

# **NANALYSIS SCIENTIFIC CORP.**

## **ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON WEDNESDAY, JUNE 26, 2024**

### **NOTICE OF MEETING AND MANAGEMENT PROXY AND INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF NANALYSIS SCIENTIFIC CORP. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF NANALYSIS SCIENTIFIC CORP. TO BE HELD ON WEDNESDAY, JUNE 26, 2024.*

#### **TO BE HELD AT:**

**Bay 105, 90 Freeport Blvd NE  
Calgary, Alberta  
T3J 5J9**

**At 12:00 PM Mountain Daylight Time (“MDT”)**

Dated: May 28, 2024



**NANALYSIS SCIENTIFIC CORP.**

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

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of Nanalysis Scientific Corp. (the “**Corporation**”) will be held at Bay 105, 90 Freeport Blvd NE, Calgary, Alberta, T3J 5J9 on Wednesday, June 26, 2024, at **12:00 PM MDT** for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2023, and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at six (6)
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to set the auditor’s remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the purpose of the Meeting, relating to the re-approval of the stock option plan of the Corporation;
6. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

**DATED** this 28th day of May, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS**

*signed “Sean Krakiwsky”*

**Sean Krakiwsky**

**President, Chief Executive Officer and Director**

ALL SHAREHOLDERS AND PROXYHOLDERS ARE ENCOURAGED TO VIEW THE MEETING IN REAL TIME VIA PREFERRED VIDEO CONFERENCE - <https://zoom.us/j/95800363202>, OR DIAL IN VIA PHONE (INTERNATIONAL DIAL-IN PHONE NUMBERS FOUND AT <https://zoom.us/u/aLrbYjbbW>), CONFERENCE ID: 958 0036 3202. WE ASK THAT ALL ATTENDEES REMAIN MUTED UNTIL THE Q&A SESSION AND TO FOLLOW INSTRUCTIONS PROVIDED ON THE CALL TO AVOID INTERRUPTION.

**Shareholders will not be able to vote through the teleconference line or video link. Following the formal part of the Meeting, Sean Krakiwsky, President and Chief Executive Officer of the Corporation will provide a corporate presentation.**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE BY PROXY OR BY VOTING INSTRUCTION FORM RATHER THAN ATTENDING THE MEETING IN PERSON.**

Proxies to be used at the Meeting must be deposited with the Company, c/o the Company’s transfer agent, Odyssey Trust Company, Trader’s Bank Building, Suite 702, 67 Yonge St. Toronto, ON M5E 1J8 or by fax at (800) 517-4553 no later than 12:00 PM (Mountain Time) on June 24, 2024, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the date on which the Meeting or any adjournment(s) thereof is held.

Non-registered shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

**NANALYSIS SCIENTIFIC CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT, OR ITS AGENTS, ADVISORS OR REPRESENTATIVES, OF NANALYSIS SCIENTIFIC CORP. (THE “CORPORATION”) of proxies from the holders of common shares (the “Common Shares”) for the annual general and special meeting of the shareholders of the Corporation (the “Meeting”) to be held on Wednesday, June 26, 2024 at 12:00 PM MDT, Bay 105, 90 Freeport Blvd NE, Calgary, Alberta, T3J 5J9, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“Notice of Meeting”).**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

ALL SHAREHOLDERS AND PROXYHOLDERS ARE ENCOURAGED TO VIEW THE MEETING IN REAL TIME VIA PREFERRED VIDEO CONFERENCE - <https://zoom.us/j/95800363202>, OR DIAL IN VIA PHONE (INTERNATIONAL DIAL-IN PHONE NUMBERS FOUND AT <https://zoom.us/u/aLrbYjbbW>), CONFERENCE ID: 958 0036 3202. WE ASK THAT ALL ATTENDEES REMAIN MUTED UNTIL THE Q&A SESSION AND TO FOLLOW INSTRUCTIONS PROVIDED ON THE CALL TO AVOID INTERRUPTION.

**Shareholders will not be able to vote through the teleconference line or video link. Following the formal part of the Meeting, Sean Krakiwsky, President and Chief Executive Officer of the Corporation will provide a corporate presentation.**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE BY PROXY OR BY VOTING INSTRUCTION FORM RATHER THAN ATTENDING THE MEETING IN PERSON.**

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named (the “Management Designees”) in the enclosed instrument of proxy (“Instrument of Proxy”) have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his or her shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, Odyssey Trust Company, Trader's Bank Building, Suite 702, 67 Yonge St. Toronto, ON M5E 1J8 or by fax at (800) 517-4553 no later than 12:00 PM (Mountain Time) on June 24, 2024, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the date on which the Meeting or any adjournment(s) thereof is held. Late proxies may be accepted or rejected by the Chair of the Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with Odyssey Trust Company, Trader's Bank Building, Suite 702, 67 Yonge St. Toronto, ON M5E 1J8 or by fax at (800) 517-4553 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chair of such Meeting on the day of the Meeting, or at any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her shares.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on**

**the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### **VOTING OF PROXIES**

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.**

### **QUORUM**

The Articles of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two persons holding or representing in person or by proxy not less than two and a half (2.5%) percent of the outstanding shares of the Corporation entitled to vote at the Meeting.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares without par value, an unlimited number of Class A Voting Preferred shares without par value and an unlimited number of Class B Non-Voting Preferred shares without par value. As at the effective date of this Management Information Circular (the "**Effective Date**"), which is May 28, 2024, 113,027,020 Common Shares are issued and outstanding as fully paid and non-assessable and no Class A Voting Preferred shares or Class B Non-Voting Preferred shares are issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on May 22, 2024 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his or her Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his or her name be included in the list of persons entitled

to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The compensation program of the Corporation is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Corporation's corporate objectives and increase shareholder value. The main objective of the compensation program is to recognize the contribution of the executive officers to the overall success and strategic growth of the Corporation. The compensation program is designed to reward management performance by aligning a component of the compensation with the Corporation's business performance and share value. The philosophy of the Corporation is to pay the executives of the Corporation a total compensation amount that is competitive with other similar sized companies, although no specific benchmarks have been used, and is consistent with the experience and responsibility level of such executives. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Corporation on both an annual and long term basis.

The compensation program provides long term incentives to its executive officers and directors through grants of stock options under the Corporation's stock option plan or RSUs under the Corporation's Restricted Share Unit Plan (RSUs, as such term is defined in the Restricted Share Unit Plan (as defined below)). Increasing the value of the Corporation's Common Shares increases the value of the stock options and RSUs. This incentive closely links the interests of the Named Executive Officers ("**NEOs**") and directors to shareholders of the Corporation.

The Board of Directors is satisfied that there were not any identified risks arising from the Corporation's compensation plans or policies that would have had any negative or material impact on the Corporation. The Corporation does not have any policy in place to permit an executive officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Effective September 1, 2019, the Corporation entered into an employment agreement (the "**Krakiwsky Employment Agreement**") with Sean Krakiwsky, which provided that Mr. Krakiwsky would act in the capacity of Chief Executive Officer of the Corporation. Under the terms of the Krakiwsky Employment Agreement, in the event of termination by the Corporation without cause, Mr. Krakiwsky is entitled to a payment in the amount of twelve (12) months of base salary. The Krakiwsky Employment Agreement may also be terminated by the Corporation for cause or in the event of disability of Mr. Krakiwsky, and by providing Mr. Krakiwsky thirty (30) days prior written notice. In the event of a change of control, the Corporation by decision or by Mr. Krakiwsky with good reason can within one (1) year from the date of acceptance of an offer terminate the Krakiwsky Employment Agreement with written notice to either party and payment in the amount of eighteen (18) months base salary in lieu of notice within thirty (30) days of the termination date. Under the terms of the Krakiwsky Employment Agreement, in the event of Mr. Krakiwsky's retirement, Mr. Krakiwsky is entitled to a payment in the amount of twelve (12) months of base salary within thirty (30) days of the termination date, or in lieu of notice the total and final amount of eighteen (18) months base salary. The Krakiwsky Employment Agreement continues until terminated by either party, as set forth above.

Effective July 21, 2022, the Corporation entered into an employment agreement (the "**McRae Employment Agreement**") with Randall McRae, which provided that Mr. McRae would act in the capacity of Interim Chief Financial Officer of the Corporation. Under the terms of the McRae Employment Agreement, in the event of termination by the Corporation without cause, Mr. McRae is entitled to a payment in the amount of three (3) months of base salary, plus one (1) month per year of service up to a maximum of six (6) months base salary. The McRae Employment Agreement may also be terminated by the Corporation for cause by

providing Mr. McRae written notice. The McRae Employment Agreement continues until terminated by either party, as set forth above. On February 23, 2023, Mr. McRae was appointed as Chief Financial Officer on the same terms and conditions as the McRae Employment Agreement.

Effective August 16, 2021, the Corporation entered into an employment agreement (the “**Muller Employment Agreement**”) with Julien Muller, which provided that Mr. Muller would act in the capacity of Chief Technology Officer of the Corporation. Under the terms of the Muller Employment Agreement, in the event of termination by the Corporation without cause, Mr. Muller is entitled to a payment in the amount of seven (7) months of base salary, plus one (1) month per year of service up to a maximum of twelve (12) months base salary. The Muller Employment Agreement may also be terminated by the Corporation for cause by providing Mr. Muller written notice. The Muller Employment Agreement continues until terminated by either party, as set forth above. In the event of termination by the Corporation of the Muller Employment Agreement, the Corporation is responsible for the cost associated with the repatriation of the Muller family to France. In the event of the termination of the Employment Agreement of Mr. Muller and the Corporation’s subsidiary in France, Mr. Muller is entitled to payment accorded by French legislation at the time of termination, based on a formula calculated on age, tenure education, position, family, and job performance.

Effective November 29, 2023, the Corporation entered into an employment agreement (the “**Buric Employment Agreement**”) with Sime Buric, which provided that Mr. Buric would act in the capacity of Executive Vice President of Services of the Corporation. Under the terms of the Buric Employment Agreement, in the event of termination by the Corporation without cause, Mr. Buric is entitled to a payment in the amount of twelve (12) months base salary. The Buric Employment Agreement may also be terminated by the Corporation for cause by providing Mr. Buric written notice. The Buric Employment Agreement continues until terminated by either party, as set forth above.

### **Share-based and Option-based Awards**

The Board of Directors granted an aggregate of 395,000 stock options to directors and executive officers under the Stock Option Plan (as defined below) during the financial year ended December 31, 2023. The Board of Directors granted an aggregate of 135,000 RSUs under the Restricted Share Unit Plan (as defined below) to directors under the Restricted Share Unit Plan during the financial year ended December 31, 2023. The Corporation took into account the number of options outstanding, the performance of the Corporation and the performance of directors and executive officers in determining the grant of stock options and RSUs in 2023.

The allocation of the number of stock options and RSUs granted among the directors and executive officers of the Corporation is first determined by the committee under the mandate of the Compensation Committee (the “**Compensation Committee**”) and then approved by the entire Board of Directors. See “*Incentive Plan Awards*” below and “*DIRECTOR COMPENSATION - Incentive Plan Awards*” below.

### **Compensation Committee**

The following are the members of the Compensation Committee, as at the date hereof:

Dr. Michal Okoniewski (Chair)	Independent
Guido Cloetens	Independent

All members of the Compensation Committee are knowledgeable about the Corporation’s compensation programs and possess an understanding of compensation theory and practice, personnel management and development, succession planning and executive development. In addition, all members are “financially literate” within the meaning of National Instrument 52-110 and have accounting or related financial management experience or expertise.

The responsibilities of the Compensation Committee in respect of compensation matters include reviewing and recommending to the Board of Directors the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses, stock options, RSUs and other incentives, reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; non-CEO officer and director compensation; the review of executive compensation disclosure; succession

plans for officers and for key employees; and material changes and trends in human resources policy, procedure, compensation and benefits.

### Summary Compensation Table

The following table sets forth all annual and long term compensation for the three most recently completed financial years for services in all capacities to the Corporation and its subsidiaries, if any, in respect of individual(s) who were acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and the three most highly compensated executive officers or individuals whose total compensation exceeded \$150,000 per annum (the “**Named Executive Officers**”).

#### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended December 31	Consulting Fees/Salary (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(5)</sup>	Total Compensation (\$)
					Annual Incentive Plans <sup>(4)</sup>	Long-Term Incentive Plans			
<b>Sean Krakiwsky</b> President, Chief Executive Officer and Director	2023	\$281,027	Nil	\$27,000	Nil	Nil	Nil	\$18,000	\$326,027
	2022	\$258,409	Nil	\$58,500	Nil	Nil	Nil	\$18,000	\$334,909
	2021	\$241,500	Nil	\$13,500	\$85,900	Nil	Nil	\$18,000	\$358,900
<b>Randall McRae</b> Chief Financial Officer <sup>(3)</sup>	2023	\$209,617	Nil	\$27,000	Nil	Nil	Nil	Nil	\$236,617
	2022	\$91,396	Nil	\$96,250	Nil	Nil	Nil	\$10,000	\$197,646
<b>Julien Mueller</b> Chief Technology Officer <sup>(6)</sup>	2023	\$195,317	Nil	\$1,800	Nil	Nil	Nil	\$9,600	\$206,717
	2022	\$160,700	Nil	\$58,500	Nil	Nil	Nil	Nil	\$219,200
	2021	\$139,250	Nil	Nil	\$54,000	Nil	Nil	\$3,680	\$196,930
<b>Sime Buric</b> <sup>(6)</sup> Executive Vice President of Services	2023	\$224,392	Nil	\$21,600	Nil	Nil	Nil	\$9,200	\$255,192
	2022	\$233,720	Nil	\$140,400	Nil	Nil	Nil	\$9,200	\$383,320
<b>Kham Lin</b> <sup>(76)</sup> Former Managing Director, Security Business and Director	2023	\$262,978	Nil	Nil	Nil	Nil	Nil	\$9,200	\$272,178
	2022	\$238,522	Nil	Nil	Nil	Nil	Nil	\$9,600	\$248,122

#### Notes:

- (1) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. The “award date fair value” has been determined by using the Black-Scholes-Merton model. See “*Narrative Discussion*” below.
- (2) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The “grant date fair value” has been determined by using the Black-Scholes-Merton model. See “*Narrative Discussion*” below.
- (3) Mr. McRae was appointed the Corporation’s Interim Chief Financial Officer effective July 21, 2022, and was appointed Chief Financial Officer on February 28, 2023.
- (4) Bonus payments included in annual incentive plans are paid in the following year.
- (5) The amounts disclosed in other compensation represents Mr. Krakiwsky, Mr. Mueller, Mr. Buric, and Mr. Lin’s vehicle allowances.

- (6) Mr. Mueller was appointed as the Corporation's Chief Technology Officer effective March 3, 2020.  
(7) Mr. Lin departed as Managing Director, Security Business on December 31, 2023, and as a Director of the Corporation on April 9, 2024.  
(8) Mr. Buric was appointed the Corporation's Executive Vice President of Services on November 29, 2023.

## Narrative Discussion

Calculating the value of stock options using the Black-Scholes-Merton model is very different from a simple "in-the-money" value calculation. In fact, stock options, that are well out-of-the-money can still have a significant "grant date fair value" or "award date fair value" based on a Black-Scholes-Merton model, especially where, as in the case of the Corporation, the price of the underlying share is highly volatile. Accordingly, caution must be exercised in comparing grant/award date fair value amounts with cash compensation or an in-the-money option value calculation.

## Incentive Plan Awards

### Stock Options and Other Compensation Securities

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Option <sup>(1)(2)</sup> (\$)	Number Of Shares Or Units Of Shares That Have Not Vested (#)	Market Or Payout Value Of Share-Based Awards That Have Not Vested (\$)	Market Or Payout Value Of Vested Share-Based Awards Not Paid Out Or Distributed (\$)
<b>Sean Krakiwsky</b> President, Chief Executive Officer and Director	300,000 50,000 75,000 75,000	0.60 0.60 1.32 1.10	Oct 2024 Feb 2026 Mar 2027 Mar 2028	Nil Nil Nil Nil	Nil	Nil	Nil
<b>Randall McRae</b> Chief Financial Officer <sup>(3)</sup>	175,000 75,000	1.10 1.10	Aug 2027 Mar 2028	Nil Nil	Nil	Nil	Nil
<b>Julien Mueller</b> Chief Technology Officer	150,000 75,000 5,000	0.60 1.32 1.10	Mar 2025 Mar 2027 Mar 2028	Nil Nil Nil	Nil	Nil	Nil
<b>Sime Buric<sup>(5)</sup></b> Executive Vice President of Services	180,000 60,000	1.32 1.10	Mar 2027 Mar 2028	Nil Nil	Nil	Nil	Nil
<b>Kham Lin<sup>(4)</sup></b> Former Managing Director, Security Business and Director	Nil	N/A	N/A	N/A	Nil	Nil	Nil

#### Notes:

- (1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.  
(2) The aggregate of the difference between the market value of the Common Shares as at December 29, 2023, being \$0.375 per Common Share, and the exercise price of the options.  
(3) Mr. McRae was appointed as the Corporation's Interim Chief Financial Officer effective July 21, 2022, and was appointed as the Chief Financial Officer on February 28, 2023.  
(4) Mr. Lin departed as Managing Director, Security Business on December 31, 2023, and as a Director of the Corporation on April 9, 2024.  
(5) Mr. Buric was appointed the Corporation's Executive Vice President of Services on November 29, 2023.

None of the awards disclosed in the table above have been transferred at other than fair market value.

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

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards – Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards – Value vested during the year (\$)	Non-Equity Incentive Plan Compensation – Value earned during the year (\$)
<b>Sean Krakiwsky</b> President, Chief Executive Officer and Director	\$24,000	Nil	Nil
<b>Randall McRae</b> Chief Financial Officer <sup>(2)</sup>	\$32,083	Nil	Nil
<b>Julien Mueller</b> Chief Technology Officer	\$31,500	Nil	Nil
<b>Sime Buric</b> <sup>(4)</sup> Executive Vice President of Services	\$46,800	Nil	Nil
<b>Kham Lin</b> <sup>(3)</sup> Former Managing Director, Security Business and Director	Nil	Nil	Nil

### Notes:

- (1) All option-based awards vest over three years, with one third of the grant vesting on each of the first three grant anniversary dates. Share-based awards vest over a 36-month period, with half of the grant vesting 18 months after grant and the second half vesting 36 months after grant. See “*Outstanding Share-Based Awards and Option-Based Awards*” for the value of unexercised in-the-money options.
- (2) Mr. McRae was appointed as the Corporation’s Interim Chief Financial Officer effective July 21, 2022, and was appointed as the Chief Financial Officer on February 28, 2023.
- (3) Mr. Lin departed as Managing Director, Security Business on December 31, 2023, and as a Director of the Corporation on April 9, 2024.
- (4) Mr. Buric was appointed the Corporation’s Executive Vice President of Services on November 29, 2023.

## Narrative Discussion

The Corporation has a stock option plan (the “**Stock Option Plan**”) previously approved by the shareholders of the Corporation on June 28, 2023. The significant terms of the Stock Option Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Re-Approval of Stock Option Plan*” and attached hereto as Schedule “A”. In addition, the Corporation has a restricted share unit plan (the “**Restricted Share Unit Plan**”) previously approved by the shareholders of the Corporation on June 23, 2020. The Restricted Share Unit Plan reserves a maximum of 1,000,000 Common Shares for issuance pursuant to RSUs under the Restricted Share Unit Plan. The other significant terms of the Restricted Share Unit Plan are disclosed in the Corporation’s Management Information Circular dated May 22, 2020, and filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) on June 2, 2020.

## Pension Plan Benefits

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

## Termination and Change of Control Benefits

Other than as set forth below, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer’s responsibilities.

Pursuant to the Krakiwsky Employment Agreement, in the event of termination by the Corporation without cause, Mr. Krakiwsky is entitled to a payment in the amount of twelve (12) months of base salary. The Krakiwsky Employment Agreement may also be terminated by the Corporation for cause or in the event of disability of Mr. Krakiwsky, and by providing Mr. Krakiwsky thirty (30) days prior written notice. In the event of a change of control, the Corporation by decision or by Mr. Krakiwsky with good reason can within one (1) year from the date of acceptance of an offer terminate the Krakiwsky Employment Agreement with written notice to either party and payment in the amount of eighteen (18) months base salary in lieu of notice within thirty (30) days of the termination date. Under the terms of the Krakiwsky Employment Agreement, in the event of Mr. Krakiwsky's retirement, Mr. Krakiwsky is entitled to a payment in the amount of twelve (12) months of base salary within thirty (30) days of the termination date, or in lieu of notice the total and final amount of eighteen (18) months base salary. The Krakiwsky Employment Agreement continues until terminated by either party, as set forth above.

Pursuant to the McRae Employment Agreement, in the event of termination by the Corporation without cause, Mr. McRae is entitled to a payment in the amount of three (3) months of base salary, plus one (1) month per year of service up to a maximum of six (6) months base salary.

Pursuant to the Muller Employment Agreement, in the event of termination by the Corporation without cause, Mr. Muller is entitled to a payment in the amount of seven (7) months of base salary, plus one (1) month per year of service up to a maximum of twelve (12) months base salary.

Pursuant to the Buric Employment Agreement, in the event of termination by the Corporation without cause, Mr. Buric is entitled to payment in the amount of twelve (12) months base salary.

## **DIRECTOR COMPENSATION**

During the year ended December 31, 2023, the Corporation had seven (7) directors, two (2) of which were also Named Executive Officers. For a description of the compensation paid to Named Executive Officers of the Corporation who also acted as directors of the Corporation, see "*EXECUTIVE COMPENSATION*".

### **Director Compensation Table**

The following table sets forth all compensation provided to directors who are not also Named Executive Officers ("**Outside Directors**") of the Corporation for the most recently completed financial year.

<b>Name</b>	<b>Fees Earned (\$)<sup>(3)</sup></b>	<b>Share-Based Awards (\$)<sup>(1)</sup></b>	<b>Option-Based Awards (\$)<sup>(2)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
<b>Martin Burian</b>	\$15,000	\$46,238	Nil	Nil	Nil	Nil	\$61,238
<b>Werner Gartner</b>	\$12,500	\$43,706	Nil	Nil	Nil	Nil	\$56,206
<b>Michal Okoniewski</b>	\$12,500	\$12,656	\$32,400	Nil	Nil	Nil	\$57,556
<b>Guido Cloetens</b>	\$20,000	\$31,050	Nil	Nil	Nil	Nil	\$51,050
<b>Dr. René Lenggenhager</b>	Nil	Nil	\$32,400	Nil	Nil	\$113,724	\$146,124

#### **Notes:**

- (1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. The "award date fair value" has been determined by using the Black-Scholes-Merton model.
- (2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The "grant date fair value" has been determined by using the Black-Scholes-Merton model.
- (3) Fees earned were accrued through 2023 and paid in 2024.

## Narrative Discussion

On March 13, 2023, Mr. Lenggenhager and Mr. Okoniewski were granted 90,000 stock options each pursuant to the Stock Option Plan. All of the stock options vest over three years, with one third of each grant vesting on the first, second, and third anniversary date of the grant.

On March 13, 2023, Mr. Burian, Mr. Gartner, and Mr. Cloetens were granted 45,000 RSUs each, pursuant to the RSU Plan. All of the RSUs vest over three years, with one third of each grant vesting on the first, second, and third anniversary date of the grant.

On January 2, 2024, Mr. Burian, Mr. Gartner, and Mr. Okoniewski were granted 37,500, 31,250, and 31,250 RSUs respectively, as compensation for director's services provided in 2023 pursuant to the RSU Plan. These RSUs vested immediately.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name	Option-Based Awards				Number Of Shares Or Units That Are Vested But Not Exercised (#)	Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Option <sup>(1)(2)</sup> (\$)		Number Of Shares Or Units That Have Not Vested (#)	Market Or Payout Value Of Share-Based Awards That Have Not Vested (\$)	Market Or Payout Value Of Vested Share-Based Awards Not Paid Out Or Distributed (\$) <sup>(4)</sup>
Martin Burian	200,000	\$0.60	June 4, 2024	Nil	Nil	45,000	\$16,875	Nil
	100,000	\$0.60	March 24, 2026	Nil				
	50,000	\$1.32	March 2, 2027	Nil				
Werner Gartner	50,000	\$1.32	March 2, 2027	Nil	20,000	65,000	\$24,375	\$7,500
Michal Okoniewski	50,000	\$1.32	March 2, 2027	Nil	20,000	20,000	\$7,500	\$7,500
	90,000	\$1.10	March 13, 2028	Nil				
Guido Cloetens	175,000	\$0.60	June 4, 2024	Nil	Nil	65,000	\$24,375	Nil
	50,000	\$1.32	March 2, 2027	Nil				
Dr. René Lenggenhager	150,000	\$1.50	January 1, 2027	Nil	Nil	Nil	Nil	Nil
	100,000	\$1.32	March 2, 2027	Nil				
	50,000	\$1.32	March 2, 2027	Nil				
	90,000	\$1.10	March 13, 2028	Nil				

#### Notes:

- (1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 29, 2023, being \$0.375 per Common Share, and the exercise price of the options.

- (3) The market value of the RSUs was calculated using the market value of the Common Shares as at December 29, 2023, being \$0.375 per Common Share.

None of the awards disclosed in the table above have been transferred at other than fair market value.

### Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for Outside Directors of the Corporation.

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Martin Burian	\$21,333	\$11,200	Nil
Werner Gartner	\$13,000	\$20,800	Nil
Michal Okoniewski	\$13,000	\$20,800	Nil
Guido Cloetens	\$13,000	\$20,800	Nil
Dr. René Lenggenhager	\$80,500	Nil	Nil

**Note:**

- (1) All option-based awards vest over three years, with one third of the grant vesting on each of the first three grant anniversary dates. Share-based awards vest over a 36-month period, either with half of the grant vesting 18 months after grant and the second half vesting 36 months after grant or with one third of the grant vesting on each of the first three grant anniversary dates. See "Outstanding Share-Based Awards and Option-Based Awards" for the value of unexercised in-the-money options.

### Narrative Discussion

The significant terms of the Stock Option Plan are disclosed in this Management Information Circular under "PARTICULARS OF MATTERS TO BE ACTED UPON - Re-Approval of Stock Option Plan" and attached hereto as Schedule "A".

### Other Compensation

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full-time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

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

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></u>	<u>Weighted-average exercise price of outstanding options, warrants and rights<sup>(3)</sup></u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)<sup>(2)</sup></u>
Equity compensation plans approved by securityholders	7,973,867	\$1.15	2,512,724
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	7,973,867	\$1.15	2,512,724

**Notes:**

- (1) During the financial year ended December 31, 2023, the only equity compensation plans under which Common Shares may have been issued were the Stock Option Plan and the Restricted Share Unit Plan. As at December 31, 2023, the number of Common Shares to be issued upon the exercise of outstanding options was 7,678,867. As at December 31, 2023, 295,000 RSUs were issued under the Restricted Share Unit Plan.
- (2) A maximum of 1,000,000 Common Shares are reserved for issuance pursuant to RSUs under the Restricted Share Unit Plan. The aggregate number of Common Shares that may be reserved for issuance under the Stock Option Plan, along with any Common Shares reserved for issuance under the Equity Incentive Plan, shall not exceed 10% of the Corporation's issued and outstanding Common Shares.
- (3) This weighted-average exercise price only relates to Common Shares reserved for issuance under the Stock Option Plan.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Corporation nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

**INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

**MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

## **AUDIT COMMITTEE**

### **Audit Committee Terms of Reference**

The text of the Corporation's Audit Committee charter is set out in Schedule "B" attached to this Circular.

### **Audit Committee Composition**

The following are the members of the Audit Committee, as at the date hereof:

Werner Gartner, CMA, CPA	Independent <sup>(1)(2)</sup>	Financially literate <sup>(1)</sup>
Martin Burian, CA, CPA, ICD.D	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Guido Cloetens	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

#### **Notes:**

- (1) As defined by National Instrument 52-110 ("**NI 52-110**").  
 (2) Chair of the Audit Committee.

### **Relevant Education and Experience**

All of the members of the Audit Committee have been either directly or indirectly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (securities regulatory authority exemption).

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

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter attached as Schedule "B" to this Circular.

### **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
2023	\$491,795	\$7,350	Nil	Nil
2022	\$267,750	\$106,101	Nil	\$47,625

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Corporation. The Board of Directors is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. To achieve this goal, the Corporation has implemented a Corporate Governance and Nominating Committee Terms of Reference, as well as a Charter of the Audit Committee, a Compensation Committee Terms of Reference and an Insider Trading and Reporting Policy.

The responsibilities of the Corporate Governance and Nominating Committee in respect of corporate governance matters include: reviewing the size and independence of the Board of Directors; reviewing the appropriateness of governance practices of the Board of Directors; overseeing legal obligations in relation to confidential information; developing and reviewing the powers, charters, mandates, policies, position descriptions and the performance of the Board of Directors and its committees; ensuring that the Corporation has adequate policies and procedures to identify and manage the Corporation's principal risks; reviewing, and making recommendations in relation to, relationships among senior management and the Board of Directors; reviewing succession plans and making recommendations to the Board of Directors with respect to executive positions; ensuring the Board of Directors is informed and aware of its duties and responsibilities; reviewing corporate governance disclosure before such disclosure is made to the public; reviewing management reports and ensure compliance with corporate governance policies; reviewing responses to securities laws or stock exchange rules; reviewing potential liability of directors and officers and ensuring that protective measures such as insurance and indemnification are in place; and considering the need for special, new or additional corporate governance policies.

The members of the Corporate Governance and Nominating Committee are Martin Burian (Chair), Sean Krakiwsky and Dr. René Lenggenhager and they have unrestricted access to the Corporation's personnel and documents and are provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("**NI 58-101**"), the Corporation is required to disclose its corporate governance practices as summarized below.

### **Board of Directors**

The Board of Directors is currently comprised of six (6) members, and all of these individuals are being nominated for re-election at the Meeting on than Mr. Guido Cloetens who will not be standing for re-election. In addition, Ms. Jennifer Stubbs is being nominated for election at the Meeting. Mr. Martin Burian, Mr. Werner Gartner, Mr. Michal Okoniewski and Mr. Guido Cloetens are the current independent directors of the Corporation. If elected at the Meeting, Mr. Martin Burian, Mr. Werner Gartner, Mr. Michal Okoniewski and Ms. Jennifer Stubbs will be the independent directors of the Corporation. Mr. Martin Burian, although he was the Chief Executive Officer and Chief Financial Officer of the Corporation until June 4, 2019, is also considered an independent director as he does not have a material relationship with the Corporation as described in National Instrument 52-110 ("**NI 52-110**"), including section 1.4(3)(f) of NI 52-110. In that regard, Mr. Burian did not receive direct compensation from the Corporation greater than \$75,000, as Mr. Burian received all of his compensation for acting as a member of the Board of Directors.

Mr. Sean Krakiwsky, the President and Chief Executive Officer of the Corporation is a member of management and, as a result, not an independent director.

During 2023, Dr. René Lenggenhager received more than \$75,000 of direct compensation from the Corporation and, as a result, is not an independent director.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the board of directors, reasonably interfere with the exercise of a director's independent judgement. As disclosed above, the Board of Directors is comprised of a majority of independent directors.

The independent judgement of the Board of Directors in carrying out its responsibilities is the responsibility of all directors. The Board of Directors of the Corporation facilitates independent supervision of management through meetings of the Board of Directors and through frequent informal discussions among independent members of the Board of Directors and management. In addition, the Board of Directors have free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

### **Directorships**

The following directors of the Corporation were directors of other reporting issuers during the most recently completed financial year:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>	<b>Position</b>
Michal Okoniewski	Acceleware Ltd.	TSXV: AXE	CSO & Director
Martin Burian	Elysee Development Corp. Argentina Lithium & Energy Corp.	TSXV: ELC TSXV: LIT	Director Director
Guido Cloetens	Elysee Development Corp. Edgemont Gold Corp.	TSXV:ELC CSE:EDGM	President, CEO & Director Director

### **Orientation and Continuing Education**

Each new director is given an outline of the nature of the Corporation's business, its corporate strategy and current issues with the Corporation. New directors are also expected to meet with management of the Corporation to discuss and better understand the Corporation's business and are advised by counsel to the Corporation of their legal obligations as directors of the Corporation. There is currently no Nanalysis Scientific Corp. Board Policy Manual; however, the Corporation may consider preparing one in the future.

The introduction and education process will be reviewed on an annual basis by the Board of Directors and will be revised as necessary.

### **Ethical Business Conduct**

The Board of Directors may consider adopting a written code of business conduct and ethics but has decided not to adopt such a code at the present time.

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

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict-of-interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

Pursuant to the Corporate Governance and Nominating Committee Terms of Reference, the Corporate Governance and Nominating Committee is responsible for identifying, seeking and recommending individuals qualified to become members of the Board of Directors. The Board of Directors selects new

nominees for election and provides such nominations to the shareholders of the Corporation for election at annual general meetings of the Corporation. The nominees are selected pursuant to criteria found in the Corporate Governance and Nominating Committee Terms of Reference including developing a Board of Directors that encompasses a broad range of skills, expertise, industry knowledge, fit and diversity of opinion and contacts relevant to the Corporation's business.

### **Compensation**

In addition to the approval of the Board of Directors, the Compensation Committee determines executive and director compensation. See "*EXECUTIVE COMPENSATION - Compensation Committee*" above.

### **Other Board of Directors Committees**

The Board of Directors has no other standing committees at this time other than the Audit Committee, the Compensation Committee and Corporate Governance and Nominating Committee described above.

### **Assessments**

The Board of Directors has not implemented a formal process for assessing its, or its members', effectiveness. As a result of the limited number of individuals on the Board of Directors, the Board of Directors considers a formal assessment process to be inappropriate at this time. The Board of Directors plans to continue evaluating its own effectiveness on an annual basis.

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

To the knowledge of the Board of Directors of the Corporation, the only matters to be brought before the meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. Report and Financial Statements**

The Board of Directors of the Corporation has approved all of the information in the audited financial statements of the Corporation for the year ended December 31, 2023, and the report of the auditor thereon, copies of which are delivered herewith.

### **2. Fix Number of Directors to be Elected at the Meeting**

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that six (6) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).**

### **3. Election of Directors**

The Corporation currently has six (6) directors, and all of these directors are being nominated for re-election at the Meeting other than Mr. Guido Cloetens who will not be standing for re-election. In addition, Ms. Jennifer Stubbs is being nominated for election at the Meeting. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Corporation, or with the provisions of the *Business Corporations Act* (British Columbia).

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the Date of this Management Information Circular <sup>(1)</sup>
<b>Sean Krakiwsky</b> <sup>(3)</sup> Calgary, Alberta Chief Executive Officer, Chair and Director June 4, 2019	President and Chief Executive Officer of the Company since June 4, 2019. Previously, Mr. Krakiwsky had been the President and CEO of Nanalysis Corp. since July 2009 which is a wholly owned subsidiary of the Company. He has over 20 years of experience founding high technology startups, including Acceleware Ltd. (TSXV: AXE) which is a high-performance computing company with dozens of Fortune 500 customers. He has a B.Sc. and M.Sc. in Electrical Engineering from the University of Calgary.	1,247,429 (1.10%)
<b>Martin Burian</b> <sup>(2)(3)</sup> Vancouver, British Columbia Director February 27, 2017	Managing Director, Investment Banking at RCI Capital Group and CFO of Heffel Gallery Limited part-time since 2016. Mr. Burian has spent 30 years in investment banking, including Haywood Securities and Canaccord Capital, and presently serves on the Board of Directors of four public companies. Mr. Burian is a CPA and holds the ICD.D designation.	927,300 <sup>(5)</sup> Less than 1%
<b>Werner Gartner</b> <sup>(2)</sup> Calgary, Alberta Director June 4, 2019	Mr. Gartner has over 30 years' executive/board experience with technology-based businesses, primarily with companies in the GPS (global positioning system)/GNSS (global navigation satellite system) and wireless sectors. Mr. Gartner has served on the Board of Directors and/or advised several technology companies, including Hemisphere GNSS Inc., 4iiii Innovation Inc., RoboGarden Inc., Beijing UniStrong Science and Technology Co., Trusted Positioning Inc., Litus Inc. and Profound Positioning Inc. He is also a member of the board of directors of Tecterra, an Alberta government-funded organization mandated to spur the development and commercialization of geospatial technologies. In addition, He is also a member of the Institute of Corporate Directors in Canada. Mr. Gartner received a BSc from Western University in Ontario, an MBA from the Schulich School of Business at York University in Toronto and is a CPA/CMA.	836,385 Less than 1%

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the Date of this Management Information Circular <sup>(1)</sup>
<b>Michal Okoniewski</b> <sup>(4)</sup> Calgary, Alberta June 4, 2019	Co-founder, Director and Chief Scientific Officer of Acceleware Ltd. since August 2005. A renowned expert in applied electrodynamics and RF/antenna engineering, Dr. Okoniewski has a proven history of developing leading-edge scientific solutions for the electronic, medical and energy industries. With over 30 years of experience, Dr. Okoniewski has pioneered hardware acceleration of computational electromagnetics, authoring over 350 technical publications and holding several patents. His GPU accelerated FDTD solver revolutionized the engineering of electronic devices. More recently, his patents and knowledge are being applied in the energy industry for the production of heavy oils in unconventional reservoirs. Prior to co-founding Acceleware in 2004, Dr. Okoniewski worked with TR-Labs, and provided consulting services for the electronic and biomedical industries in North America and Europe. Dr. Okoniewski has a PhD in electrical engineering from the Technical University, Gdansk, and is a fellow of IEEE (Institute of Electrical and Electronics Engineers). He is a professor for the Electrical and Computer Engineering Department with the Schulich School of Engineering at the University of Calgary (Canada).	1,157,500 1.02%
<b>Dr. René Lenggenhager</b> <sup>(3)</sup> Stafa, Switzerland Director January 1, 2022	Dr. Lenggenhager is an experienced CEO, Group Head and General Manager with a successful career in globally leading technology companies, including at Bruker Biospin, COMET, Mettler Toledo and Siemens. He holds a PhD from ETH in Switzerland and an MBA from University of St. Gallen.	150,000 Less than 1%
<b>Jennifer Stubbs</b> Calgary, Alberta Nominee	Ms. Stubbs serves as Chief Financial Officer of FLINT Corp. and was appointed to this role in July 2023. Ms. Stubbs started her career at KPMG in Assurance and went on to hold financial roles in various industries, including engineering, manufacturing, real estate and energy infrastructure. Prior to joining FLINT, Ms. Stubbs was with Pembina Pipeline Corporation for 11 years. She progressed through various financial roles with the organization with her last role as Vice President, Continuous Improvement, which included responsibilities for Internal Audit, oversight and reporting of corporate productivity initiatives and capital project governance. Ms. Stubbs is a Chartered Professional Accountant and holds a Bachelor of Commerce from the University of British Columbia.	Nil Less than 1%

**Notes:**

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors.
- (2) Members of the Corporation's Audit Committee, chaired by Mr. Gartner.
- (3) Members of the Corporation's Corporate Governance and Nominating Committee, chaired by Mr. Burian.
- (4) Members of the Company's Compensation Committee, chaired by Mr. Okoniewski
- (5) 260,000 Common Shares are controlled by Burian Investments Inc., of which Mr. Burian is a shareholder and director.

### *Cease Trade Orders*

No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order 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.

### *Bankruptcies*

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

### *Personal Bankruptcies*

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

### *Penalties and Sanctions*

No proposed director has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director,

other than a settlement agreement entered into before December 31, 2000, that would likely not be important to a reasonable security holder in deciding whether to vote for a proposed director.

## **4. Appointment of Auditor**

The shareholders of the Corporation will be asked to vote for the appointment of Ernst & Young LLP, Chartered Accountants, Calgary, Alberta (“**E&Y LLP**”), as auditor of the Corporation. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing E&Y LLP, as auditor of the Corporation for the next ensuing year, to hold office until the close of the next annual general meeting of shareholders or until E&Y LLP is removed from office or resigns**

as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board of Directors to set the compensation of the auditor.

## **5. Re-Approval of the Stock Option Plan**

The Corporation has a Stock Option Plan previously approved by the shareholders of the Corporation on June 28, 2023. A copy of the Stock Option Plan is attached hereto as Schedule "A".

The Stock Option Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of directors appointed from time to time by the Board of Directors (the "**Board**"). The material terms of the Stock Option Plan are as follows (capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Stock Option Plan):

1. Options may be exercised on a cashless and net exercise basis. Under a cashless exercise, a brokerage firm will loan money to a participant under the Stock Option Plan to purchase Common Shares underlying the Options and will sell a sufficient number of Common Shares to cover the exercise price of such options in order to repay the loan made to the Participant and the Participant retains the balance of the Common Shares. In connection with a net exercise, a Participant under the Stock Option Plan would receive Common Shares equal in value to the difference between the exercise price and the fair market value of the Common Shares on the date of exercise, computed in accordance with the Stock Option Plan.
2. Options granted will not be permitted to exceed a term of five (5) years (subject to extension where the expiry date falls within a "blackout period" as defined therein).
3. The exercise price of any Options granted under the Option Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Corporation's Common Shares on the last trading day before the directors grant such Options, less the maximum discount permitted by the Exchange, subject to a minimum exercise price of \$0.05 per Common Share.
4. Options will vest at the discretion of the Board, as determined at the time of each grant provided that options granted to employees or consultants performing investor relations activities shall vest in stages over 12 months with no more than one quarter of the options vesting in any three-month period.
5. All Options are non-assignable and non-transferable.
6. The maximum aggregate number of Options that can be granted (i) to any one Person in a 12 month period may not exceed five percent (5%) of the issued Common Shares, unless the Corporation has obtained the requisite Disinterested Shareholder Approval; and (ii) to a Consultant in a 12 month period may not exceed two percent (2%) of the issued Common Shares, in both instances, where such percentages are calculated on the date the Options are granted. No more than an aggregate of two percent (2%) of the issued Common Shares may be granted to all persons retained to provide investor relations activities, calculated on the date the Options are granted.
7. If the Option holder ceases to be an Eligible Person (other than by reason of death), then all Options granted to such Option holder shall expire within 90 days following the date that the Option holder ceases to be an Eligible Person. If the Option holder ceases to be an Eligible Person by reason of death, the Option holder's heirs or administrators can exercise any portion of the outstanding Option, for a period of one year from the Option holder's death. If the Option holder is engaged in investor relations activities, the Options must expire within 30 days after the Option holder ceases to be employed by the Corporation to provide investor relations activities.
8. Disinterested Shareholder Approval must be obtained for (i) any reduction in the exercise price of an outstanding Option, if the Option holder is an Insider of the Corporation at the time of the proposed reduction; (ii) any grant of Options to Insiders, together with all of the Corporation's previously established and outstanding stock options plans or grants, within a 12 month period, exceeding ten percent (10%) of the issued Common Shares; and (iii) any grant of Options to any

one Person, within a 12 month period, exceeding five percent (5%) of the issued Common Shares, calculated on the date the Options are granted.

9. Options will be adjusted in the event of any consolidation, subdivision, conversion or exchange of the Corporation's Common Shares.

Policy 4.4 of the TSX Venture Exchange Inc. requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution re-approving, adopting and ratifying the Stock Option Plan as the Corporation's stock option plan.

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution re-approving the Stock Option Plan. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution. **In the absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

The text of the ordinary resolution which will be placed before the Meeting for the approval of the Stock Option Plan is as follows:

**"BE IT RESOLVED as an ordinary resolution that:**

1. the stock option plan of the Corporation in substantially the form attached as Schedule A to the Management Information Circular dated May 28, 2024 (the "Stock Option Plan") be and is hereby approved and adopted as the stock option plan of the Corporation;
2. the form of the Stock Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. all issued and outstanding stock options previously granted shall be continued under and governed by the Stock Option Plan;
4. the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, 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 (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

**OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

**GENERAL**

**Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein.** All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information of the Corporation's most recently completed financial year is provided, or will be provided, in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR+. A shareholder may contact the Corporation at:

Nanalysis Scientific Corp.  
Bay 105, 90 Freeport Blvd NE  
Calgary, Alberta  
T3J 5J9  
Attention: Chief Executive Officer

to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis without charge.

**BOARD APPROVAL**

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

## SCHEDULE "A"

### NANALYSIS SCIENTIFIC CORP.

#### STOCK OPTION PLAN

## 1. GENERAL PROVISIONS

### 1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

(a) **"Affiliate"** means a company that is one of the following:

- (i) a Subsidiary of the Company;
- (ii) a company to whom the Company is a Subsidiary; or
- (iii) a company that is controlled by the same Person as the Company;

a company is controlled by a Person if:

- (i) Voting Shares of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (ii) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the company;

a Person beneficially owns securities that are beneficially owned by:

- (iii) a company controlled by that Person; or
- (iv) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

(b) **"Associate"** when used to indicate a relationship with a Person, means:

- (i) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer;
- (ii) any partner of the Person;
- (iii) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (iv) in the case of a Person who is an individual, a relative of that Person including:
  - (A) that Person's spouse or child, or
  - (B) any relative of that Person or of his or her spouse who has the same residence as that Person;

but

- (v) where the TSX Venture Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D (as that term is

defined in the policies of the TSX Venture Exchange) with respect to that Member firm, Member corporation or holding company;

- (c) **“Board”** means the Board of Directors of the Company;
- (d) **“Common Shares”** means the common shares without par value of the Company as currently constituted;
- (e) **“Company”** means Nanalysis Scientific Corp.;
- (f) **“Consultant”** means, in relation to the Company, an individual or Consultant Company, other than an employee or a director of the Company or of an Affiliate, that:
  - (i) is engaged to provide services to the Company or an Affiliate, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company; and
  - (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 an Affiliate;
- (g) **“Consultant Company”** means a Consultant that is a company;
- (h) **“Directors”** means directors, senior officers and Management Company Employees of the Company, or directors, senior officers and Management Company Employees of the Company’s subsidiaries to whom stock options can be granted in reliance on a Prospectus exemption under applicable securities laws;
- (i) **“Discounted Market Price”** means the Market Price less a discount which shall not exceed the amount set forth below, subject to a minimum price of \$0.05;

<b>Closing Price</b>	<b>Discount</b>
Up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

- (j) **“Disinterested Shareholder Approval”** means a majority of the votes cast at a meeting of shareholders other than votes attaching to securities beneficially owned by:
  - (i) Insiders to whom shares may be issued pursuant to the Plan; and
  - (ii) any Associate of Persons referred to in subsection 1.1(m)(i) hereof,

provided that non-voting and subordinate Voting Shares are to be given full voting rights in these circumstances;
- (k) **“Eligible Person”** means, subject to all applicable laws, any director, officer, employee, Consultant, Consultant Company or Management Company Employee of the Company or any of its Subsidiary companies;
- (l) **“Fair Market Value”** means, with respect to a Common Share subject to Option, the 10-day weighted average of the closing prices of the Company’s Common Shares on the Toronto Stock Exchange prior to the time of grant or, if the Common Shares are not listed on such exchange, on such other exchange or exchanges on which the Common Shares are listed on a specific day. If no Common Shares have been traded on such day, the fair market value shall be established on the same basis on the last previous day for which a

trade was reported by such exchange. If the Common Shares are not listed for trading on such exchange, on such day, the fair market value shall be such price per Common Share as the Board, acting in good faith, may determine;

- (m) **"Insider"** if used in relation to the Company, means:
  - (i) a director or senior officer of the Company;
  - (ii) a director or senior officer of a company that is itself an Insider or subsidiary of the Company;
  - (iii) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Company; or
  - (iv) the Company itself if it holds any of its own securities;
- (n) **"Investor Relations Service Provider"** includes any Consultant that performs Investor Relations Activities (as such term is defined in TSX Venture Policy 1.1) and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities (as such term is defined in TSX Venture Policy 1.1).
- (o) **"Management Company Employee"** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business of the Company, but excluding an Investor Relations Service Provider;
- (p) **"Market Price"** means the last daily closing price of the Company's listed Common Shares before the date of grant of an Option;
- (q) **"Material Information"** means a material fact and/or a material change as defined by applicable securities laws or TSX Venture Exchange policies;
- (r) **"Member"** means a Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the TSX Venture Exchange under the Exchange requirements;
- (s) **"Members' Agreement"** means the members' agreement among the TSX Venture Exchange and each Person who, from time to time, is accepted as and becomes a Member of the TSX Venture Exchange under the TSX Venture Exchange requirements;
- (t) **"Option"** means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- (u) **"Participant"** means Eligible Persons to whom Options have been granted;
- (v) **"Person"** means a company or individual;
- (w) **"Plan"** means this incentive stock option plan of the Company, as amended, replaced or restated from time to time;
- (x) **"Security Based Compensation"** means any Options granted or issued under this Plan but, as the context requires, also includes any restricted share units, deferred share unit, performance share unit, restricted share unit, securities for services, stock appreciation right, stock option, stock purchase plan, any security purchase from treasury by a Participant which is financially assisted by the Company by any means whatsoever, and any other compensation or incentive mechanism involving the issuance or potential

issuance of securities of the Company from treasury to an Eligible Person under any other Share Compensation Arrangement;

- (y) **Share Compensation Arrangement**” means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to any director, officer, employee, Consultant, Consultant Company or Management Company Employee of the Company and any of its Subsidiaries;
- (z) **“Subsidiary”** has the meaning ascribed to that term under subsection 1(1) of the *Securities Act* (British Columbia);
- (aa) **“Termination Date”** means the date on which a Participant ceases to be an Eligible Person; and
- (bb) **“Voting Shares”** means a security of an issuer that:
  - (i) is not a debt security; and
  - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

## 1.2 Purpose

The purpose of the Plan is to advance the interests of the Company by (i) providing Eligible Persons with additional incentive to develop and promote the growth and success of the Company, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, (iv) encouraging the Eligible Person to remain with the Company or its Subsidiaries or any Associate, and (v) attracting and retaining Persons of outstanding competence whose efforts will dictate, to a large extent, the future growth and success of the Company.

## 1.3 Administration

- (a) This Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three directors. If a committee is appointed for this purpose, all references to the Board will be deemed to be references to the Committee.
- (b) Subject to the limitations of the Plan, the Board shall have the authority:
  - (i) to grant Options to purchase Common Shares to Eligible Persons;
  - (ii) to determine the terms, limitations, restrictions and conditions respecting such grants, including, the number of Common Shares for which any Option may be granted to an Eligible Person and the exercise price at which Common Shares may be purchased under any Option to be granted to an Eligible Person;
  - (iii) to interpret the Plan and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and

- (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of the Plan including, without limitation, for the purpose of ensuring compliance with section 1.7 hereof, as it may deem necessary or advisable. The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Company and all other Persons.

#### 1.4 Shares Reserved

- (a) The aggregate number of Common Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time less the aggregate number of Common Shares reserved for issuance under any other Share Compensation Arrangement (unless the Company has obtained the requisite Disinterested Shareholder Approval).
- (b) Unless the Company obtains Disinterested Shareholder Approval, the maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued under the Plan to any one Participant (together with those Common Shares issuable pursuant to any other Share Compensation Arrangement) in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares, calculated as at the date that such Security Based Compensation is granted to the Participant.
- (c) The maximum number of Common Shares issuable pursuant to all Security Based Compensation granted or issued under the Plan in any 12-month period to any one Consultant (together with those Common Shares issuable pursuant to any other Share Compensation Arrangement) shall not exceed 2% of the issued and outstanding Common Shares, calculated as at the date that such Security Based Compensation is granted or issued to the Consultant.
- (d) The maximum aggregate number of Common Shares issuable pursuant to all Options granted to all Investor Relations Services Providers under the Plan in any 12-month period in aggregate shall not exceed 2% of the issued and outstanding Common Shares, calculated as at the date any Option is granted to such Investor Relations Service Provider.
- (e) Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised, shall again be available for grant under the Plan. No fractional shares shall be issued. Please refer to subsection 1.9(d) hereof for the manner in which a fractional share value shall be treated.
- (f) If there is a change in the outstanding Common Shares by reason of any stock dividend or any recapitalization, amalgamation, subdivision, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the relevant stock exchanges, appropriate substitution or adjustment in
  - (i) the number or kind of shares or other securities reserved for issuance pursuant to the Plan, and
  - (ii) the number and kind of shares subject to unexercised Options theretofore granted and in the option price of such shares;

provided however, that no substitution or adjustment shall obligate the Company to issue or sell fractional shares. If the Company is reorganized, amalgamated with another corporation or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

## **1.5 Disinterested Shareholder Approval and Limits with Respect to Insiders**

- (a) Unless the Company obtains Disinterested Shareholder Approval, the maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued under the Plan to Insiders as a group (together with those Common Shares issuable pursuant to any other Share Compensation Arrangement) shall not exceed 10% of the issued and outstanding Common Shares at any point in time.
- (b) Unless the Company obtains Disinterested Shareholder Approval, the maximum number of Common Shares issuable pursuant to all Security Based Compensation granted or issued under the Plan in any 12 month period to Insiders as a group (together with those Common Shares issuable pursuant to any other Share Compensation Arrangement) shall not exceed 10% of the issued and outstanding Common Shares, calculated as at the date that such Security Based Compensation is granted or issued to any Insider.
- (c) Unless the Company obtains Disinterested Shareholder Approval, once an Option has been granted the Company may not reduce the exercise price of an Option or extend the term of an Option previously granted to an Insider or Insiders.

## **1.6 Amendment and Termination**

- (a) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required regulatory approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any Participant without the consent of such Participant. If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
- (b) With the consent of the affected Participants, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to the prior approval of the relevant stock exchanges.

## **1.7 Compliance with Legislation**

The Plan, the grant and exercise of Options hereunder and the Company's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted, and no Common Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Common Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws. In addition to resale restrictions under applicable securities laws, and as long as the Company's Common Shares are listed on the TSX Venture Exchange, the Exchange Hold Period (as defined in the applicable TSX Venture Exchange policies) shall apply from the date of grant to, among other things, all Options granted to Insiders (except in the case of Options granted to Insiders which are qualified by a prospectus or granted under a securities exchange take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure) and to all Options granted with an exercise price that is less than the applicable Market Price. Further, Common

Shares issued on the exercise of Options must be legended with a four month hold period from the date of grant. If Options are granted to any resident or citizen of the United States, the Board and the Company will use their best efforts to ensure that all matters pertaining to such Options shall be made in compliance with applicable United States securities laws.

### **1.8 Effective Date**

The Plan has been adopted by the Board of the Company subject to the approval of the TSX Venture Exchange and if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

### **1.9 Miscellaneous**

- (a) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required regulatory approval.
- (b) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.
- (c) The Plan does not give any Participant or any employee of the Company or any of its Associated or Subsidiary companies the right or obligation to or to continue to serve as a director, officer or employee, as the case may be, of the Company or any of its Associated or Subsidiary companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its subsidiaries other than as specifically provided for in the Plan.
- (d) No fractional Common Shares shall be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, such Participant shall only have the right to purchase the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

## **2. OPTIONS**

### **2.1 Grants**

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in section 2.3 hereof, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon exercise of an Option may be forfeited. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

### **2.2 Option Price**

The Board shall establish the Option price at the time each Option is granted, which shall, as long as the Company's Common Shares are listed on the TSX Venture Exchange, be not less than the Discounted Market Price. At such time as the Company's Common Shares are listed on the Toronto Stock Exchange, the Option price shall be not less than the Fair Market Value.

The Option price shall be subject to adjustment in accordance with the provisions of subsection 1.4(f) hereof.

## 2.3 Exercise of Options

- (a) Subject to section 2.6 hereof, Options granted must expire not later than 5 years from the date of grant.
- (b) Options will vest at the discretion of the Board, as determined at the time of each grant, provided that (i) options granted to Investor Relations Services Providers shall vest in stages over 12 months with no more than one quarter of the options vesting in any three month period, and (ii) any acceleration of, or the removal of, vesting provisions imposed by the TSX Venture Exchange must first receive prior written approval of the TSX Venture Exchange.
- (c) Options shall not be assignable or transferable by the Participant other than by will or the laws of descent and distribution and shall be exercisable during the lifetime of a Participant only by the Participant and after death, only by the Participant's legal representative.
- (d) Subject to subsection 2.3(a) hereof and except as otherwise determined by the Board:
  - (i) if a Participant ceases to be an Eligible Person which, for the purposes of this subsection does not include an Investor Relations Service Providers, for any reason whatsoever other than death, each Option held by the Participant will cease to be exercisable no more than 90 days after the Termination Date. Options granted to Investor Relations Service Providers must expire within 30 days after the Participant ceases to be employed as an Investor Relations Service Provider. If any portion of an Option is not vested by the Termination Date, that portion of the Option may not under any circumstances be exercised by the Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or is entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant;
  - (ii) if a Participant dies, the legal representative of the Participant may exercise the Participant's Options within one year after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death;
  - (iii) the retirement of any Participant who is a director of the Company or any Subsidiaries or Associate companies at any annual general meeting of the Company or such Subsidiaries as required by the constating documents of the Company or Subsidiaries, as the case may be, shall not result in the termination of the Option granted to such Participant provided that such Participant is re-elected at such annual general meeting as a director of the Company or such Subsidiary, as the case may be; and
  - (iv) the change in the duties or position of a Participant or the transfer of such Participant from a position with the Company to a position with a Subsidiary, or vice-versa, shall not trigger the termination of such Participant's Option provided such Participant remains a director, officer, employee or Consultant of the Company or Subsidiary.
- (e) Each Option shall be confirmed by an Option agreement executed on behalf of the Company by any one director of the Board and by the Participant and each Option agreement shall incorporate such terms and conditions as the Board in its discretion deems consistent with the terms of the Plan.
- (f) The exercise price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, in lawful money of Canada, and upon receipt of payment in full, but subject to the terms of the Plan, the

number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.

- (g) Subject to the terms and conditions of this Plan, an Option may be exercised by written notice signed by the Participant and dated the date of exercise (the “**Option Exercise Notice**”), and not post-dated, stating that the Participant elects to exercise his rights to purchase Common Shares under such Option and the number of Common Shares in respect of which such Option is being exercised, accompanied by full payment for the Common Shares being purchased under such Option delivered to the Company at its principal office at Bay 1, 4600 - 5th Street NE, Calgary, Alberta T2E 7C3 (or such other address of the principal office of the Company at the time of exercise) addressed to the attention of the President of the Company. Delivery of any Option Exercise Notice accompanied by the payment may be made by Personal delivery, by courier service or by agent.
- (h) Upon exercise of an Option, a certificate or certificates evidencing the Common Shares in respect of which the Option is exercised shall forthwith be delivered to the optionee.
- (i) Notwithstanding the time or times specifically provided herein or in an Option agreement for the exercise of an Option, the Participant may elect to purchase all or any of the Common Shares remaining subject to such Option at any time if a “take-over bid” or an “issuer bid” occurs (within the meaning of any securities laws or other federal, provincial or state laws or regulations).

## 2.4 Cashless Exercise

Without limiting the foregoing section 2.3(g), unless otherwise determined by the Board or not compliant with any applicable laws or rules of any applicable securities exchange or market, a Participant may elect cashless exercise in its Option Exercise Notice. In such case, the Participant will not be required to deliver to the Company a cheque or other form of payment for the aggregate exercise price referred to above. Instead, the following provisions will apply:

- (a) The Participant will instruct a broker selected by the Company to sell through the stock exchange or market on which the Common Shares are listed or quoted, sufficient number of Common Shares issuable on the exercise of Options to cover the exercise price, as soon as possible upon the issue of such Common Shares to the Participant at the then applicable bid price of the Common Shares.
- (b) Before the relevant trade date, the Participant will deliver the Option Exercise Notice including details of the trades to the Company electing the cashless exercise and the Company will direct its registrar and transfer agent to issue a certificate for such Participant’s Common Shares in the name of the broker (or as the broker may otherwise direct) for the number of Common Shares issued on the exercise of the Options, against payment by the broker to the Company of (i) the exercise price for such Common Shares; and (ii) the amount the Company determines, in its discretion, is required to satisfy the Company withholding tax and source deduction remittance obligations in respect of the exercise of the Options and issuance of Common Shares.
- (c) The broker will deliver to the Participant the remaining value of the Options, net of any brokerage commission or other expenses (the “**In-the-Money Amount**”), in either (i) cash in an amount equal to the In-the-Money-Amount, or (b) such number of Common Shares (rounded down to the nearest whole number) having a fair market value equal to the In-the-Money Amount, plus a cash amount equal to the fraction of a Common Share that would otherwise be issuable multiplied by the fair market value of a Common Share.

## 2.5 Net Exercise

Subject to prior approval by the Board, a Participant (other than an Investor Relations Service Provider) may elect to surrender for cancellation to the Company any vested Options being exercised and the Company will issue to the Participant, as consideration for the surrender of such Options, that number of Common Shares (rounded down to the nearest whole Common Share) on a net issuance basis in accordance with the following formula below:

$$X = \frac{Y(A - B)}{A}$$

where:

- X = The number of Common Shares to be issued to the Participant in consideration for the net exercise of the Options under this Section 2.5;
- Y = The number of vested Options with respect to the vested portion of the Option to be surrendered for cancellation;
- A = The volume weighted average trading price of the Common Shares on the TSX Venture Exchange (and any other exchange upon which the common shares of the Company may be posted and listed for trading) calculated by dividing the total value by the total volume of such securities trade for the five trading days immediately preceding the exercise of the subject Option; and
- B = The exercise price for such Options.

## 2.6 Blackout Period

The expiry date of an Option will automatically be extended if such expiry date falls within a “blackout period”, subject to the following conditions:

- (a) the “blackout period” must be formally imposed by the Company pursuant to its internal trading policies (as they may be adopted or amended from time to time) as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Company formally imposing a blackout period, the expiry date of any Option will not be automatically extended in any circumstances;
- (b) the “blackout period” must expire upon the general disclosure of the undisclosed Material Information. The expiry date of the affected Options can be extended to no later than ten business days (as defined by applicable securities laws) after the expiry of the blackout period; and
- (c) the automatic extension of any Option will not be permitted where the Participant or the Company is subject to a cease trade order (or similar order under securities laws) in respect of the Company’s securities.

## 2.7 Representation by Optionees

Each Option agreement shall provide that upon each exercise of an Option, the Participant (including for the purposes of this section 2.7 each other Person who, pursuant to subsection 2.3(d) hereof, may purchase Common Shares under an Option granted to an Eligible Person) shall, if so requested by the Company, represent and agree in writing that:

- (a) the Person is, or the Participant was, a director, officer, employee or Consultant of the Company or a director, officer, employee or Consultant of any Subsidiary or Associate and has not been induced to purchase the Common Shares by expectation of employment or continued employment;

- (b) the Person is purchasing the Common Shares pursuant to the exercise of such Option as principal for the Participant's own account (or if such Participant is deceased, for the account of the estate of such deceased Participant) for investment purposes, and not with a view to the distribution or resale thereof to the public;
- (c) the Person will, prior to and upon any sale or disposition of any of the Common Shares purchased pursuant to the exercise of such Option, comply with all applicable securities laws and any other federal, provincial or state laws or regulations to the extent that such laws or regulations are applicable to such sale or disposition; and
- (d) such Participant (or such other Person) will not offer, sell or deliver any of the Common Shares purchased pursuant to the exercise of such Option, directly or indirectly, in the United States or to any citizen or resident of, or any corporation, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with United States federal and state securities laws. The Participant acknowledges that the Company has the right to place any restriction or legend on any securities issued pursuant to this agreement or its Plan including, but in no way limited to placing a legend to the effect that the securities have not been registered under the *Securities Act (1933)* of the United States and may not be offered or sold in the United States unless registration or an exemption from registration is available.

The Company may employ other procedures and require further documentation from a Participant to ensure compliance with all applicable laws.

The issue and sale of Common Shares pursuant to any Option granted under the Plan is specially conditioned on such issue and sale being made in compliance with applicable securities laws, and the Company shall have no obligation to issue or sell any Common Shares pursuant to the exercise of any Option unless the Board determines in its sole discretion that such issue and sale will be made in compliance with applicable securities laws. The Company will be entitled to take such action as it deems necessary to restrict the transferability in the United States of any Common Shares acquired on exercise of any Option.

## **2.8 Representation by the Company**

Each Option agreement related to stock option grants to an employee, Consultant or Management Company Employee shall include a representation by the Company that the Participant is a bona fide employee, Consultant or Management Company Employee of the Company or its Subsidiaries.

## **2.9 Notice to Commissions and Exchanges**

The Company will give notice to all applicable securities commissions and other regulatory bodies in Canada and the United States and all applicable stock exchanges and other trading facilities upon which the Common Shares are listed or traded, as may be required, of its adoption of this Plan and of its entering into Option agreements with Eligible Persons and the terms and conditions for the purchase of Common Shares under such Option agreements, and will use all reasonable efforts to obtain any requisite approvals as may be required from such bodies, exchanges and trading facilities.

## SCHEDULE "B"

### Nanalysis Scientific Corp. (the "Company")

#### Audit Committee Charter

The Audit Committee of the Company (the "**Audit Committee**") is the committee of the board or directors of the Company (the "**Board**") to which the Board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The Audit Committee will:

- (a) Review and report to the board before they are published, the Company's financial reports, management discussion and analysis ("**MD&A**") (as defined in National Instrument 51-102), any annual earnings, interim earnings and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:
  - (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial reports;
  - (ii) reviewing significant accruals, reserves or other estimates;
  - (iii) ascertaining compliance with covenants under loan agreements;
  - (iv) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;
  - (v) reviewing unresolved differences between management and the external auditors;
  - (vi) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
- (b) review the financial reports and related information included in prospectuses, MD&A, information circular-proxy statements and annual information forms, prior to Board approval;
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the Board:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the Board on the integrity of the financial reporting process

and the system of internal controls that management and the Board have established,

- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) 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,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company,
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with National Instrument 52-109,
- (l) review and recommend to the Board any changes to accounting policies,
- (m) review all public disclosure containing audited or unaudited financial information before release,
- (n) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments,
- (o) review the opportunities and risks inherent in the Company's financial management and the effectiveness of the controls thereon; and
- (p) review major transactions (acquisitions, divestitures and funding).

### **Composition of the Committee**

The Committee shall be comprised of at least three directors as determined by resolution of the Board from time to time, all of which members will be independent (within the meaning of National Instrument 52-110 *Audit Committees* "NI 52-110") unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements. For the purposes of this audit committee charter (the "**Charter**"), the definition of "financially literate" is the ability to read and understand a set of financial reports that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial reports.

### **Meetings**

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee

Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

The Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

### **Reporting**

The reporting obligations of the committee will include:

- (i) reporting to the Board on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors meeting; and
- (ii) reviewing, and reporting to the Board on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

### **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

The Committee shall have the authority to investigate any financial activity of the Company and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Company.

