                      | Nil                                  | 25,500                  |
| Franklyn G. Prendergast <sup>(6)</sup><br>Director      | 2021 | 30,000  | Nil        | 4,000                          | Nil                                      | Nil                                  | 34,000                  |
|   | 2020 | 15,000  | Nil        | 2,000                          | Nil                                      | Nil                                  | 17,000                  |
| Suzanne Foster<br>Director                              | 2021 | 30,000  | Nil        | 8,000                          | Nil                                      | Nil                                  | 38,000                  |
|   | 2020 | 15,000  | Nil        | 4,000                          | Nil                                      | Nil                                  | 19,000                  |
| Aaron Davidson<br>Director                              | 2021 | 65,245  | Nil        | Nil                            | Nil                                      | Nil                                  | 65,245                  |
|   | 2020 | 14,039  | Nil        | Nil                            | Nil                                      | Nil                                  | 14,039                  |
| Ian Mortimer<br>Director                                | 2021 | 30,000  | Nil        | 16,000                         | Nil                                      | Nil                                  | 46,000                  |
|   | 2020 | 15,000  | Nil        | 8,000                          | Nil                                      | Nil                                  | 23,000                  |
| Douglas Janzen <sup>(6)</sup><br>Director               | 2021 | 30,000  | Nil        | 6,000                          | Nil                                      | Nil                                  | 36,000                  |
|   | 2020 | 15,000  | Nil        | 3,000                          | Nil                                      | Nil                                  | 18,000                  |
| Hugh Cleland<br>Director                                | 2021 | 45,000  | Nil        | 6,000                          | Nil                                      | Nil                                  | 51,000                  |
|   | 2020 | Nil   | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
| Imed Zine <sup>(6)</sup><br>Director                    | 2021 | 45,000  | Nil        | Nil                            | Nil                                      | Nil                                  | 45,000                  |
|   | 2020 | Nil   | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |

Notes:

- (1) Nil indicates that prerequisites and other personal benefits did not exceed C\$50,000 or 10% of the total salary of the NEO for the financial year.
- (2) Mr. Sobotta receives no compensation for services as director. Mr. Sobotta is paid in US dollars – an exchange rate of C\$ 1.00 to US\$0.79 was used in the above table. Mr. Sobotta's other compensation for 2020 represented a US\$10,000 relocation allowance.
- (3) Mr. Boon is paid in US dollars – an exchange rate of C\$ 1.00 to US\$0.79 was used in the above table.
- (4) Mr. Widdig was appointed as CFO of Perimeter on July 26, 2021. On December 15, 2021, Mr. Widdig ceased to act as CFO. Mr. Widdig was paid in US dollars – an exchange rate of C\$ 1.00 to US\$0.79 was used in the above table.
- (5) Dr. Holler's retainer includes C\$15,000 for serving as Board Chair.
- (6) Will not stand for re-election at the Meeting.

## Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to NEOs and directors of the Company during the financial year ended December 31, 2021.

| Option-Based Compensation Securities                      |                               |  |                        |  |  |   |                 |
|---|-------------------------------|--|------------------------|--|--|---|-----------------|
| Name and position   | Type of compensation security | Number of compensation securities and percentage of class <sup>(1)</sup> | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of underlying security on date of grant (\$) | Closing price of underlying security at year end (\$) | Expiration Date |
| <b>Jeremy Sobotta</b> <sup>(2)</sup><br>CEO and Director  | Options <sup>(11)</sup>       | 12,965 (0.03%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Tom Boon</b> <sup>(3)</sup><br>COO                     | Options <sup>(11)</sup>       | 14,261 (0.03%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Jay Widdig</b> <sup>(4)</sup><br>Former CFO            | Options <sup>(11)</sup>       | 450,000 (1.0%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Anthony Holler</b> <sup>(5)</sup><br>Chairman          | Options <sup>(11)</sup>       | 80,000 (0.18%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Franklyn G. Prendergast</b> <sup>(6)</sup><br>Director | Options <sup>(11)</sup>       | 80,000 (0.18%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Suzanne M. Foster</b> <sup>(7)</sup><br>Director       | Options <sup>(11)</sup>       | 80,000 (0.18%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Aaron Davidson</b> <sup>(8)</sup><br>Director          | Options <sup>(11)</sup>       | 80,000 (0.18%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Ian Mortimer</b> <sup>(9)</sup><br>Director            | Options <sup>(11)</sup>       | 80,000 (0.18%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |
| <b>Douglas G. Janzen</b> <sup>(10)</sup><br>Director      | Options <sup>(11)</sup>       | 80,000 (0.18%)   | 28-Oct-21              | 2.85                                     | 2.85   | 4.10  | 28-Oct-31       |

Notes:

- (1) Percentage is calculated based on 45,282,548 Common Shares issued and outstanding as at December 31, 2021.
- (2) As of December 31, 2021, Mr. Sobotta held 1,462,965 Options and 63,492 Common Shares.
- (3) As of December 31, 2021, Mr. Boon held 464,261 Options and 450 Common Shares.
- (4) As of December 31, 2021, Mr. Widdig held 112,500 Options and 10,000 Common Shares.
- (5) As of December 31, 2021, Dr. Holler held 277,500 Options and owns units of the Roadmap Perimeter LP I and the Roadmap Perimeter LP II that effectively give him indirect ownership of (but not voting control over) 333,717 Common Shares as of December 31, 2021.
- (6) As of December 31, 2021, Dr. Prendergast held 340,000 Options and no Common Shares. Dr. Prendergast will not stand for re-election at the Meeting.
- (7) As of December 31, 2021, Ms. Foster held 331,667 Options and 1,756 Common Shares.
- (8) As of December 31, 2021, Mr. Davidson held 240,000 Options and no Common Shares.
- (9) As of December 31, 2021, Mr. Mortimer held 240,000 Options, and beneficially owned or controlled 62,500 Warrants and 83,333 Common Shares.
- (10) As of December 31, 2021, Mr. Janzen held 340,000 Options and 171,650 Common Shares. Mr. Janzen will not stand for re-election at the Meeting.
- (11) 1/4 of Options vest immediately and 1/4 of Options shall vest on each subsequent anniversary of the grant date.

### **Exercise of Compensation Securities by NEOs and Directors**

No compensation securities were exercised by NEOs or directors of the Company during the financial year ended December 31, 2021.

### **Employment, Consulting and Management Agreements.**

Each of Mr. Sobotta and Mr. Boon, are a party to an executive employment agreement (the "**Executive Employment Agreements**") with the Company. The Executive Employment Agreements have an indefinite term and contain standard confidentiality and non-solicitation provisions. Perimeter has agreed pursuant to the Executive Employment Agreements that each of Mr. Sobotta and Mr. Boon will receive base salaries determined by the Board and may receive discretionary bonuses, grants of Options, reimbursement of expenses, benefits and certain perquisites as set forth in the Executive Employment Agreements, with the amounts paid in 2021 with respect to such matters set forth in the Table of Compensation Excluding Compensation Securities and Option-Based Compensation Securities.

The Executive Employment Agreements provide for certain benefits upon termination or change of control. In the event that a party to the Executive Employment Agreements is terminated with cause or resigns, the Company shall have no further obligation other than the payment of unpaid base salary, any bonus declared but not yet paid, and any outstanding vacation pay or expense reimbursement.

If Mr. Sobotta is terminated without cause as of December 31, 2021, he is entitled to a severance payment of twelve months base salary, the target bonus award, and continuation of healthcare benefits for twelve months. Assuming Mr. Sobotta was terminated without cause on December 31, 2021, the estimated value of payments required to be made to Mr. Sobotta under his Executive Employment Agreement would have been US\$312,500 (approximately \$395,000). If Mr. Sobotta's employment with the Company is terminated by the Company without cause or by Mr. Sobotta for cause within the period commencing three months prior to and ending twelve months following

a change of control, Mr. Sobotta is entitled to a severance payment of eighteen months plus one month per year of service up to a maximum of twenty-four months of base salary, a multiple of the target bonus award equivalent to the number of severance months, and continuation of healthcare benefits for the number of severance months. Assuming Mr. Sobotta's employment was terminated December 31, 2021 without cause following a change of control, the estimated value of payments required to be made to Mr. Sobotta under his Executive Employment Agreement would have been US\$520,834 (approximately \$660,000).

If Mr. Boon is terminated without cause, he is entitled to a severance payment of six months base salary, one half of the target bonus award, and continuation of healthcare benefits for six months. Assuming Mr. Boon was terminated without cause on December 31, 2021, the estimated value of payments required to be made to Mr. Boon under his Executive Employment Agreement would have been US\$171,000 (approximately \$217,000). If Mr. Boon's employment with the Company is terminated by the Company without cause or by Mr. Boon for cause within the period commencing three months prior to and ending twelve months following a change of control, he is entitled to a severance payment of twelve months plus one month per year of service up to a maximum of eighteen months of base salary, a multiple of the target bonus award equivalent to the number of severance months, and continuation of healthcare benefits for the number of severance months. Assuming Mr. Boon's employment was terminated December 31, 2021 without cause following a change of control, the estimated value of payments required to be made to Mr. Boon under his Executive Employment Agreement would have been US\$370,500 (approximately \$470,000).

Upon a change of control, all outstanding Options shall automatically become fully exercisable.

Mr. Widdig was party to Executive Employment Agreements with the Company. Effective July 26, 2021, Mr. Widdig was appointed as Perimeter's CFO. On December 15, 2021, Mr. Widdig ceased his employment as CFO. Mr. Widdig's Executive Employment Agreement is substantially similar to the Executive Employment Agreements used with Mr. Sobotta and Mr. Boon.

### **External Management Companies**

There are currently no contracts with external management companies in effect.

### **Stock Option Plans and Other Incentive Plans**

The shareholders of the Company approved the Existing Option Plan at the annual and special meeting of shareholders held on October 27, 2021.

The purpose of the Existing Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, and to reward such of those directors, officers, employees and consultants as may be awarded Options under the Option Plan by the Board from time to time for

their contributions toward creating shareholder value through achievement of the short and long term goals of the Company.

### **Particulars of the Existing Option Plan**

**Administration.** The Existing Option Plan is administered by the Board, subject to the Board's power to delegate such administrative duties and powers as it may seem fit to a director or senior officer or employee of the Company, from time to time. In connection with its administrative role, the Board may make, amend and repeal at any time and from time to time such policies not inconsistent with the Existing Option Plan as it may deem necessary or advisable for the proper administration of the plan. The Company's administration of the Existing Option Plan will be consistent with the policies and rules of the TSXV and will comply with such other stock exchanges on which the Common Shares may be listed from time to time.

**Eligibility Under the Existing Option Plan.** Pursuant to the Existing Option Plan, Options may be granted to:

- (a) a director of the Company or any of its subsidiaries;
- (b) an officer of the Company or any of its subsidiaries;
- (c) an employee of the Company or any of its subsidiaries, which is (i) an individual that is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (Canada); (ii) an individual who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; (iii) an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (d) a management company employee, which is an individual employed by a person providing management services to the Company, which is required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities (as defined by the policies of the TSXV); and
- (e) a consultant to the Company or any of its subsidiaries, which is an individual (or a corporation or partnership of which the individual is an employee, shareholder or partner), other than an employee, officer, management company employee or a director of the Company, that (i) is engaged to provide on a bona fide basis, consulting, technical, management or other services to the Company or any of its subsidiaries, other than services provided in relation to a distribution; (ii) provides the services under a written contract between the Company or a subsidiary of the

Company and the individual or the consultant company; (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or its subsidiaries; and (iv) has a relationship with the Company or a subsidiary of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

**Common Shares Issuable Under the Existing Option Plan.** The Existing Option Plan provides that the maximum number of Common Shares that may be reserved and available for issuance under the Existing Option Plan and all of the Company's other equity incentive plans or compensation arrangements in existence from time to time on and after the effective date of the Existing Option Plan, will be 7,736,154 Common Shares. If any Option expires, is cancelled or otherwise terminated for any reason without having been exercised in full, the number of Common Shares in respect of which such Option was not exercised will again be available for issuance under the Existing Option Plan.

**Restrictions on Option Grants.** The Board has the power to determine, in its sole discretion, those directors, officers, employees, management company employees and consultant to whom Options are to be awarded, subject to the following restrictions:

- (a) no Option can be granted to any optionee unless the Board has determined that the grant of such Option and the exercise thereof by the Option will not violate the securities laws of the jurisdiction in which the optionee resides;
- (b) the number of Common Shares issuable pursuant to grants of Options under the Existing Option Plan, together with all of the Company's other equity incentive plans or security-based compensation arrangements in existence from time to time, within a one-year period:
  - (i) subject to (ii) and (iii) immediately below, to any one person, shall not exceed 5% of the issued and outstanding Common Shares as at the time of the applicable grant;
  - (ii) to a consultant, shall not exceed 2% of the issued and outstanding Common Shares, as at the time of the applicable grant; and
  - (iii) to persons employed to conduct investor relations activities (as defined by the policies of the TSXV), shall not exceed 2% of the issued and outstanding Common Shares, as at the time of the applicable grant;
- (c) unless the Company obtains disinterested shareholder approval in accordance with the Existing Option Plan and the policies of the TSXV:
  - (i) the maximum aggregate number of Common Shares that may be reserved for issuance to insiders of the Company under the Existing Option Plan; and
  - (ii) the maximum aggregate number of Options granted to insiders of the Company under the Existing Option Plan within a one-year period,

may not exceed 10% of the issued and outstanding Common Shares as the time of the applicable grant.

**Exercise Price of Options.** The exercise price of an Option will be determined by the Board when the Option is granted and shall not be less than the closing market price of the Common Shares on the TSXV, as the case may be, on the applicable date, if there is no closing trading price at such time of grant of the Option, then on the trading day immediately prior to the date of the grant of the Option. The exercise price per Common Share under an Option may be reduced at the discretion of the Board if (i) prior TSXV approval is obtained and at least six months has elapsed since the later of the date such Option was granted and the date the exercise price for such Option was last amended, and (ii) shareholder approval is obtained for any reduction in the exercise price of an Option and, in the case of a reduction in the exercise price of an Option held by an insider of the Company, disinterested shareholder approval is obtained for such reduction. The foregoing conditions to reduction of an exercise price shall not apply in the case of certain adjustments, such as alterations to the capital structure of the Company, as set out in the Existing Option Plan.

**Vesting of Options.** Subject to the policies of the TSXV, an Option granted under the Existing Option Plan shall vest and may be exercised during the term of the Option in accordance with any vesting schedule as the Board may determine, in its sole discretion. However, Options issued to persons retained to provide investor relations activities (as defined by the policies of the TSXV) will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the Options granted may be vested in any three-month period.

**Term of Options.** The Existing Option Plan provides that Options shall expire on the expiration date determined by the Board, provided that the term of an Option shall not exceed ten years from its date of grant. The Options must be exercised, if at all, on or before their respective expiration date. In the event that the term of an Option expires during a blackout period (as defined by the policies of the TSXV) such term will automatically be extended to the date that is ten business days following the end of such blackout period and, in the event that a blackout period is imposed during such extension period, the extension period will be deemed to commence following the end of the additional blackout period to enable the exercise of the applicable Option within ten business days following the end of the last imposed blackout period. The maximum term of an Option may be extended by the Board, provided that the Board obtains shareholder approval for such extension.

**Transferability.** Options granted under the Existing Option Plan are non-transferable and non-assignable, except as specifically provided under the Existing Option Plan in the event of the death or disability of an optionee.

**Termination of Options.** To the extent not earlier exercised or terminated in accordance with the Existing Option Plan, an Option will terminate at the earliest of:

- (a) the termination date set by the Board upon the grant of the Option, subject to extension in case of a blackout period, as further set out above under the

subheading "*Statement of Executive Compensation – Particulars of the Existing Option Plan – Term of Options*";

- (b) where the optionee's position as an employee, consultant, director or officer is terminated for just cause, the date of such termination for just cause;
- (c) unless determined otherwise by the Board, where the optionee's position as an employee, consultant, director or officer terminates for a reason other than the optionee's disability, death, or termination for just cause, on the termination date with respect to the Options that have not vested at such termination date, and 90 days after such date of termination with respect to the Options that have vested as at such termination date, provided that if an optionee's position with the Company changes from one of the said categories to another category, such change shall not constitute termination; and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of the Existing Option Plan.

**Effect of Death, Disability or Retirement of Optionee.** If the position of an optionee as a director, officer, employee or consultant of the Company or any of its subsidiaries, is terminated as a result of his or her death, any Options held by such optionee shall pass to the person who is entitled to ownership of such Options pursuant to a will or the applicable laws of descent and distribution upon death (a "**Qualified Successor**"), and shall be exercisable by the Qualified Successor for a period of one year following such death, provided that in no case shall the term of the Option extend beyond ten years from the date of grant.

If the position of an optionee as a director, officer, employee or consultant of the Company or any of its subsidiaries, is terminated by reason of such optionee's disability, any Option held by such optionee that could have been exercised immediately prior to such termination shall be exercisable by such optionee, or by his or her guardian, for a period of one year following the termination of such optionee.

If an optionee who has ceased to be employed by the Company or any of its subsidiaries by reason of such optionee's disability dies within 30 days after the termination of such employment, any Option held by such optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such optionee, and shall be exercisable by the Qualified Successor for a period of one year following the death of such optionee, provided that in no case shall the term of the Option extend beyond five years from the date of grant.

Options held by a Qualified Successor or exercisable by a guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

In the event of the termination of employment of an optionee who is an employee at any time during the term of an Option by reason of the deemed retirement of such

employee, as may be determined by the Board, in its sole discretion, then the rights to purchase Common Shares under the Option which have accrued to the optionee and remain unexercised at, or which accrue subsequent to, the date of his or her retirement shall remain exercisable by the optionee (or by the optionee's legal personal representative or representatives if the optionee dies before the last date of exercise of the Option) for a period of one year following the retirement of such optionee in accordance with the terms of the Option.

**Tax Withholding.** Pursuant to the Existing Option Plan, the Company may implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an optionee who wishes to exercise an Option must, as a condition of exercise, comply with the various procedures set out in the Existing Option Plan, including but not limited to delivering to the Company an amount determined by the Company to be appropriate to account for such taxes or related amounts, and must in all other respects follow any related procedures and conditions imposed by the Company.

**Adjustment.** The Existing Option Plan contains provisions for the adjustment in the number of Common Shares subject to the Existing Option Plan and issuable upon the exercise of Options, and the exercise price thereof in the event of any stock dividend, stock consolidations, subdivisions or reclassifications of shares, spin-off, amalgamations, mergers, plans of arrangement, change of control (as defined in the Existing Option Plan) transactions, take-over bid transactions or events which the Board determines affects the Common Shares such that an adjustment is appropriate to prevent dilution or enlargement of the rights of persons eligible to receive Options under the Existing Option Plan.

**Termination of, and Amendments to, the Existing Option Plan.** Subject to acceptance of the TSXV and other applicable regulatory authorities, and the policies and requirements thereof, the Board may terminate, suspend or amend the terms of the Existing Option Plan; provided, however that the Board must obtain shareholder approval (and where required, disinterested shareholder approval) for the following actions:

- (a) increasing the maximum number of Common Shares that may be reserved for issuance upon the exercise of Options under the Existing Option Plan;
- (b) placing limitations on the number of Options that may be granted to any one person or category of persons;
- (c) reducing the exercise price of Options;
- (d) granting to insiders, within a 12-month period, an aggregate number of Options exceeding 10% of the Company's issued Common Shares, calculated at the date that the applicable Option is granted;

- (e) granting to any one optionee, within a 12-month period, an aggregate number of Options exceeding 5% of the Company's issued Common Shares;
- (f) reserving for issuance such number of Common Shares under the Existing Option Plan and all of the Company's other security-based compensation arrangements in existence from time to time, where such reservation could result in the aggregate number of Common Shares granted to insiders exceeding 10% of the Company's issued Common Shares;
- (g) materially modifying the requirements as to eligibility for participation in the Existing Option Plan;
- (h) materially increasing the benefits accruing to participants under the Existing Option Plan;
- (i) modifying the method for determining the exercise price of the Options;
- (j) modifying the maximum term of the Options;
- (k) modifying the expiry and termination provisions applicable to Options;
- (l) expanding the types of awards which may be granted under the Existing Option Plan;
- (m) extending the duration of the Existing Option Plan; or
- (n) modifying the termination and amendment provision of the Existing Option Plan.

Notwithstanding the above, the Board may, without shareholder approval:

- (a) make any amendment of a typographical, grammatical, clerical or administrative nature or clarification correcting or rectifying any ambiguity, immaterial inconsistency, defective provision, mistake, or error or omission in the Existing Option Plan or any Option;
- (b) make any addition to, deletion from or alteration of the provisions of the Existing Option Plan or any Option that are necessary to comply with applicable law or the requirements of any regulatory or governmental agency or applicable stock exchange and to avoid unanticipated consequences deemed by the Board to be inconsistent with the purpose of the Existing Option Plan; or
- (c) make any amendments to clarify existing provisions of the Existing Option Plan or any Option provided that such changes do not have the effect of altering the scope, nature and intent of the Existing Option Plan or any Option.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out information as of the end of Perimeter's financial year ended December 31, 2021 with respect to compensation plans under which equity securities of

Perimeter are authorized for issuance. On September 15, 2022, Perimeter approved the Omnibus Incentive Plan. No securities have been issued under the Omnibus Incentive Plan as of the date hereof. See "Particulars of Matters to be Acted Upon – Ratification of Omnibus Incentive Plan" above for further information.

| <b>Plan Category</b>                                      | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b> |
|---|--|--|--|
| Equity compensation plans approved by securityholders     | 7,592,149  | \$1.72   | 1,380,617  |
| Equity compensation plans not approved by securityholders | Nil  | Nil  | Nil  |
| Total   | 7,592,149  | \$1.72   | 1,380,617  |

For further information on the Existing Option Plan, see "Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans", above.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Circular the information required by Form 52-110 – *Disclosure by Venture Issuers*. The required information is set out below.

#### **The Audit Committee's Charter**

The Company's Audit Committee Charter is attached to this Circular as Schedule "B".

#### **Composition of the Audit Committee**

The current members of the Audit Committee are Ian Mortimer (Chair), Anthony Holler and Douglas Janzen (who will not stand for re-election at the Meeting). All members are considered an independent member of the Audit Committee. All members of the Audit Committee are considered to be financially literate. After the Meeting, it is expected that Mr. Davidson will join the Audit Committee.

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

**Ian C. Mortimer.** Mr. Mortimer is currently President and Chief Executive Officer of Xenon Pharmaceuticals Inc. (NASDAQ: XENE), a company developing innovative therapeutics

to improve the lives of patients with neurological disorders. Prior to joining Xenon in 2013, Mr. Mortimer spent six years at Tekmira Pharmaceuticals Corporation, now Arbutus Biopharma Corporation (NASDAQ: ABUS), as Executive Vice President and Chief Financial Officer. He led both Xenon's and Tekmira's listings on the NASDAQ, in 2014 and 2010 respectively. From 2004 to 2007, Mr. Mortimer was Chief Financial Officer of Inex Pharmaceuticals Corporation. Mr. Mortimer serves on the board of directors of Xenon and is chair of the board of directors for Appili Therapeutics, Inc., a publicly-traded biopharmaceutical company focused on developing treatments for infectious diseases. Mr. Mortimer has an M.B.A. from Queen's University, a B.Sc. in Microbiology from the University of British Columbia, and is a Chartered Professional Accountant, Certified Management Accountant.

**Anthony F. Holler.** Dr. Holler is Chairman of the Board of Directors for Perimeter Medical Imaging AI, Inc. He currently serves as the CEO and Chairman of the Board of Directors for Sunniva Inc and Chair of the Board of Kadestone Capital Corp. Previously, Dr. Holler was Chairman of the Board of Directors of CRH Medical from December 2005 to March 2020. Prior to joining CRH, Dr. Holler was one of the founders of ID Biomedical Corporation. He held a number of executive positions with ID Biomedical, including Chief Executive Officer until the company was acquired by GlaxoSmithKline in December 2005 for \$1.7 billion. Dr. Holler was also Chairman of Corriente Resources Inc., which sold for approximately \$700 million to CRCC-Tongguan Investment Co. in 2010. Before his involvement in public markets, Dr. Holler served as an Emergency Physician at University Hospital at the University of British Columbia. He holds a Bachelor of Science Degree and a Medical Degree from the University of British Columbia.

**Douglas G. Janzen.** Mr. Janzen has been involved in the life sciences industry for the past twenty years. He currently is the Founder and President of NorthView Ventures, an entity which invests in and provides strategic advisory services to a number of technology companies. Mr. Janzen serves as Chairman and CEO of Aequus Pharmaceuticals Inc., a company that was founded within Northview. Prior to that, he was President and CEO of Cardiome Pharma, a NASDAQ-listed drug development company that raised over \$300 million from investors and completed over \$1 billion in licensing deals during his tenure. In 2010, Cardiome's lead product Brinavess was approved and launched in Europe by Merck. Prior to that, Mr. Janzen was an investment banker with Cormark Securities, acting as Managing Director of Life Sciences. Mr. Janzen is a past winner of Vancouver's Top 40 under 40 award, is the past Chairman of Life Sciences British Columbia, has served as a Director of Biotech Canada and sits as a Director on a number of public and private boards. Mr. Janzen is a resident of British Columbia. Mr. Janzen will not stand for re-election at the Meeting.

All members of the Audit Committee have:

- (a) gained through their experience as directors and officers of publicly listed companies, an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity in accounting issues comparable to issues that the Company can reasonably expect to arise in the issuer's financial statements; or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completely financial year has the Company relied on the exemption in section 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*); the exemption in section 6.1.1(5) of NI 52-110 (*Events Outside the Control of Members*); the exemption in section 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*); or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services to the extent set forth in the Company's Audit Committee Charter attached to this Circular as Schedule "B".

### **External Auditor Service Fees**

The aggregate fees billed by the Company's auditor, KPMG LLP, in each of the last two fiscal years are as follows:

| <b>Nature of Services</b>         | <b>Fees Paid to Auditor in Year Ended December 31, 2021</b> | <b>Fees Paid to Auditor in Year Ended December 31, 2020</b> |
|-----------------------------------|---|---|
| Audit Fees <sup>(1)</sup>         | \$367,200   | \$245,570   |
| Audit-Related Fees <sup>(2)</sup> | \$0   | \$0   |
| Tax Fees <sup>(3)</sup>           | \$38,520  | \$28,023  |
| All Other Fees <sup>(4)</sup>     | \$0   | \$32,584  |
| <b>Total</b>                      | <b>\$405,720</b>  | <b>\$309,177</b>  |

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning, tax advice, and the Company's Canadian and US corporate tax returns. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

## **Reliance on Exemption in Section 6.1 of NI 52-110**

Perimeter is a venture issuer as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110.

## **CORPORATE GOVERNANCE**

### **General**

Corporate governance refers to the policies and structure of the board of directors of a company whose members are elected by and are accountable to the shareholders of such company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators have adopted National Policy 58-201 – *Corporate Governance Guidelines*, which provides certain non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Company of its corporate governance practices. The disclosure required by NI 58-101 is set out below.

### **Board of Directors**

The Company's Board currently consists of nine directors. The current independent members of the Board are Anthony Holler (Chairman), Franklyn G. Prendergast, Suzanne Foster, Aaron Davidson, Ian Mortimer, Douglas Janzen, Hugh Cleland and Imed Zine based upon the test set forth in NI 52-110. Jeremy Sobotta is not considered independent as he also serves as the Company's CEO.

Three of the Company's current independent directors will not stand for re-election at the Meeting: Dr. Franklyn G. Prendergast, Douglas G. Janzen and Imed Zine.

The business and affairs of the Company are managed under the direction of the Board. The Board may, by resolution, delegate its authority to management or to committees of the Board, subject to the Company's Articles, applicable laws, rules and listing standards. The Board facilitates independent supervision over management through regular meeting of the Board, and communication with members of Company's management. Should the Board believe it is necessary, meetings of the Board may be held absent those directors that are not independent or non-independent directors may be excused from all or a portion of meetings where potential conflict arise, may arise, or where appropriate.

## Directorships

The Company's directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

| Name of Director                       | Name of Reporting Issuer    | Exchange Listed              |
|--|-----------------------------|------------------------------|
| Anthony Holler                         | Sunniva Inc.                | Canadian Securities Exchange |
|  | Kadestone Capital Corp.     | TSXV                         |
| Franklyn G. Prendergast <sup>(1)</sup> | Immunome Inc.               | NASDAQ Global Markets        |
|  | Lantern Pharma Inc.         | NASDAQ Global Markets        |
|  | NeuBase Therapeutics, Inc.  | NASDAQ Global Markets        |
| Suzanne M. Foster                      | Unitil Corporation          | New York Stock Exchange      |
| Ian C. Mortimer                        | Xenon Pharmaceuticals Inc.  | NASDAQ Global Markets        |
|  | Appili Therapeutics Inc.    | Toronto Stock Exchange       |
| Douglas G. Janzen <sup>(1)</sup>       | Aequus Pharmaceuticals Inc. | TSXV                         |
|  | Neovasc Inc.                | Toronto Stock Exchange       |
|  | Lexington BioSciences Inc.  | Canadian Securities Exchange |

Notes:

(1) Will not stand for re-election at the Meeting.

## Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's business, technology and industry and on the responsibilities of directors. While the Company does not have formal orientation or training programs for new Board members, new Board members are provided with full access to the Company's records, including all publicly filed documents of the Company, reports, internal financial information, management & technical experts and consultants and a summary of significant securities disclosure obligations.

Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments

and changes in legislation with management's assistance and to attend related industry seminars.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

### **Ethical Business Conduct**

The Board has adopted a written Code of Conduct (the "**Code**") for the directors, officers and employees of the Company which sets out the legal, ethical and regulatory standards that the Company must follow to promote integrity and deter wrongdoing. Compliance with the Code is mandatory for every director, officer, employee and consultant of the Company.

The Board, through its meetings and other informal discussions with management, encourages a culture of ethical business conduct. The Board monitors compliance with the Code by ensuring that all directors, officers, employees and consultants verify that they have read and understood the Code and by charging management with bringing to the Board's attention any issues that arise with respect to the Code. A copy of the Code is available on the Company's website at <https://ir.perimetermed.com/governance/governance-documents> or may be obtained under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board requires the Company's employees, officers and directors to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of the Company. Such individuals (and their immediate family members) are prohibited from using their positions with the Company to solicit gifts or other benefits from the Company's customers, suppliers and contractors.

The Company is committed to maintaining the highest standards of corporate governance and this philosophy is continually communicated by the Board to management which in turn is emphasized to the employees of the Company on a continuous basis.

### **Nomination of Directors**

The Board has a Nominations, Corporate Governance and Compensation Committee currently consisting of Suzanne Foster (Chair), Hugh Cleland, Ian Mortimer and Franklyn Prendergast (who will not stand for re-election at the Meeting). After the Meeting, it is expected that Mr. Davidson will join the NCGC Committee and replace Ms. Foster as chair. The NCGC Committee is responsible of identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the Shareholders. The NCGC Committee assesses potential candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. This committee considers the size and composition of the Board each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the

number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

### **Compensation**

The CEO's compensation is determined by the Board, based on recommendations from the NCGC Committee. The Board has delegated the determination of all other executive officers' compensation to the NCGC Committee. The NCGC Committee sets guidelines for determining the short-term and long-term compensation of the CEO and other executive officers based on various indicators such as individual performance, compensation in previous years, the experience and skills of the individual, day-to-day duties and responsibilities and any other factors the Committee determines to be relevant from time to time. The NCGC Committee, in its discretion, recommends annual and long-term performance goals and objectives for the CEO and other executive officers to the Board for its approval. The NCGC Committee evaluates the performance of the CEO and other executive officers in light of the approved performance goals and objectives. The NCGC Committee also reviews and recommends the compensation for directors and committee members for approval by the Board.

For further information, see "*Statement of Executive Compensation*".

### **Other Board Committees**

The Board has no standing committees other than the Audit Committee and the NCGC Committee.

### **Assessments**

Direct communication between directors and officers is encouraged. The Board conducts periodic and informal assessments of the effectiveness of the Board, its individual directors and its committees. The assessments consider and take into account, in the case of the Board, competencies and skills of the directors as a whole, and in the case of an individual director, attendance at Board and committee meetings, the competencies and skills each individual director is expected to possess, and experience relevant to the Company at its current stage of development.

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

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company or any of its subsidiaries as of the end of the most recently completed financial year or as at the date hereof.

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

Except as disclosed herein, there are no transactions in which a material interest, direct or indirect, of any informed person of the Company (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction

since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries other than as set out herein.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's financial statements for the year ended December 31, 2021, and related management discussion and analysis filed on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the Company financial statements and related management discussion and analysis may also be obtained by Shareholders upon request by contacting 1-888-988-7465.

### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Circular.

The contents of this Circular and its distribution to Shareholders have been approved by the Board.

**DATED** at 5:00 PM Vancouver, BC, on September 20, 2022.

**BY ORDER OF THE BOARD**

*(signed) "Dr. Anthony F. Holler"*

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Anthony F. Holler

Chairman of the Board

**Schedule A**  
**Omnibus Equity Incentive Plan**

(See Attached)

**PERIMETER MEDICAL IMAGING AI, INC.**

**OMNIBUS EQUITY INCENTIVE PLAN**

**Adopted September 15, 2022**

## Article 1 PURPOSE

### Section 1.1 Purpose

The purpose of this Plan is to provide the Company, and each subsidiary of the Company, with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Employees and Consultants of the Company and its subsidiaries, to reward such of those Directors, Officers, Employees and Consultants as may be granted Awards under this Plan by the Committee from time to time for their contributions toward the long term goals and success of the Company and to enable and encourage such Directors, Officers, Employees and Consultants to acquire Common Shares as long term investments and proprietary interests in the Company.

## Article 2 DEFINITIONS

### Section 2.1 Definition

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) "**Affiliate**" has the meaning given to such term in TSXV Policy 1.1 of the policy manual of the TSXV.
- (b) "**Award**" means, individually or collectively, a grant under this Plan of Options, Restricted Share Units, Deferred Share Units, Performance Share Units or Stock Appreciation Rights, in each case subject to the terms of this Plan.
- (c) "**Award Agreement**" means either (i) a written agreement entered into by the Company or an Affiliate of the Company and a Participant; or (ii) a written statement issued by the Company or an Affiliate of the Company to a Participant, describing the terms and provisions of such Award and need not be identical to other Award Agreements either in form or substance.
- (d) "**BCSA**" means the Securities Act (British Columbia), as may be amended from time to time.
- (e) "**Blackout Period**" means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company in accordance with the requirements of TSXV Policy 4.4.
- (f) "**Board**" or "**Board of Directors**" means the Board of Directors of the Company.
- (g) "**Cashless Exercise**" means the exercise of an Option whereby the Company has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to a Participant to purchase the Common Shares underlying the Options to be exercised and the brokerage firm then sells a sufficient number of Common Shares to cover the exercise price of the Options in order to repay the loan made to the Participant resulting in the Participant receiving the net balance of the Common Shares underlying the exercised Options or the net cash proceeds from the exercise of the Options.
- (h) "**Cause**" means:

- (i) Cause as such term is defined in the written employment agreement between the Company and the Officer or Employee; or
  - (ii) in the event there is no written employment agreement between the Company and the Officer or Employee or Cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the Officer or Employee is employed provided, however, if an employee Participant's employment is governed by the Province of Ontario, then Cause, means the employee Participant's wilful misconduct, disobedience or wilful neglect of duty by that is not trivial and has not been condoned by the Company or any of its Affiliates, provided, further, that if the Participant is a U.S. Participant, then Cause shall be defined in the applicable Award Agreement, or in the absence of any definition of Cause contained therein, means (A) the Participant's indictment for, conviction of or plea of *nolo contendere* to, a felony (other than in connection with a traffic violation) under any state or federal law, (B) the Participant's failure to substantially perform his or her essential job functions after receipt of written notice from the Company requesting such performance, (C) an act of fraud or gross misconduct with respect, in each case, to the Company, by the Participant, (D) any material misconduct by the Participant that could be reasonably expected to damage the reputation or business of the Company or any of its Affiliates, or (E) the Participant's violation of a material policy of the Company. Any determination of whether Cause exists shall be made by the Committee in its sole discretion.
- (i) "**Change of Control**" shall occur if any of the following events occur:
- (i) the acquisition or potential acquisition, directly or indirectly and by any means whatsoever, by any person, or by a group of persons acting jointly or in concert, of beneficial ownership or control or direction over that number of Voting Securities which is greater than 50% of the total issued and outstanding Voting Securities immediately after such acquisition, unless such acquisition arose as a result of or pursuant to:
    - (A) an acquisition or redemption by the Company of Voting Securities which, by reducing the number of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by such person to 50% or more of the Voting Securities then outstanding;
    - (B) acquisitions of Voting Securities which were made pursuant to a dividend reinvestment plan of the Company;
    - (C) the receipt or exercise of rights issued by the Company to all the holders of Voting Securities to subscribe for or purchase Voting Securities or securities convertible into Voting Securities, provided that such rights are acquired directly from the Company and not from any other person;
    - (D) a distribution by the Company of Voting Securities or securities convertible into Voting Securities for cash consideration made pursuant to a public offering or by way of a private placement by the Company ("**Exempt Acquisitions**");
    - (E) a stock-dividend, a stock split or other event pursuant to which such person receives or acquires Voting Securities or securities convertible into Voting

Securities on the same pro rata basis as all other holders of securities of the same class ("**Pro-Rata Acquisitions**");

- (F) the exercise of securities convertible into Voting Securities received by such person pursuant to an Exempt Acquisition or a Pro-Rata Acquisition ("**Convertible Security Acquisitions**"); or
- (G) a sale by the Company of greater than 50% of the fair market value of the assets of the Company, through one or a series of transactions, to an entity that is not controlled by either the shareholders of the Company or by the Company.

provided, however, that if a person shall acquire 50% or more of the total issued and outstanding Voting Securities by reason of any one or a combination of (1) acquisitions or redemptions of Voting Shares by the Company, (2) Exempt Acquisitions, (3) Pro-Rata Acquisitions, or (4) Convertible Security Acquisitions and, after such share acquisitions or redemptions by the Company or Exempt Acquisitions or Pro-Rata Acquisitions or Convertible Security Acquisitions, acquires additional Voting Securities exceeding one per cent of the Voting Securities outstanding at the date of such acquisition other than pursuant to any one or a combination of Exempt Acquisitions, Convertible Security Acquisitions or Pro-Rata Acquisitions, then as of the date of such acquisitions such acquisition shall be deemed to be a "**Change of Control**";

- (ii) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent Directors, unless such election or appointment is approved by 50% or more of the Directors in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened; and
- (iii) any transaction or series of transactions, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, whereby all or substantially all of the shares or assets of the Company become the property of any other person (the "**Successor Entity**") (other than a subsidiary of the Company) unless:
  - (A) individuals who were holders of Voting Securities immediately prior to such transaction hold, as a result of such transaction, in the aggregate, more than 50% of the voting securities of the Successor Entity;
  - (B) a majority of the Directors of the Successor Entity is comprised of individuals who were members of the Board immediately prior to such transaction; and
  - (C) after such transaction, no person or group of persons acting jointly or in concert, holds more than 50% of the voting securities of the Successor Entity unless such person or group of persons held securities of the Company in the same proportion prior to such transaction.

Notwithstanding the foregoing, for purposes of any Award that constitutes "deferred compensation" (within the meaning of Section 409A of the Code), the payment of which is triggered by or would be accelerated upon a Change in

Control, a transaction will not be deemed a Change in Control for Awards granted to any Participant who is a U.S. Participant unless the transaction qualifies as "a change in control event" within the meaning of Section 409A of the Code.

- (j) "**Change of Control Price**" means (i) the highest price per Common Share offered in conjunction with any transaction resulting in a Change of Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash), or (ii) in the case of a Change of Control occurring solely by reason of a change in the composition of the Committee, the highest Fair Market Value of the Common Shares on any of the thirty (30) trading days immediately preceding the date on which a Change of Control occurs, except if the relevant participant is subject to taxation under the ITA such Change of Control price shall be deemed to be a price determined by the Committee based on the closing price of a Common Share on the TSXV on the trading day preceding the Change of Control date or based on the volume weighted average trading price of the Common Shares on the TSXV for the five trading days immediately preceding the Change of Control date.
- (k) "**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.
- (l) "**Common Shares**" or "**Common Shares**" means, as the case may be, one or more common shares in the capital of the Company.
- (m) "**Committee**" means the Board of Directors or if so delegated in whole or in part by the Board, any duly authorized committee appointed by the Board to administer the Plan.
- (n) "**Company**" means Perimeter Medical Imaging AI, Inc., a company incorporated under the laws of the Province of British Columbia, and any successor thereto as provided in Article 17 herein.
- (o) "**Consultant**" has the meaning given to such term in TSXV Policy 4.4.
- (p) "**Deferred Share Unit**" means an Award denominated in units that provides the holder thereof with a right to receive Common Shares, an amount in cash having an equivalent value or a combination thereof upon settlement of the Award, granted under Article 7 herein and subject to the terms of this Plan.
- (q) "**Director**" has the meaning given to such term in TSXV Policy 4.4.
- (r) "**Disability**" has the meaning attributed thereto in the Participant's written agreement with the Company or an Affiliate and if there is no such defined term, means the Participant's inability to substantially fulfil their duties on behalf of the Company as a result of illness or injury for a continuous period of nine (9) nine months or more or for an aggregate period of twelve (12) months or more during any consecutive twenty-four (24) month period, despite the provision of reasonable accommodations by the Company or an Affiliate, as applicable.
- (s) "**Disinterested Shareholder Approval**" has the meaning given to "disinterested Shareholder approval" in section 5.3 of TSXV Policy 4.4/
- (t) "**Dividend Equivalent**" means a right with respect to an Award to receive cash, Common Shares or other property equal in value and form to dividends declared by the Committee and paid with respect to outstanding Common Shares. Dividend Equivalents shall not

apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to such terms and conditions set forth in the Award Agreement as the Committee shall determine.

- (u) "**Employee**" has the meaning given to such term in TSXV Policy 4.4.
- (v) "**Exercise Notice**" means the notice respecting the exercise of an Option, in the form substantially similar to that set out as Schedule "B" hereto.
- (w) "**Exercise Price**" means the price at which a Common Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.
- (x) "**Fair Market Value**" or "**FMV**" means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Company's desired accounting for Awards or by the rules of the TSXV, a price that is determined by the Committee, provided that such price cannot be less than the greater of (i) the volume weighted average trading price of the Common Shares on the TSXV for the five trading days immediately prior to the applicable date or (ii) the closing price of the Common Shares on the TSXV on the trading day immediately prior to the applicable date, and provided, further, that with respect to an Option granted to a U.S. Participant, such Participant and the number of Common Shares subject to such Award shall be identified by the Board or the Committee prior to the start of the applicable five (5) trading day period. In the event that such Common Shares are not listed and posted for trading on any exchange, the Fair Market Value shall be the fair market value of such Common Shares as determined by the Committee in its sole discretion and, with respect to an Award made to a U.S. Participant, in accordance with Section 409A of the Code.
- (y) "**Incapacity**" or "**Incapacitated**" means the incapacity or inaptitude of a Participant to administer the Participant's estate, that results in the appointment of an administrator of the Participant's estate or that enables a person or entity to act on the Participant's behalf pursuant to a power of attorney.
- (z) "**Insider**" has the meaning given to such term in TSXV Policy 1.1.
- (aa) "**Investor Relations Activities**" has the meaning given such term in TSXV Policy 1.1 and for purpose of this Plan, Persons retained to perform Investor Relations Activities shall include any Consultant that performs Investor Relations Activities and any Employee, Management Company Employee, Officer or Director whose role and duties primarily consist of Investor Relations Activities.
- (bb) "**ITA**" means the *Income Tax Act* (Canada) and the regulations adopted thereunder, as amended from time to time.
- (cc) "**ISO**" has the meaning given to that term under Section 15.1.
- (dd) "**Management Company Employee**" has the meaning given to such term in TSXV Policy 4.4.
- (ee) "**Market Price**" has the meaning ascribed thereto in TSXV Policy 1.1.
- (ff) "**Non-Qualified Security**" has the meaning ascribed thereto in Section 110 of the ITA.

- (gg) "**Notice Period**" means only that period constituting the minimum notice of termination period that is required to be provided to a Participant pursuant to applicable employment standards legislation (if applicable and if any). For certainty, the "Notice Period" shall exclude any other period that follows or ought to have followed, as applicable, the later of (i) the end of the minimum notice of termination period that is required to be provided to a Participant pursuant to applicable employment standards legislation (if applicable and if any), or (ii) the Participant's last day of performing work for the Company or an Affiliate (including any period of vacation, Disability, or other leave permitted by legislation) whether that period arises from a contractual or common law right.
- (hh) "**Officer**" has the meaning given such term in TSXV Policy 4.4.
- (ii) "**Option**" means the conditional right to purchase Common Shares at a stated Exercise Price for a specified period of time, granted under Article 5 herein and subject to the terms of this Plan.
- (jj) "**Participant**" means a Director, Officer, Employee, Management Company Employee or Consultant that is the recipient of an Award granted or issued by the Company under this Plan and, as context requires, shall include a registered retirement savings plan ("**RRSP**") or registered retirement income fund ("**RRIF**") established and controlled by a Participant or a company that is wholly owned by an individual Participant.
- (kk) "**Performance Goal**" means conditions, if any, imposed on an Award which are required to be satisfied or discharged during the Performance Period in order that an Award shall vest as further described in Section 8.3.
- (ll) "**Performance Period**" means the period of time during which Performance Goal must be satisfied or discharged following which the Award shall terminate unvested.
- (mm) "**Performance Share Unit**" means an Award denominated in units subject to a Performance Period, with a right to receive Common Shares or cash or a combination thereof upon settlement of the Award, as a function of the extent to which corresponding Performance Goals have been achieved, granted under Article 8 herein and subject to the terms of this Plan.
- (nn) "**Person**" shall have the meaning ascribed to such term in Section 1 (1) of the BCSCA.
- (oo) "**Plan**" means this Omnibus Equity Incentive Plan.
- (pp) "**Restriction Period**" means a period determined by the Board, in its sole discretion, ending in all cases no later than (i) in the case of Performance Share Units and Restricted Share Units that are subject to the ITA, three (3) years after the last day of the calendar year in which the performance of services for which Performance Share Units or Restricted Share Units are granted, occurred, (ii) in the case of Deferred Share Units that are subject to the ITA, the last day of the calendar year following the Participant's Termination Date; and (iii) in every other case, the date determined by the Board at the time any Award is granted or at any time thereafter during which any Restricted Share Units or Deferred Share Units is subject to vesting, risk of forfeiture or deferral, as applicable.
- (qq) "**Restricted Share Unit**" means an Award denominated in units subject to a Restricted Period, with a right to receive Common Shares or cash or a combination thereof upon settlement of the Award, as a function of the extent to which corresponding vesting criteria have been achieved, granted under Article 6 herein and subject to the terms of this Plan.

- (rr) **"Retirement"** or **"Retire"** means a Participant's permanent withdrawal from employment or office with the Company or Affiliate on terms and conditions accepted and determined by the Committee.
- (ss) **"Separation from Service"** has the meaning ascribed to it under Section 409A of the Code.
- (tt) **"Stock Appreciation Right"** means an Award denominated in units subject to a Restricted Period, with a right to receive Common Shares or cash or a combination thereof upon settlement of the Award, based on the appreciated value of the Common Shares, granted under Article 9 herein and subject to the terms of this Plan.
- (uu) **"Successor Entity"** has the meaning ascribed thereto under subsection (v) of the definition of Change of Control.
- (vv) **"Termination Date"** means, in the case of a Participant whose employment or term of office or engagement with the Company or an Affiliate terminates:
- (i) by reason of the Participant's death or Incapacity, the date of death or Incapacity, then such date of death or incapacity;
  - (ii) by reason of termination for Cause, resignation by the Participant or Retirement, the Participant's last day actively at work or actively performing services for the Company or an Affiliate;
  - (iii) by reason of Disability, then the date on which the Participant is determined to have a Disability as defined herein;
  - (iv) for any reason whatsoever other than death, Incapacity, termination for Cause, Retirement or termination by reason of Disability, the later of the (i) date of the Participant's last day actively at work or actively performing services for the Company or the Affiliate, and (ii) the last date of the Notice Period;
  - (v) the resignation of a director and the expiry of a director's term on the Board without re-election (or nomination for election) shall each be considered to be a termination of his or her term of office; and
  - (vi) in the case of a U.S. Participant, a Participant's "Termination Date" will be the date the Participant experiences a Separation from Service.
- (ww) **"Total Share Authorization"** has the meaning ascribed thereto under Section 3.5(a).
- (xx) **"TSXV"** means the TSX Venture Exchange and at any time the Common Shares are not listed and posted for trading on the TSXV, shall be deemed to mean such other stock exchange or trading platform upon which the Common Shares trade and which has been designated by the Committee.
- (yy) **"TSXV Policies"** means the policies included in the TSX Venture Exchange Corporate Finance Manual and **"TSXV Policy"** means any one of them, as such policies may be amended, supplemented or replaced from time to time.
- (zz) **"TSXV Policy 1.1"** means Policy 1.1 – *Interpretation* of the TSXV Policies, as may be amended, supplemented or replaced from time to time.

- (aaa) "**TSXV Policy 4.4**" means Policy 4.4 – *Security Based Compensation* of the TSXV Policies, as may be amended, supplemented or replaced from time to time.
- (bbb) "**U.S. Participant**" has the meaning given to that term under Section 15.1.
- (ccc) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
- (ddd) "**Voting Securities**" shall mean any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

### **Article 3 ADMINISTRATION**

#### **Section 3.1 Administration**

This Plan shall be administered by the Board, or any Committee appointed by the Board to administer this Plan. Without limiting the generality of the foregoing, where a Committee has been appointed by the Board to administer this Plan pursuant to a resolution passed by the Board, such Committee has authority to:

- (a) grant to Participants, an RRSP or RRIF established and controlled by a Participant or a company that is wholly owned by an individual Participant up to the number of Awards specified by the Board in the resolution appointing the Committee or in any other subsequent resolution(s) of the Board, the whole on the terms set out in such resolution(s);
- (b) exercise rights reserved to the Company under this Plan;
- (c) determining Award terms and conditions including, but not limited to, issuance price, vesting terms, Performance Goals, exercise conditions and expiry periods (all as applicable) for Awards granted under this Plan in accordance with the terms and conditions of this Plan;
- (d) establishing the form or forms of Award Agreements;
- (e) cancel, amend, adjust or otherwise change any Award under such circumstance as the Committee may consider appropriate in accordance with the provisions of this Plan; and
- (f) make all other determinations, including, but not limited to determinations regarding whether Performance Goals have been achieved and take all other actions as it considers necessary or advisable for implementation and administration of this Plan.

#### **Section 3.2 Delegation.**

The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

### Section 3.3 Interpretation Binding

The interpretation, construction and application of this Plan and any Award Agreements shall be made by the Board or a Committee and shall be final and binding on all holders of Awards granted under this Plan and all Persons eligible to participate under the provisions of this Plan.

### Section 3.4 Limitation of Liability

No member of the Board or Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan or any Awards granted under it.

### Section 3.5 Common Shares Subject to the Plan

- (a) Subject to adjustment as provided for herein, the maximum number of Common Shares hereby reserved for issuance to Participants under the Plan, or under any other share compensation arrangements of the Company, pursuant to the issuance of Awards, collectively, shall not in the aggregate exceed 12,834,531 Common Shares (the "**Total Share Authorization**"). If any Award is terminated, cancelled, forfeited, has expired without being fully exercised or is otherwise settled in cash, any unissued Common Shares which have been reserved to be issued upon the exercise of the Award will be returned to the Total Share Authorization become available to be issued under Awards subsequently granted under the Plan.
- (b) The following limits apply to the operation of this Plan:
- (i) unless the Company has obtained the requisite Disinterested Shareholder Approval,
    - (A) the maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in any 12-month period to any one person (and companies owned or controlled by that Person) must not exceed 5% of the total number of Common Shares issued and outstanding, calculated as at the date any Award is granted or issued to such person;
    - (B) the maximum aggregate number of Common Shares which may be issued under share compensation arrangements of the Company granted or issued to Insiders as a group must not exceed 10% of the Common Shares issued and outstanding at any point in time; and
    - (C) the maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in any 12-month period to Insiders as a group must not exceed 10% of the Common Shares issued and outstanding, calculated on the date any Award is granted to an Insider; and
  - (ii) the maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in a 12-month period to any one Consultant must not exceed 2% of the Common Shares issued and outstanding, calculated at the date any Award is granted to the Consultant; and

- (iii) the maximum aggregate number of Common Shares that are issuable under all share compensation arrangements of the Company granted or issued in a 12-month period to all persons retained to provide Investor Relations Activities must not exceed 2% of the Common Shares issued and outstanding, calculated at the date any Award is granted to any such Person.
- (c) The Board (which for these purposes does not include a reference to a Committee) shall allot, set aside and reserve for issuance for the purpose of this Plan a sufficient number of Common Shares at each meeting of the Board such that the number of Common Shares issuable under Section 3.5(a) shall be properly allotted, set aside and reserved for issuance.

## **Article 4 ELIGIBILITY AND GRANT OF AWARDS**

### **Section 4.1 Eligibility**

Awards may only be granted to Participants, an RRSP or RRIF established and controlled by a Participant or a company that is wholly owned by an individual Participant and provided that the participation is voluntary. A Participant will not be entitled to receive a grant of an Award after the date that the Participant ceases to be a Director, an Officer, an Employee, a Management Company Employee or a Consultant in each case for any reason.

### **Section 4.2 Transfers of Employment and Changes of Role**

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Company and an Affiliate or among Affiliates or a change of role with the Company or an Affiliate, shall not be deemed a termination of employment provided that the Participant remains a Participant. The Committee may provide in a Participant's Award Agreement or otherwise the conditions under which a transfer of employment to an entity that is spun off from the Company or an Affiliate shall not be deemed a termination of employment for purposes of an Award.

### **Section 4.3 Committee's Discretion**

- (a) Subject to the foregoing, the Committee shall have full and final authority to determine the Participants who are to be allocated and granted Awards under this Plan and the number of Common Shares subject to each Award grant. Subject to Article 11, Awards granted under this Plan shall be for Common Shares only, and for no other security.
- (b) Unless limited by the terms of this Plan or any regulatory or stock exchange requirement, the Committee shall have full and final authority, in its discretion, to determine the nature, terms and conditions attached to any grant of Awards under this Plan.

### **Section 4.4 Bona Fide Representation.**

For Awards granted to Employees, Consultants or Management Company Employees, the Company and the Participant are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

### **Section 4.5 Eligibility of Persons Retained to Provide Investor Relations Activities.**

Persons retained to provide Investor Relations Activities may only be granted Options under this Plan.

#### **Section 4.6 Specific Allocation**

The Company cannot grant or issue an Award hereunder unless and until the Award has been allocated to a particular Participant.

#### **Section 4.7 Notification of Award**

Following the approval by the Committee of the granting or issuance of an Award, the Committee will notify the recipient in writing of the Award and will enclose with such notice the Award Agreement representing the Award so awarded.

#### **Section 4.8 Copy of Plan**

In addition to the notice of the Award and Award Agreement, as set out in Section 4.7 hereto, the Company will also forward to the Participant a copy of this Plan (on the first grant of an Award hereunder) and any other documentation that may be required by applicable law, stock exchange or regulatory requirements.

#### **Section 4.9 Non-Transferability of Awards**

Subject to applicable law, no Award granted under this Plan shall be assignable or transferable otherwise than:

- (a) by will or by the laws of descent and distribution, and such Award shall be exercisable, during a Participant's lifetime, only by the Participant (subject to Section 10.1);
- (b) to a Participant's RRSP or RRIF, provided that the Participant is, during the Participant's lifetime, the sole beneficiary of the RRSP or RRIF; or
- (c) a company that is wholly owned by an individual Participant provided that such company has complied with the requirements of section 2(c) of TSXV Policy 4.4.

#### **Section 4.10 Other Requirements**

- (a) The date that an Award is granted shall be the date such grant was approved by the Committee.
- (b) The Company may only grant Awards pursuant to resolutions of the Committee.
- (c) The Company may not grant any Awards while there is an undisclosed material change or undisclosed material fact relating to the Company.
- (d) Any Award granted under this Plan shall be subject to the requirement that, if at any time the Company determines that the listing, registration or qualification of the Common Shares subject to such Award, or such Award itself, upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of any stock exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Common Shares thereunder, such Award may not be granted, accepted, exercised or vest in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board (which for these purposes does not include a reference to a Committee).

- (e) All Awards and Common Shares issuable thereunder are subject to any applicable resale restrictions under securities laws and the Exchange Hold Period (as defined in TSXV Policy 1.1), and shall have affixed thereto any legends required under securities laws and the policies of the TSXV.
- (f) If any Awards are issued to a U.S. Participant or anyone who becomes a U.S. Participant, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the U.S. Securities Act or the securities laws of any state of the United States, such Participant shall receive an Award Agreement which sets out the applicable United States restrictions.
- (g) The Committee shall not grant any Awards that may be denominated or settled in Common Shares to residents of the United States or a US. Participant unless such Awards and the Common Shares issuable upon exercise thereof are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.
- (h) Awards granted to U.S. Participants and any Common Shares issued on the exercise of such Awards may be subject to additional resale restrictions as outlined in the Award Agreement.

#### **Section 4.11 Blackout Period**

Notwithstanding the expiry date, redemption date or settlement date of any Award, such expiry date, redemption date or settlement date, as applicable, of the Award shall be extended to the tenth business day following the last day of a Blackout Period if the expiry date, redemption date or settlement date of the Award would otherwise occur in a Blackout Period or within five days after the end of the Blackout Period. The following requirements are applicable to any such automatic extension provision:

- (a) the Blackout Period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information;
- (b) the automatic extension of the expiry date, redemption date or settlement date, as applicable, of a Participant's Award is not permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under Canadian securities laws) in respect of the Corporation's securities; and
- (c) the automatic extension is available to all eligible Participants under the Plan under the same terms and conditions.

#### **Section 4.12 Participation in this Plan**

- (a) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant, vesting or settlement of an Award, the exercise of an Option or resulting from any transactions in the Shares or any other event affecting the Awards. The Company and its Affiliates do not assume responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.

- (b) Unless otherwise determined by the Board, the Company shall not offer financial assistance to any Participant in regard to the exercise of any Award granted under this Plan.

## **Article 5 STOCK OPTIONS**

### **Section 5.1 Grant of Options.**

Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion, which need not be the same for each grant or for each Participant.

### **Section 5.2 Award Agreement.**

Each Option grant shall be evidenced by an Award Agreement, an indicative form of which is attached as Schedule "A" hereto, that shall specify the terms and conditions of the Option grant including, the award date of the Option, the Exercise Price, the duration of the Option, the number of Common Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine. The Award Agreement shall contain such terms and conditions that may be considered necessary in order for the Options to comply with any provisions respecting options contained in any income tax laws or any other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **Section 5.3 Exercise Price.**

The Exercise Price for each grant of an Option under this Plan shall be determined by the Committee and shall be specified in the Award Agreement. The Option exercise price per Common Share shall not be less than the Market Price or, with respect to any Option granted under to a U.S. Participant, less than the Fair Market Value of a Common Share on the date such Option is granted.

### **Section 5.4 Duration of Options.**

Each Option granted to a Participant shall expire and become null, void and of no effect as of 5:00 p.m. local time in Vancouver British Columbia on the expiry date, as determine at the time of grant; provided, however, that (i) no Option shall be granted with a term exceeding the tenth (10th) anniversary date of its grant; and (ii) no Option shall expire in a period greater than one year following the date on which a Participant ceases to be an eligible Participant. Notwithstanding the foregoing, the expiry date of any Option shall be extended in the circumstances described in Section 4.11.

### **Section 5.5 Vesting.**

- (a) The Committee shall have the authority to determine vesting terms applicable to grants of Options, which Options in its discretion, which need not be the same for each grant or for each Participant.
- (b) Notwithstanding the foregoing, Options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months, and no

more than 25% of such Options may vest in any three month period, but in any event, such Options shall not vest sooner than:

- (i) one quarter ( $\frac{1}{4}$ ) of the Options on the date which is three (3) months from the date of grant;
- (ii) one quarter ( $\frac{1}{4}$ ) of the Options on the date which is six (6) months from the date of grant;
- (iii) one quarter ( $\frac{1}{4}$ ) of the Options on the date which is nine (9) months from the date of grant; and
- (iv) the final one quarter ( $\frac{1}{4}$ ) of the Options on the date which is twelve (12) months from the date of grant.

### **Section 5.6 Exercisability**

- (a) Subject to Article 10, an Option may be exercised in whole or in part from time to time once it has vested and until expiration or termination by delivering to the Company at its head or registered office, a written Exercise Notice substantially in the form set out as Schedule "B" or following such alternative procedures which may be authorized by the Committee, specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment for the full amount of the purchase price of the Common Shares then being purchased by certified cheque, wire transfer, bank draft or money order payable to the Company or by such other means as might be specified from time to time by the Committee. Subject to any governing rules or regulations, as soon as practicable after receipt of a notification of exercise and full payment for the Common Shares, the Common Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable common shares of the Company.
- (b) Notwithstanding Section 4.10(d), the Company shall not, upon the exercise of any Option, be required to register, issue or deliver any Common Shares prior to:
  - (i) the listing of such Common Shares on any stock exchange on which the Common Shares may then be listed; and
  - (ii) the completion of such registration or other qualification of such Common Shares under any law, rules or regulation as the Company shall determine to be necessary or advisable (including, without limitation, NI 45-106).

If any Common Shares cannot be registered, issued or delivered to any Participant for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Option exercise price paid to the Company shall be returned to the Participant without deduction or interest.

- (c) No Option holder who is resident in the United States or a U.S. Participant may exercise Options unless the underlying Common Shares are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

### **Section 5.7 Cashless Exercise.**

Options may exercise, at the option of the Participant, on a Cashless Exercise basis in accordance with TSXV Policy 4.4, provided that the Company has entered into an agreement with a brokerage firm to facilitate such Cashless Exercise.

### **Section 5.8 Grant of Options for Non-Qualifying Canadian Securities**

At the time of the grant of any Option, the Board may designate, or shall, to the extent required by the ITA, designate, that such Option shall be in respect of Shares that are Non-Qualifying Securities, and the Board shall cause to be provided notice of such designation of Shares as Non-Qualifying Securities in the manner and by the date(s) required by subsection 110(1.9) of the ITA to each of:

- (a) the Participant (including, where permitted by the ITA, in a Award Agreement); and
- (b) the Minister of National Revenue for Canada.

## **Article 6 RESTRICTED SHARE UNITS**

### **Section 6.1 Grant of Restricted Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may, subject to Section 4.5, grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine, which need not be the same for each grant or for each Participant, provided that the terms comply with Section 409A of the Code with respect to a U.S. Participant or an applicable exemption thereunder.

### **Section 6.2 Restricted Share Unit Agreement.**

- (a) Each Restricted Share Unit grant shall be evidenced by an Award Agreement, an indicative form of which is attached as Schedule "C" hereto, that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date (which shall not be later than the last day of the Restricted Period) for Restricted Share Units, and any such other provisions as the Committee shall determine, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Restricted Share Unit, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting following the attainment of the Performance Goals, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Common Shares are listed or traded, or holding requirements or sale restrictions placed on the Common Shares by the Company upon vesting of such Restricted Share Units.
- (b) In making such determination, the Board shall consider the timing of crediting Restricted Share Units, including crediting Restricted Share Units in connection with Dividend Equivalents, to a Participant's account, the vesting requirements and settlement timing applicable to such Restricted Share Units to ensure that the crediting of the Restricted Share Units to the Participant's account, the vesting requirements and settlement timing are not considered a "salary deferral arrangement" for the purposes of the ITA and any applicable provincial legislation.

- (c) The Award Agreement in respect of Restricted Share Units shall contain such terms that may be considered necessary in order that the Restricted Share Units will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **Section 6.3 Vesting Restriction**

Restricted Share Units will vest on such terms as shall be specified by the Committee at the time of granting such Restricted Share Units, which need not be the same for each grant or for each Participant, and such vesting period shall be reflected in the Award Agreement. Except pursuant to Section 10.1 or as otherwise determined by the Board in connection with a Change of Control pursuant to Section 11.2 or other similar transaction, no Restricted Share Units may vest or become freely trading before the date that is one year following the date it is granted or issued. For greater certainty, the vesting period must fall after the end of the Performance Period, if any, but no later than the last day of the Restriction Period.

### **Section 6.4 Dividends and Other Distributions.**

During the Restricted Period, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Common Shares or Dividend Equivalents while they are so held in accordance with the Plan and otherwise in such a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Common Shares, or Restricted Share Units, provided that any Dividend Equivalents paid in the form of additional Awards or Common Shares shall reduce the applicable pool of Common Shares available for issuance under all share compensation arrangements of the Company. Further, any additional Restricted Share Units credited to the Participant's account in satisfaction of payment of dividends or Dividend Equivalents will vest in proportion to and will be paid under the Plan in the same manner as the Restricted Share Units to which they relate. If the Company does not have a sufficient number of Common Shares available under this Plan to satisfy the payment of any dividends or Dividend Equivalent under this Section 6.4, or the issuance of any Awards or Common Shares in satisfaction of any dividends or Dividend Equivalents under this Section 6.4 would result in the breach of any limit contained in this Plan, the Company shall satisfy any such dividend payment in cash.

### **Section 6.5 Payment in Settlement of Restricted Share Units.**

When and if Restricted Share Units become payable, the Participant issued such units shall be entitled to receive payment, no later than the last day of the Restricted Period, from the Company in settlement of such units in cash, Common Shares of equivalent value (based on the FMV as of the settlement date), in some combination thereof, or in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Restricted Share Units. Any Common Shares issued under this Section 6.5 shall be considered as fully paid in consideration of past services rendered that are not less in value than the fair equivalent of money that the Company would have received if the Common Shares were issued for money. Notwithstanding the foregoing, any payment in settlement of Restricted Share Units shall be in manner that is exempt from, or complies with, Section 409A of the Code with respect to any U.S. Participant.

## **Section 6.6 U.S. Participants.**

No Restricted Share Unit holder who is resident in the United States may settle Restricted Share Units for Common Shares unless the Common Shares issuable upon settlement of the Restricted Share Units are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

## **Article 7 DEFERRED SHARE UNITS**

### **Section 7.1 Grant of Deferred Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may, subject to Section 4.5, grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine, which need not be the same for each grant or for each Participant, provided that the terms comply with Section 409A of the Code with respect to a U.S. Participant or an applicable exemption thereunder.

### **Section 7.2 Deferred Share Unit Agreement.**

- (a) Each Deferred Share Unit grant shall be evidenced by an Award Agreement, an indicative form of which is attached as Schedule "C" hereto, that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting following the attainment of the Performance Goals, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Common Shares are listed or traded, or holding requirements or sale restrictions placed on the Common Shares by the Company upon vesting of such Deferred Share Units.
- (b) In making such determination, the Board shall consider the timing of crediting Deferred Share Units, including crediting Deferred Share Units in connection with Dividend Equivalents, to a Participant's Account, any vesting requirements and settlement timing applicable to such Deferred Share Units to ensure that the crediting of the Deferred Share Units to the Participant's Account, any vesting requirements and settlement timing are compliant with Regulation 6801 (d) under the ITA and any applicable provincial legislation.

### **Section 7.3 Vesting Restriction**

- (a) Deferred Share Units will vest on such terms as shall be specified by the Committee at the time of granting such Deferred Share Units, which need not be the same for each grant or for each Participant, and such vesting period shall be reflected in the Award Agreement. Except pursuant to Section 10.1 or as otherwise determined by the Board in connection with a Change of Control pursuant to Section 11.2 or other similar transaction, no Deferred Share Units may vest or become freely trading before the date that is one year following the date it is granted or issued.
- (b) Notwithstanding any provision to the contrary in this Plan or any applicable Award Agreement, the Board may, in its sole discretion, make adjustments to the calculation of any Deferred Share Units granted to Participants based on its assessment of the risk level, events that may impact the value of the Deferred Share Units or when calculations do not

properly reflect all of the relevant considerations, provided further that, in respect of any Deferred Share Units subject to the ITA, no such adjustments shall entitle the Participant or a person with whom the employee does not deal at arm's length, either immediately or in the future, either absolutely or contingently, to receive or obtain any amount or benefit granted or to be granted for the purpose of reducing the impact, in whole or in part, of any reduction in the Fair Market Value of the Shares.

#### **Section 7.4 Dividends and Other Distributions.**

During the Restricted Period, Participants holding Deferred Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Common Shares or Dividend Equivalents while they are so held in accordance with the Plan and otherwise in such a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Common Shares, or Deferred Share Units, provided that any Dividend Equivalents paid in the form of additional Awards or Common Shares shall reduce the applicable pool of Common Shares available for issuance under all share compensation arrangements of the Company. Further, any additional Deferred Share Units credited to the Participant's account in satisfaction of payment of dividends or Dividend Equivalents will vest in proportion to and will be paid under the Plan in the same manner as the Deferred Share Units to which they relate. If the Company does not have a sufficient number of Common Shares available under this Plan to satisfy the payment of any dividends or Dividend Equivalent under this Section 7.4, or the issuance of any Awards or Common Shares in satisfaction of any dividends or Dividend Equivalents under this Section 7.4 would result in the breach of any limit contained in this Plan, the Company shall satisfy any such dividend payment in cash.

#### **Section 7.5 Payment in Settlement of Deferred Share Units.**

When and if Deferred Share Units become payable, the Participant issued such units shall be entitled to receive payment from the Company in settlement of such units in cash, Common Shares of equivalent value (based on the FMV as of the settlement date), in some combination thereof, or in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Deferred Share Units. The applicable settlement period in respect of a particular Deferred Share Units shall be determined by the Board and set forth in an Award Agreement but shall be in any case after the Restriction Period. In the case of a Deferred Share Unit that is subject to the ITA, all vested Deferred Share Units shall be settled no later than the earlier the last day of the calendar year following the Participant's Termination Date. Notwithstanding the foregoing, any payment in settlement of Deferred Share Units shall be in manner that is exempt from, or complies with, Section 409A of the Code with respect to any U.S. Participant.

#### **Section 7.6 U.S. Participants**

No Deferred Share Unit holder who is resident in the United States may settle Deferred Share Units for Common Shares unless the Common Shares issuable upon settlement of the Deferred Share Units are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

## **Article 8**

### **PERFORMANCE SHARE UNITS**

#### **Section 8.1 Grant of Performance Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may, subject to Section 4.5, grant Performance Share Units to Participants in such amounts and upon such terms as the Committee shall determine, which need not be the same for each grant or for each Participant, provided that the terms comply with Section 409A of the Code with respect to a U.S. Participant or an applicable exemption thereunder.

#### **Section 8.2 Performance Share Unit Agreement.**

- (a) Each Performance Share Unit grant shall be evidenced by an Award Agreement, an indicative form of which is attached as Schedule "C" hereto, that shall specify the number of Performance Share Units granted, the Restricted Period, the Performance Period for Performance Share Units, and any other provisions as the Committee shall determine, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Performance Share Unit, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting following the attainment of the Performance Goals, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Common Shares are listed or traded, or holding requirements or sale restrictions placed on the Common Shares by the Company upon vesting of such Performance Share Units.
- (b) In making such determination, the Board shall consider the timing of crediting Performance Share Units, including crediting Performance Share Units in connection with Dividend Equivalents, to a Participant's account, the vesting requirements and settlement timing applicable to such Performance Share Units to ensure that the crediting of the Performance Share Units to the Participant's account, the vesting requirements and settlement timing are not considered a "salary deferral arrangement" for the purposes of the ITA and any applicable provincial legislation.
- (c) The Award Agreement in respect of Performance Share Units shall contain such terms that may be considered necessary in order that the Performance Share Units will comply with any provisions respecting performance share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

#### **Section 8.3 Performance Goals.**

The Performance Goals may be based upon the achievement of corporate, divisional or individual goals, and may be applied to performance relative to an index or comparator group, or on any other basis determined by the Committee. The Committee may modify the Performance Goals as necessary to align them with the Company's corporate objectives, subject to any limitations set forth in an Award Agreement or an employment or other agreement with a Participant. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur, and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur)), all as set forth in the applicable Award Agreement.

**Section 8.4 Vesting Restriction.**

Performance Share Units will vest on such terms as shall be specified by the Committee at the time of granting such Performance Share Units, which need not be the same for each grant or for each Participant, and such vesting period shall be reflected in the Award Agreement. Except pursuant to Section 10.1 or as otherwise determined by the Board in connection with a Change of Control pursuant to Section 11.2 or other similar transaction, no Performance Share Units may vest or become freely trading before the date that is one year following the date it is granted or issued. For greater certainty, the vesting period must fall after the end of the Performance Period but no later than the last day of the Restriction Period.

**Section 8.5 Dividends and Other Distributions.**

During the Restricted Period, Participants holding Performance Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Common Shares or Dividend Equivalents while they are so held in accordance with the Plan and otherwise in such a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Common Shares, or Performance Share Units, provided that any Dividend Equivalents paid in the form of additional Awards or Common Shares shall reduce the applicable pool of Common Shares available for issuance under all share compensation arrangements of the Company. Further, any additional Performance Share Units credited to the Participant's account in satisfaction of payment of dividends or Dividend Equivalents will vest in proportion to and will be paid under the Plan in the same manner as the Performance Share Units to which they relate. If the Company does not have a sufficient number of Common Shares available under this Plan to satisfy the payment of any dividends or Dividend Equivalent under this Section 8.5, or the issuance of any Awards or Common Shares in satisfaction of any dividends or Dividend Equivalents under this Section 8.5 would result in the breach of any limit contained in this Plan, the Company shall satisfy any such dividend payment in cash.

**Section 8.6 Payment in Settlement of Performance Share Units.**

Subject to the terms of this Plan and the applicable Award Agreement, after the applicable Performance Period has ended and no later than the last day of the Restricted Period, the holder of Performance Share Units shall be entitled to receive payout on the value and number of Performance Share Units, determined as a function of the extent to which the corresponding Performance Goals have been achieved. When and if Preferred Share Units become payable, the Participant issued such units shall be entitled to receive payment from the Company in settlement of such units in cash, Common Shares of equivalent value (based on the FMV as of the settlement date), in some combination thereof, or in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Preferred Share Units. Any Common Shares issued under this Section 8.6 shall be considered as fully paid in consideration of past services rendered that are not less in value than the fair equivalent of money that the Company would have received if the Common Shares were issued for money. Notwithstanding the foregoing, any payment in settlement of Performance Share Units shall be in manner that is exempt from, or complies with, Section 409A of the Code with respect to any U.S. Participant.

**Section 8.7 U.S. Participants**

No Performance Share Unit holder who is resident in the United States may settle Performance Share Units for Common Shares unless the Common Shares issuable upon settlement of the Performance Share Units are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

**Article 9  
STOCK APPRECIATION RIGHTS****Section 9.1 Grant of Stock Appreciation Rights.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may, subject to Section 4.5, grant Stock Application Rights to Participants in such amounts and upon such terms as the Committee shall determine, which need not be the same for each grant or for each Participant, provided that the terms comply with Section 409A of the Code with respect to a U.S. Participant or an applicable exemption thereunder.

**Section 9.2 Stock Appreciation Right Agreement.**

Each Stock Appreciation Right grant shall be evidenced by an Award Agreement, an indicative form of which is attached as Schedule "C" hereto, that shall specify the number of Stock Appreciation Rights granted, the grant price of the Stock Appreciation Right which shall not be less than the Market Price, the settlement date for Stock Appreciation Rights, and any other provisions as the Committee shall determine, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Stock Appreciation Right, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting following the attainment of the Performance Goals, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Common Shares are listed or traded, or holding requirements or sale restrictions placed on the Common Shares by the Company upon vesting of such Stock Appreciation Rights. Notwithstanding the foregoing, in no event may an Award Agreement covering Stock Appreciation Rights granted to U.S. Participants have an exercise or base price (per share) that is less than the Fair Market Value per Common Share on the date of grant or expire more than ten years following the date of grant.

**Section 9.3 Vesting Restriction**

Stock Appreciation Rights will vest on such terms as shall be specified by the Committee at the time of granting such Stock Appreciation Rights, which need not be the same for each grant or for each Participant, and such vesting period shall be reflected in the Award Agreement. Except pursuant to Section 10.1 or as otherwise determined by the Board in connection with a Change of Control pursuant to Section 11.2 or other similar transaction, no Stock Appreciation Rights may vest or become freely trading before the date that is one year following the date it is granted or issued.

**Section 9.4 Payment in Settlement of Stock Appreciation Rights.**

When and if Stock Appreciation Rights become payable, the Participant issued such units shall be entitled to receive payment from the Company in settlement of such units in cash, Common Shares of equivalent value (based on the FMV as of the settlement date), in some combination thereof, or in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Stock Appreciation Rights. Any

Common Shares issued under this Section 9.4 shall be considered as fully paid in consideration of past services rendered that are not less in value than the fair equivalent of money that the Company would have received if the Common Shares were issued for money. Notwithstanding the foregoing, any payment in settlement of Stock Appreciation Rights shall be in manner that is exempt from, or complies with, Section 409A of the Code with respect to any U.S. Participant.

### **Section 9.5 U.S. Participants**

No Stock Appreciation Right holder who is resident in the United States may settle Stock Appreciation Rights for Common Shares unless the Common Shares issuable upon settlement of the Stock Appreciation Rights are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

## **Article 10 TERMINATION OF EMPLOYMENT OR SERVICES**

### **Section 10.1 Death, Incapacity and Disability.**

If a Participant dies or becomes Incapacitated during the term of any Award or suffers a Disability while a Participant and, as a result, his or her employment, term of office or engagement with the Company or an Affiliated is terminated:

- (a) any Awards held by the Participant that are not yet vested at the Termination Date shall continue to vest in accordance with their terms;
- (b) any Awards held by the Participant that are subject to a Performance Goal shall be deemed to have been satisfied upon completion of the Performance Period;
- (c) the executor, liquidator or administrator of the Participant's estate may exercise Options or other exercisable Awards of the Participant that become exercisable (including Awards which vested pursuant to the foregoing paragraphs) prior to the termination of such Awards in accordance with Section 10.1(e);
- (d) any Restricted Share Units, Deferred Share Units, Performance Share Units, or Stock Appreciation Rights held by the Participant that have vested or vest (including Awards which vested pursuant to Section 10.1(a) or Section 10.1(b)) prior to their termination in accordance with Section 10.1(e), and do not otherwise have exercise requirements, shall be paid to the Participant, executor, liquidator or administrator of the Participant's estate in accordance with the terms of the Plan and Award Agreement;
- (e) the right to exercise or be paid for an Award terminates on the earlier of: (i) the date that is 12 months after the Termination Date; (ii) the date on which the particular Award expires or terminates; and (iii) with respect to Awards subject to Section 409A of the Code awarded to U.S. Participant, the last day of the same calendar year as the Participant's Separation from Service; and
- (f) such Participant's eligibility to receive further grants of Awards under the Plan ceases as of the Termination Date.

### **Section 10.2 Retirement.**

If a Participant voluntarily Retires then:

- (a) any Awards held by the Participant that are not yet vested at the Termination Date shall continue to vest in accordance with their terms;
- (b) the Participant or, if applicable, the executor, liquidator or administrator of the Participant's estate may exercise Options or other exercisable Awards of the Participant that become exercisable (including Awards which vested pursuant to the foregoing paragraphs) prior to the termination of such Awards in accordance with Section 10.2(d);
- (c) any Restricted Share Units, Deferred Share Units, Performance Share Units, or Stock Appreciation Rights held by the Participant that have vested or vest (including Awards which vested pursuant to Section 10.2(a) prior to their termination in accordance with Section 10.2(d)), and do not otherwise have exercise requirements, shall be paid to the Participant or, if applicable, the executor, liquidator or administrator of the Participant's estate in accordance with the terms of the Plan and Award Agreement;
- (d) the right to exercise or be paid for an Award terminates on the earlier of: (i) the date that is 12 months after the Termination Date; (ii) the date on which the particular Award expires or terminates; and (iii) with respect to Awards subject to Section 409A of the Code awarded to U.S. Participant, to the extent necessary to comply with Section 409A of the Code, the last day of the same calendar year as the Participant's Separation from Service; and
- (e) such Participant's eligibility to receive further grants of Awards under the Plan ceases as of the Termination Date.

### **Section 10.3 Termination For Cause:**

Except for explicit modifications of the application of this clause set out in a Participant's employment or such other services agreement (which shall have paramountcy over this clause) and subject to the discretion of the Board to determine otherwise (which for the purposes of this Section 10.3 does not include reference to a Committee), where a Participant's employment, term of office or engagement terminates for just Cause:

- (a) any vested but unexercised Options or other exercisable Awards held by the Participant at the Termination Date will be immediately cancelled and forfeited to the Company on the Termination Date for no consideration;
- (b) any other Awards held by the Participant that are not yet vested or payable by the Company at the Termination Date will be immediately cancelled and forfeited to the Company on the Termination Date for no consideration;
- (c) any remaining Awards held by the Participant that have vested and become payable by the Company before the Termination Date shall be paid to the Participant; and
- (d) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Company or an Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated for Cause,

provided that, in any case where the Board determines otherwise or as otherwise agreed in any contract with any Participant which has been approved by the Board, the exercise or settlement period of an Award held by a Person who ceases to be a Participant shall not be longer than 12 months following the Termination Date.

#### **Section 10.4 Termination for any Other Reason**

Except for explicit modifications of the application of this clause set out in a Participant's employment agreement (which shall have paramountcy over this clause) and subject to the discretion of the Board to determine otherwise (which for these purposes of this Section 10.4 does not include reference to a Committee), where a Participant's employment or term of office or engagement terminates for any reason other than pursuant to Section 10.1, Section 10.2 or Section 10.3, then:

- (a) any Options or other Awards held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of:
  - (i) the date that is 90 days after the Termination Date;
  - (ii) the date on which the exercise period of the particular Award expires; and
  - (iii) with respect to Awards subject to Section 409A of the Code awarded to U.S. Participant, to the extent necessary to comply with Section 409A of the Code, the last day of the same calendar year as the Participant's Separation from Service,
- (b) any non-exercisable Restricted Share Units, Deferred Share Units, Performance Share Units, or Stock Appreciation Rights held by the Participant that have vested or vest (subject to Section 11.2(c) or otherwise) prior to their termination in accordance with Section 10.4(c), and do not otherwise have exercise requirements, shall be paid to the Participant in accordance with the terms of the Plan and Award Agreement;
- (c) subject to Section 11.2(c), any Award held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Company on the Termination Date; and
- (d) the eligibility of a Participant to receive further grants under the Plan ceases as of the Termination Date,

provided that, in any case where the Board determines otherwise or as otherwise agreed in any contract with any Participant which has been approved by the Board, the exercise or settlement period of an Award held by a Person who ceases to be a Participant shall not be longer than 12 months following the Termination Date.

### **Article 11 ADJUSTMENT**

For the purposes of this Article 11, any reference to the Board does not include a reference to a Committee.

#### **Section 11.1 Adjustments in Authorized Shares.**

- (a) Subject to the approval of the TSXV, where applicable, in the event of any corporate event or transaction (including, but not limited to, a change in the Common Shares of the Company or the capitalization of the Company) such as a merger, arrangement or amalgamation that does not constitute a Change of Control under Section 11.2, or a consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, or other distribution of stock or property of the Company, combination of securities, exchange of securities, dividend in kind, or other like

change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction (collectively, a "**Corporate Reorganization**"), the Board shall make or provide for such adjustments or substitutions, as applicable, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such Corporate Reorganization including adjustments or substitutions to the number and kind of Common Shares that may be issued under the Plan, the number and kind of Common Shares subject to outstanding Awards, the Exercise Price or grant price applicable to outstanding Awards, the Total Share Authorization, and any other value determinations applicable to outstanding Awards or to this Plan. In connection with an adjustment in connection with a Corporate Reorganization, the Board shall have the discretion to permit a holder of Awards to purchase or receive (at the times, for the consideration, and subject to the terms and conditions set out in this Plan and the applicable Award Agreement) and the holder will then accept on the exercise or settlement of such Award, in lieu of the Common Shares that such holder would otherwise have been entitled to receive, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of a Corporate Reorganization if, on the effective date thereof, that holder had owned all Common Shares that were subject to the Award.

- (b) The Board shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of Performance Goals and changes in the length of Performance Periods. The determination of the Board as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments must comply with Section 409A of the Code with respect to any U.S. Participants and the rules of any stock exchange or market upon which such Common Shares are listed or traded.

## **Section 11.2 Change of Control**

- (a) Subject to the provisions of Section 11.2(b) or as otherwise provided in the Plan, in the event of a Change of Control, the Board shall have the discretion to:
  - (i) to amend, abridge or eliminate any vesting terms (except, without the prior approval of the TSXV, the vesting terms of Options granted to Persons retained to perform Investor Relation Activities), conditions or schedule or to otherwise amend the conditions of exercise so that any such Award may be exercised or settled in whole or in part, conditionally or otherwise, by the Participant so as to entitle the Participant to either tender Common Shares into a transaction that could result in a Change of Control or receive any securities, property or cash which the Participant would have received upon such Change of Control if the Participant had exercised or settled their Award immediately prior to the applicable record date or event and, if determined appropriate by the Board, any such Award not exercised or otherwise settled at the effective time or record date (as applicable) of such Change of Control will be deemed to have expired; or
  - (ii) unilaterally determine that all outstanding Awards (other than Deferred Share Units and Options subject to the ITA) shall be cancelled upon a Change of Control, and that the value of such Awards, as determined by the Board in accordance with the terms of the Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change of Control Price within a reasonable time subsequent to the Change of Control, subject to the approval of the TSXV,

provided that, if the transaction that constitutes the Change of Control is not completed within the time specified therein; then, at the discretion of the Board, the Common Shares may be returned to the Company and with respect to such returned Common Shares, the Award shall be reinstated as if it had not been exercised and the amended, abridged or otherwise eliminated vesting terms, conditions or schedules shall be reinstated and the affected Awards shall continue as if not amended, abridged or otherwise adjusted pursuant to this Section 11.2(a).

- (b) Notwithstanding Section 11.2(a), no cancellation, acceleration of vesting, lapsing of restrictions or payment of an Award shall occur with respect to any Award if the Board reasonably determines in good faith prior to the occurrence of a Change of Control that such Award shall be honored or assumed, or new rights substituted therefor (with such honored, assumed or substituted Award hereinafter referred to as an "**Alternative Award**") by any successor to the Company or an Affiliate as described in Article 17 and provided that the successor entity agrees to assume the obligation to provide Alternative Awards and; provided, however, that any such Alternative Award must:
- (i) be based on stock which is traded on the TSXV and/or the Toronto Stock Exchange;
  - (ii) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule (including vesting upon termination of employment) and identical or better timing and methods of payment;
  - (iii) recognize, for the purpose of vesting provisions, the time that the Award has been held prior to the Change of Control; and
  - (iv) have substantially equivalent economic value to such Award (determined prior to the time of the Change of Control).
- (c) Where a Participant's employment or term of office or engagement is terminated for any reason, other than for Cause, during the 24 months following a Change in Control, any unvested Awards as at the date of such termination shall be deemed to have vested as at the date of such termination and shall become payable or exercisable as at the date of termination.

### **Section 11.3 Board Discretion**

Adjustments and determinations under this Article 11 shall be made by the Board, whose decisions as to the adjustments or determination which shall be made, and the extent thereof, shall be final, binding, and conclusive.

## **Article 12 BENEFICIARY ON DEATH OR INCAPACITY**

In the event of a Participant's death or Incapacity, all amounts due under the Plan shall only be paid to, and all rights of a Participant shall only be exercised by, the administrator, liquidator or executor of the Participant's estate.

**Article 13**  
**RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE**

**Section 13.1 Employment.**

- (a) Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or an Affiliate to terminate any Participant's employment, consulting or other service relationship with the Company or an Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or an Affiliate.
- (b) The rights of a Participant pursuant to this Plan and any Award granted hereunder are the only rights to which the Participant (or the administrator, liquidator or executor of his or her estate) is entitled on termination of Employment with respect to such Participant's Award. The Participant acknowledges and agrees that they shall have no entitlement to damages or other compensation arising from or related to not receiving any Awards, grants, incentive compensation, payment or benefit that would have accrued to the Participant after the Termination Date. For clarity, no period of common law reasonable notice shall be used for purposes of calculating a Participant's entitlement under this Plan or any Award Agreement entered into in connection with same. By participating in this Plan, the Participant waives the right to receive damages or payment in lieu of any forfeited remuneration or Award under this Plan or any Award Agreement entered into in connection with same that would have accrued during any common law reasonable notice period that exceeds the Participant's minimum statutory notice of termination period under the applicable employment standards legislation (if any and if applicable).
- (c) The Participant's participation in this Plan and acceptance of the Awards hereunder are voluntary. The Awards and payments hereunder are not compensation for services rendered and are an extraordinary item of compensation that is outside the scope of the Participant's employment or engagement with the Company, whether written or oral, and nothing can or must automatically be inferred from such the granting of such Awards. The Awards do not form an integral, normal, or expected part of the Participant's compensation from employment or engagement, and will not be counted for any purpose including relating to the calculation of any overtime, severance, resignation, termination of employment payments, or any long-service awards, bonuses, pension or retirement income or similar payments, and the Participant waives any claim on such basis.

**Section 13.2 Participation.**

No Participant shall have the right to be selected to receive an Award. No person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.

**Section 13.3 Rights as a Shareholder.**

A Participant shall have none of the rights of a shareholder with respect to Common Shares covered by any Award until the Participant becomes the record holder of such Common Shares.

**Article 14**  
**AMENDMENT, MODIFICATION, SUSPENSION AND TERMINATION**

**Section 14.1 Amendment, Modification, Suspension and Termination.**

- (a) Subject to any applicable rules of the TSXV, the Board (which for these purposes does not include a reference to a Committee) may from time to time, in its absolute discretion and without the approval of shareholders, make the following amendments to the Plan or any Option or Award:
- (i) amend the vesting provisions of the Plan, any Option or any Award;
  - (ii) amend the Plan, an Option or Award as necessary to comply with applicable law or the requirements of the TSXV or any other regulatory body having authority over the Company, the Plan or the shareholders;
  - (iii) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; and
  - (iv) any amendment respecting the administration of the Plan; and
  - (v) any other amendment that does not require the approval of shareholders under this Article 14.
- (b) Shareholder approval is required for any of the following amendments to the Plan or any Awards and with respect to those amendments listed in Section 14.1 (b) (i)-(vi) Disinterested Shareholder Approval is required:
- (i) any individual Award grant or amendment to this Plan that would result in or permit the maximum aggregate number of Shares which may be issued under Awards granted or issued to Insiders (as a group) to exceed ten percent 10% of the issued Shares at any point in time;
  - (ii) any individual Award grant or amendment to this Plan that would result in or permit the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Shares exceeding ten percent (10%) of the issued Shares, calculated on the date the Award is granted to any Insider;
  - (iii) any individual Award grant or amendment to this Plan that would result in or permit the number of Shares issued to any individual in any twelve (12) month period under this Plan to exceeding five percent (5%) of the issued Shares of the Company;
  - (iv) any reduction in the exercise price of an Option or SAR, or the extension of the term of an Option, if the Participant is an Insider of the Company at the time of the proposed amendment;
  - (v) any amendment to an Award that results in a benefit to an Insider, and for further clarity, if the Company cancels any Award and within one year grants or issues a new Award to the same person, that is considered an amendment;

- (vi) any individual Award grant that would result in the Total Share Authorization being exceeded;
  - (vii) any change that would materially modify the eligibility requirements for participation in this Plan;
  - (viii) an increase to the Total Share Authorization;
  - (ix) any amendment that would extend the maximum permissible term of any Award; and
  - (x) any amendment to Section 14.1(a) and this Section 14.1(b);
- (c) Other than as expressly provided in an Award Agreement or as set out in Section 11.2 hereof or with respect to a Change of Control, the Committee shall not alter or impair any rights or increase any obligations with respect to an Award previously granted under the Plan without the consent of the Participant.

#### **Section 14.2 Adjustment of Awards Upon the Occurrence of Unusual or Nonrecurring Events.**

Subject to the approval of the TSXV, the Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events in addition to the events described in Article 11 hereof affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

#### **Section 14.3 Awards Previously Granted.**

Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

### **Article 15 U.S. TAXPAYERS**

#### **Section 15.1 U.S. Participants**

Any Option granted under the Plan to a Participant who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction) or otherwise a "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act (a "**U.S. Participant**") may, at the sole discretion of the Company, be an incentive stock option (an "**ISO**") within the meaning of Section 422 of the Code, but only if so designated by the Company in the Award Agreement evidencing such Option. Subject to any limitations in Section 3.5(a), the aggregate number of Shares reserved for issuance in respect of ISOs shall not exceed 12,834,531 Common Shares. No provision of this Plan, as it may be applied to a U.S. Participant with respect to Options which are designated as ISOs, shall be construed so as to be inconsistent with any provision of Section 422 of the Code or the Treasury Regulations thereunder. Grants of Options to U.S. Participants which are not designated as or otherwise do not qualify as ISOs will be treated as non-statutory stock options for U.S. federal tax purposes. Notwithstanding anything in this Plan

contained to the contrary, the following provisions shall apply to ISOs granted to each U.S. Participant:

- (a) ISOs shall only be granted to individual U.S. Participants who are, at the time of grant, employees of the Company within the meaning of the Code;
- (b) the aggregate fair market value (determined as of the time an ISO is granted) of the Common Shares subject to ISOs exercisable for the first time by a U.S. Participant during any calendar year under this Plan and all other stock option plans, within the meaning of Section 422 of the Code, of the Company shall not exceed One Hundred Thousand Dollars in U.S. funds (U.S.\$100,000);
- (c) the Exercise Price for Common Shares under each ISO granted to a U.S. Participant pursuant to this Plan shall be not less than Fair Market Value of such Common Shares at the time the Option is granted, as determined in good faith by the Committee at such time (unless such ISO is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code);
- (d) if any U.S. Participant to whom an ISO is to be granted under the Plan at the time of the grant of such ISO is the owner of Voting Securities possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company, then the following special provisions shall be applicable to the ISO granted to such individual:
  - (i) the Exercise Price (per Common Share) subject to such ISO shall not be less than one hundred ten percent (110%) of the Fair Market Value of one Common Share at the time of grant; and
  - (ii) for the purposes of this Section 15.1 only, the exercise period shall not exceed five (5) years from the date of grant;
- (e) an ISO cannot be transferred assigned, pledged or hypothecated or otherwise disposed of by the Participant except by will or the laws of descent and distribution;
- (f) in the event that this Plan is not approved by the shareholders of the Corporation as required by Section 422 of the Code within twelve (12) months before or after the date of adoption of the Plan by the Board, ISOs granted under the Plan automatically will be deemed to be nonqualified stock options.
- (g) no ISO may be granted hereunder to a U.S. Participant following the expiration of ten (10) years after the date on which this Plan is adopted by the Company or the date on which the Plan is approved by the shareholders of the Company, whichever is earlier;
- (h) no ISO granted to a U.S. Participant under the Plan shall become exercisable unless and until the Plan shall have been approved by the shareholders of the Company; and
- (i) the Corporation shall not be liable to any Participant or to any other person if it is determined that an Option intended to be an ISO does not qualify as an ISO.

## **Section 15.2 Disqualifying Dispositions**

Each person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date he or she makes a disposition or transfer of any Common Shares acquired pursuant to the exercise of such ISO if such disposition or transfer is made: (i) within two years from the date

of grant of the ISO; or (ii) within one year after the date such person acquired the Common Shares. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the person in such disposition or other transfer. The Corporation may, if determined by the Committee and in accordance with procedures established by it, retain possession of any Common Shares acquired pursuant to the exercise of an ISO as agent for the applicable person until the end of the later of the periods described in clause (a) or (b) above, subject to complying with any instructions from such person as to the sale of such Common Shares.

### **Section 15.3 Section 409A of the Code**

- (a) This Plan and Awards will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. Any reference in this Plan to Section 409A of the Code also include any regulation promulgated thereunder or any other formal guidance issued by the Internal Revenue Service with respect to Section 409A of the Code. Each Award shall be drafted, construed and administered such that the Award either (A) qualifies for an exemption from the requirements of Section 409A of the Code or (B) satisfies the requirements of Section 409A of the Code. If an Award is subject to Section 409A of the Code, (I) distributions shall only be made in a manner and upon an event permitted under Section 409A of the Code, (II) payments to be made upon a termination of employment or service shall only be made upon a Separation from Service, (III) unless the Award specifies otherwise, each installment payment shall be treated as a separate payment for purposes of Section 409A of the Code, and (IV) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A of the Code. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code. In no event will the Corporation or any of its subsidiaries or Affiliates be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.
- (b) All terms of the Plan that are undefined or ambiguous must be interpreted in a manner that complies with Section 409A of the Code if necessary to comply with Section 409A of the Code.
- (c) The Committee, in its discretion, may permit the acceleration of the time or schedule of payment of a U.S. Participant's vested Awards in the Plan that constitute "deferred compensation" subject to Section 409A of the Code under circumstances that constitute permissible acceleration events under Section 409A of the Code.
- (d) Notwithstanding any provisions of the Plan to the contrary, in the case of any "specified employee" within the meaning of Section 409A of the Code who is a U.S. Participant, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a Separation from Service may not be made prior to the date which is six months after the date of Separation from Service (or, if earlier, the date of death of the U.S. Participant). Any amounts subject to a delay in payment pursuant to the

preceding sentence shall be paid as soon practicable following such six-month anniversary of such Separation from Service.

#### **Section 15.4 Section 83(b) Election**

If a Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Shares subject to vesting or other forfeiture conditions, the Participant shall be required to promptly file a copy of such election with the Corporation.

#### **Section 15.5 Application of Article 15 to U.S. Participants**

For greater certainty, the provisions of this Article 15 shall only apply to U.S. Participants.

### **Article 16 TAX AND WITHHOLDING**

#### **Section 16.1 Withholding.**

- (a) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments (including, for greater certainty, payments of Cash Equivalent) to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of such Participant) under the Plan shall be made net of applicable taxes and social security and other source deductions. The Board shall determine, in its sole discretion, the form of payment acceptable for such tax withholding obligations, including the delivery of cash or cash equivalents, Shares (including through delivery of previously owned Shares, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of Shares otherwise issuable or delivered pursuant to the Award), other property, or any other legal consideration the Board deems appropriate.
- (b) Participants will be responsible for (and will indemnify the Company and any Affiliate in respect of) all taxes, social security contributions (including, if the terms of the Participant's Option Agreement so provides, and if lawful, employer social security contributions) and other liabilities arising out of or in connection with any Award or the acquisition, holding or disposal of Shares. If the Company or any Affiliate or the trustee of any employee benefit trust has any liability to pay or account for any such tax or contribution, it may meet the liability by:
  - (i) selling Shares to which the Participant becomes entitled on his behalf and using the proceeds to meet the liability;
  - (ii) deducting the amount of the liability from any cash payment due under this Plan;
  - (iii) reducing the number of Shares to which the Participant would otherwise be entitled; and/or
  - (iv) deducting the amount from any payment of salary, bonus or other payment due to the Participant.
- (c) A Canadian tax resident Participant shall not settle any tax or social security contributions, or other such liabilities, by the sale of Shares, acquired through a prior Award, to the Company.

**Section 16.2 Acknowledgement.**

With an Award Agreement, (i) Participant shall acknowledge and agree that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company; (ii) Participant shall further acknowledge that the Company: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of this Plan; and (b) does not commit to and is under no obligation to structure the terms of this Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result, and (iii) further, if Participant has become subject to tax in more than one jurisdiction, Participant shall acknowledge that the Company may be required to withhold or account for taxes in more than one jurisdiction.

**Section 16.3 Participant's Tax Responsibility**

It is the responsibility of the Participant to ensure that they adhere to tax legislation in their jurisdiction regarding the reporting of benefits derived from the exercise or settlement of an Award.

**Article 17  
SUCCESSORS**

Any obligations of the Company or an Affiliate under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company or Affiliate, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Company or Affiliate, as applicable.

**Article 18  
GENERAL PROVISIONS****Section 18.1 Forfeiture Events and Clawback.**

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement). Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates (a) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (b) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable stock exchange listing standards and any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other Person, other than the Participant and his or her permitted transferees, if any, will be

responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 18.1.

#### **Section 18.2 Legend.**

The certificates for Common Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer of such Common Shares.

#### **Section 18.3 Delivery of Title.**

The Company shall have no obligation to issue or deliver evidence of title for Common Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Common Shares under any applicable law or ruling of any governmental body that the Company determines to be necessary or advisable.

#### **Section 18.4 Investment Representations.**

The Committee may require each Participant receiving Common Shares pursuant to an Award under this Plan to represent and warrant in writing that the Participant is acquiring the Common Shares for investment and without any present intention to sell or distribute such Common Shares.

#### **Section 18.5 Uncertificated Common Shares.**

To the extent that the Plan provides for issuance of certificates to reflect the transfer of Common Shares, the transfer of such Common Shares may be effected on a non-certificated basis to the extent not prohibited by applicable law or the rules of any applicable stock exchange.

#### **Section 18.6 Unfunded Plan.**

Participants shall have no right, title or interest whatsoever in or to any investments that the Company or an Affiliate may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or an Affiliate and any Participant, beneficiary, legal representative or any other person. Awards shall be general unsecured obligations of the Company, except that if an Affiliate executes an Award Agreement instead of the Company the Award shall be a general unsecured obligation of the Affiliate and not any obligation of the Company. To the extent that any individual acquires a right to receive payments from the Company or an Affiliate, such right shall be no greater than the right of an unsecured general creditor of the Company or Affiliate, as applicable. All payments to be made hereunder shall be paid from the general funds of the Company or Affiliate, as applicable, and no special or separate fund (unless decided otherwise by the Company) shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

**Section 18.7 No Fractional Common Shares.**

No fractional Common Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Common Shares and any rights thereto shall be forfeited or otherwise eliminated.

**Section 18.8 Other Compensation and Benefit Plans.**

Nothing in this Plan shall be construed to limit the right of the Company or an Affiliate to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.

**Section 18.9 No Constraint on Corporate Action.**

Nothing in this Plan shall be construed (i) to limit, impair or otherwise affect the Company's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Company or an Affiliate to take any action which such entity deems to be necessary or appropriate.

**Section 18.10 Compliance with Canadian Securities Laws.**

All Awards and the issuance of Common Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable.

**Article 19  
LEGAL CONSTRUCTION**

**Section 19.1 Gender and Number.**

Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

**Section 19.2 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

**Section 19.3 Severability.**

In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**Section 19.4 Requirements of Law.**

The granting of Awards and the issuance of Common Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate shall receive the consideration required by law for the issuance of Awards under the Plan. The inability of the

Company or an Affiliate to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or an Affiliate to be necessary for the lawful issuance and sale of any Common Shares hereunder, shall relieve the Company or Affiliate of any liability in respect of the failure to issue or sell such Common Shares as to which such requisite authority shall not have been obtained.

#### **Section 19.5 Governing Law.**

The Plan and each Award Agreement shall be governed by the laws of the Province of British Columbia excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

#### **Section 19.6 Compliance with Section 409A of the Code.**

- (a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that this Plan and any Awards made hereunder shall not provide for the payment of "deferred compensation" within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. This Plan and any Awards made hereunder shall be administered and interpreted in a manner consistent with this intent.
- (b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan or any Award Agreement by reason of the occurrence of a Change of Control or the Participant's disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of "change in control event," "disability," or "separation from service," as the case may be, in Section 409A of the Code and applicable proposed or final Treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under this Plan or any Award Agreement.
- (c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Section 19.6 will apply to a Participant who is subject to taxation under the ITA.

**SCHEDULE "A"**  
**OPTION CERTIFICATE**

**PERIMETER MEDICAL IMAGING AI, INC.**

**OMNIBUS EQUITY INCENTIVE PLAN**

**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the Perimeter Medical Imaging AI, Inc. (the "**Company**") Omnibus Equity Incentive plan (the "**Plan**") and evidences that **[•]** is the holder (the "**Optionee**") of an option (the "**Option**") to purchase Common Shares Without Par Value (the "**Common Shares**") in the capital stock of the Company subject to the terms and conditions set out herein.

Subject to the provisions of the Plan:

- (a) The Optionee may purchase up to **[•]** Common Shares pursuant to this Option, as and to the extent that the Option vests and becomes exercisable;
- (b) The exercise price of the Option is **[•]** per Common Share (the "**Exercise Price**");
- (c) the grant date of the Option is **[•]**;
- (d) the expiry date of the Option is **[•]** (the "**Expiry Date**");
- (e) Non-Qualified Securities (Canadian Participant); and
- (f) the Option shall vest in accordance with the following schedule:
  - (i) **[•]**; and
  - (ii) **[•]**.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the grant date through to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and (a) a certified cheque or bank draft payable to "Perimeter Medical Imaging AI, Inc." in an amount equal to the aggregate of the Exercise Price of the Common Shares in respect of which the Option is being exercised or (b) if an alternative arrangement has been made with the Company (i.e. Cashless Exercise), notice of the election to exercise on such alternative basis.

This Certificate and the Option evidenced hereby are only assignable, transferable or negotiable in limited circumstance and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Optionee hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company will prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate will have the meanings given to them under the Plan.

Wherever possible, each provision of this Certificate shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Certificate is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Certificate shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

This Certificate and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

This Agreement shall bind and enure to the benefit of the Optionee and the Company and their respective successors and permitted assigns.

Dated this [•] day of [•].

**PERIMETER MEDICAL IMAGING AI, INC.**

Per:

\_\_\_\_\_  
Administrator, Omnibus Equity Incentive Plan  
Perimeter Medical Imaging AI, Inc.

**PERIMETER MEDICAL IMAGING AI, INC.**

**OMNIBUS EQUITY INCENTIVE PLAN**

**OPTION CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Option represented by this Certificate are as follows:

1. **[•]**

**PERIMETER MEDICAL IMAGING AI, INC.**

Per:

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Administrator, Omnibus Equity Incentive Plan  
Perimeter Medical Imaging AI, Inc.

**SCHEDULE "B"  
EXERCISE NOTICE**

**PERIMETER MEDICAL IMAGING AI, INC.**

**EXERCISE NOTICE**

TO: The Administrator, Omnibus Equity Incentive Plan  
Perimeter Medical Imaging AI, Inc.  
359 Eastern Avenue  
Suite 110  
Toronto, ON M4M 1B7  
Canada

The undersigned hereby irrevocably gives notice, pursuant to the Perimeter Medical Imaging AI, Inc. Omnibus Equity Incentive Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

Number of Common Shares: \_\_\_\_\_  
Exercise Price (per Common Share) CAD\$ \_\_\_\_\_  
Aggregate Purchase Price CAD\$ \_\_\_\_\_  
Amount enclosed CAD\$ \_\_\_\_\_

Check here if alternative arrangements have been made with respect to Aggregate Purchase Price (i.e. Cashless Exercise) otherwise please contact the Company with details where the amount enclosed does not equal the Aggregate Purchase Price above

The undersigned tenders herewith a certified cheque or bank draft payable to "Perimeter Medical Imaging AI, Inc." in an amount equal to the Aggregate Purchase Price of the aforesaid Common Shares and directs the Company to issue and deliver the certificate or statement evidencing said Common Shares as follows:

|                                  |  |
|----------------------------------|--|
| <u>Registration Instructions</u> | <u>Delivery Instructions</u>                               |
| _____                            | <input type="checkbox"/> Same as Registration Instructions |
| (Name)                           | OR   |
| _____                            | _____  |
| _____                            | _____  |
| (Address)                        | (Address)  |

By executing this Exercise Notice the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice will have the meanings given to them under the Option Certificate.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Name of Optionee (Please Print)                      Signature of Optionee

**SCHEDULE "C"  
AWARD CERTIFICATE**

**PERIMETER MEDICAL IMAGING AI, INC.**

**OMNIBUS EQUITY INCENTIVE PLAN**

**[RESTRICTED SHARE UNIT/PERFORMANCE SHARE UNIT/DEFERRED SHARE UNIT/STOCK APPRECIATION  
RIGHT] AWARD CERTIFICATE**

This Certificate is issued pursuant to the provisions of the Perimeter Medical Imaging AI, Inc. (the "**Company**") Omnibus Equity Incentive plan (the "**Plan**") and evidences that [**•**] is the holder (the "**Holder**") of an award (the "**Award**") issued pursuant to the Plan and subject to the terms and conditions set out herein.

Subject to the provisions of the Plan:

|                                    |  |
|------------------------------------|--|
| <b>Your Grant:</b>                 | <b>[Details of Award to be Inserted]</b> |
| <b>Grant Price</b>                 | <b>[To be Inserted if Applicable]</b>    |
| <b>Performance Goals:</b>          | <b>[To be Inserted if Applicable]</b>    |
| <b>Vesting Conditions:</b>         | <b>[To be Inserted if Applicable]</b>    |
| <b>Exercise Conditions:</b>        | <b>[To be Inserted if Applicable]</b>    |
| <b>Settlement Date:</b>            | <b>[To be Inserted if Applicable]</b>    |
| <b>Expiry Date:</b>                | <b>[To be Inserted if Applicable]</b>    |
| <b>Other Terms and Conditions:</b> | <b>[To be Inserted if Applicable]</b>    |

The Award is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate will have the meanings given to them under the Plan.

This Certificate and the Award evidenced hereby are only assignable, transferable or negotiable in limited circumstance and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Holder hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company will prevail.

All terms not otherwise defined in this Certificate will have the meanings given to them under the Plan.

Wherever possible, each provision of this Certificate shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Certificate is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction,

but this Certificate shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

This Certificate and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

This Agreement shall bind and enure to the benefit of the Holder and the Company and their respective successors and permitted assigns.

Dated this [•] day of [•].

**PERIMETER MEDICAL IMAGING AI, INC.**

Per:

\_\_\_\_\_  
Administrator, Omnibus Equity Incentive Plan  
Perimeter Medical Imaging AI, Inc.

**PERIMETER MEDICAL IMAGING AI, INC.**

**OMNIBUS EQUITY INCENTIVE PLAN**

**AWARD CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Award represented by this Certificate are as follows:

1. **[•]**

**PERIMETER MEDICAL IMAGING AI, INC.**

Per:

---

Administrator, Omnibus Equity Incentive Plan  
Perimeter Medical Imaging AI, Inc.

**Schedule B**  
**Audit Committee Charter**

(See Attached)

**CHARTER OF THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS OF**  
**PERIMETER MEDICAL IMAGING AI, INC.**

**Section 1            Purpose**

The Audit Committee (the “**Committee**”) is appointed by the board of directors (the “**Board**”) of Perimeter Medical Imaging AI, Inc. (the “**Company**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Company. The Charter may be amended only by the affirmative vote of the majority of the Board.

The Committee’s primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management’s discussion and analysis of the Company’s financial position and operating results and report thereon to the Board for approval of same;
- review and discuss with management the policies with respect to earnings press releases, as well as the financial information and earnings guidance to be provided to analysts and rating agencies;
- select and monitor the independence and performance of the Company’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration;
- provide and establish open channels of communication between the Company’s management, internal accounting department, external auditor and directors; and
- provide oversight to related party transactions entered into by the Company.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books, records, facilities and personnel of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Audit Committee Charter (the “**Charter**”) annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in **Section 4** of this Charter.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, or to determine that the Company's financial statements are complete and accurate. This is the responsibility of Company's management, internal accounting department and external auditors. Because the primary function of the Committee is oversight, the Committee will be entitled to rely on the expertise, skills and knowledge of the Company's management, internal accounting department, external auditors and other external advisors and the integrity and accuracy of information provided to the Committee by such persons in carrying out its oversight responsibilities. Nothing in this Charter is intended to change or in any way limit the responsibilities and duties of Company's management, internal accounting department or external auditors.

## **Section 2            Authority of the Audit Committee**

The Committee shall have the authority to:

- (a) engage (at the Company's expense) independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) conduct investigations that it believes, in its sole discretion, are necessary to carry out its responsibilities;
- (c) set and pay the compensation for advisors employed by the Committee;
- (d) communicate directly with the internal, if any, and external auditors; and
- (e) request that any director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee (including, but not limited to, the Company's legal counsel and the external auditors) meet with the Committee and any of its advisors and respond to their inquiries.
- (f) Approve interim financial statements and associated documents for issuance

## **Section 3            Composition and Meetings**

- (a) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the British Columbia Securities Commission, the TSX Venture Exchange, the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.
- (b) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The Board shall appoint from among the members of the Committee a member who shall serve as Chair.
- (c) The composition of the Committee will be determined by the Board such that the membership and independence requirements set out in the applicable legal, regulatory and listings requirements are satisfied.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
- (e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

- (f) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- (g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (i) The Committee shall keep minutes of its meetings which shall be submitted to the Board.
- (j) The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- (k) The Committee may invite such officers, directors and employees of the Company and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- (l) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders. Each member will continue to be a member thereof until such member's successor is appointed, or until such member resigns or is removed from the Board. A member of the Committee will automatically cease to be a member of the Committee upon either ceasing to be a director of the Board or ceasing to meet the requirements established, from time to time, by any applicable legal, regulatory and listings requirements.

Members of the Committee may receive fees for their service as Committee members as may be determined by the Board (or committee thereof) in its sole discretion. Members of the Committee may not receive any compensation from the Company except the fees they receive for their service as a member of the Board or any committee thereof.

#### **Section 4           Responsibilities**

##### **A.           Financial Accounting and Reporting Process and Internal Controls**

- (a) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles (“GAAP”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (b) The Committee shall review any material internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

- (c) The Committee shall be satisfied 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, management's discussion and analysis and interim earnings press releases, and periodically assess the adequacy of these procedures.
- (d) The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws before the Company publicly discloses this information.
- (e) The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Company in charge of financial matters, deem appropriate.
- (f) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.
- (g) The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- (h) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- (i) The Committee shall establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (j) The Committee shall provide oversight to related party transactions entered into by the Company.

**B. Independent Auditors**

- (a) The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- (b) The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- (c) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
  - (i) The Committee may delegate to one or more members of the Committee the authority to pre-approve permissible non-audit and tax services, as long as the pre-approved services are presented to the full Committee at its next regularly scheduled meeting.
- (d) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
- (e) The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.

- (f) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- (g) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Company and the external auditors.
- (h) The Committee shall review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- (i) The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
- (j) The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

**C. Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

Dated: August 30, 2021  
Approved by: Board of Directors of the Company