

XS FINANCIAL INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the shareholders of XS Financial Inc. (the “**Company**”) will be held **virtually** on Friday, the 26th day of August 2022 at 11:00 am (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the fiscal year ended December 31, 2021, together with the report of the auditors thereon;
2. to set the number of directors at five (5) individuals;
3. to elect directors;
4. to appoint auditors and to authorize the directors to fix their remuneration;
5. to consider, and, if deemed advisable, to pass with or without variation an ordinary resolution to confirm the omnibus incentive plan of the Corporation, subject to certain amendments, as more particularly described in the accompanying management information circular dated July 15 2022 (the “**Circular**”);
6. to consider, and, if deemed advisable, to pass with or without variation an ordinary resolution to approve a proportionate voting share incentive plan of the Corporation, as more particularly described in the accompanying Circular;
7. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a form of proxy, the Circular, and a supplemental mailing list form.

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast, where all shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Company and management as well as other shareholders. Shareholders will not be able to attend the Meeting in person. Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/279759606>. Beneficial shareholders (being shareholders who hold their subordinate voting shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast but not be able to participate or vote at the Meeting.

As a shareholder of the Company, it is very important that you read the Circular and other Meeting materials carefully. They contain important information with respect to voting your subordinate voting shares and attending and participating at the Meeting.

A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have

submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your subordinate voting shares, including if you are a non-registered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders MUST send an email to appointee@odysseytrust.com no later than August 24, 2022 at 11:00 am Toronto time and provide Odyssey Trust Company ("Odyssey") with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.

DATED at Toronto, Canada as of the 15th day of July, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) David Kivitz

David Kivitz, Chief Executive Officer

XS FINANCIAL INC.

Management Information Circular

SOLICITATION OF PROXIES

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation by management of XS Financial Inc. (the “**Company**” or “**Issuer**”) of proxies to be used at the annual and special meeting of shareholders of the Company (the “**Meeting**”) referred to in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice**”) to be held on August 26, 2022, at the time and place and for the purposes set forth in the Notice. **The solicitation is made by the management of the Company and will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company. The information contained herein is given as of July 12, 2022, unless indicated otherwise.**

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **Each shareholder has the right to appoint a person or company, who need not be a shareholder of the Company, other than the persons named in the enclosed form of proxy, to represent such shareholder at the Meeting or any adjournment thereof. Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of management’s nominees in the enclosed form of proxy or by completing another proper form of proxy. All proxies must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a company, by an officer or attorney thereof duly authorized. The completed form of proxy must be deposited at the office of Odyssey Trust Company, Trader’s Bank Tower 702-67 Yonge St., Toronto, ON M5E 1J8 before 11:00 a.m. (Toronto time) on August 24, 2022. Registered Shareholders can vote online using their control number at: <https://login.odysseytrust.com/pxlogin>.**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or adjournment thereof at which the proxy is to be used, by delivering another properly executed form of proxy bearing a later date and depositing it as aforesaid;
2. by depositing an instrument in writing revoking the proxy executed by him or her with Odyssey Trust Company (“Odyssey”) at its office denoted herein at any time up to and including 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
3. in any other manner permitted by law.

Shareholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their subordinate voting shares (“Shares”) **MUST** submit their proxy or voting instruction form (as applicable) appointing such third party proxyholder **AND** register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your proxy or voting instruction form. **Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.**

• **Step 1: Submit your proxy or voting instruction form:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial shareholder located in the United States, you must also provide Odyssey with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.

• **Step 2: Register your proxyholder:** To register a proxyholder, shareholders **MUST** send an email to appointee@odysseytrust.com by 11:00 a.m. Toronto Time, on August 24, 2022 and provide Odyssey with the required proxyholder contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a beneficial shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary **AND** register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. Please also see further instructions below under the heading "How do I attend and participate at the Meeting?".

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy **will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for** and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, **the Shares will be voted or withheld from voting in accordance with the specifications so made.** Where shareholders have properly executed proxies in

favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Shares represented thereby, such Shares will be voted in favour of the passing of the matters set forth in the Notice. The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Legal Proxy – US Beneficial Shareholders

If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey in accordance with the instructions above.

How do I attend and participate at the Meeting?

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/279759606>. Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting:

- Registered shareholders: The control number located on the form of proxy (or in the email notification you received) is the Username. The Password to the Meeting is "xs2022" (case sensitive). If as a registered shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cutoff.
- Duly appointed proxyholders: Odyssey will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The Password to the Meeting is "xs2022" (case sensitive). Only registered shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting (including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder. See "Appointment of a Third Party as Proxy".

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of Shares of record at the close of business on July 12, 2022 (the “**record date**”) will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. As of July 12, 2022, the Company had 75,526,443 issued and outstanding Shares and 28,358,598 Proportionate Voting Shares (presented on an “as converted” to Shares basis). Each Share carries the right to one vote per Share, and each Proportionate Voting Share carries the right to 1,000 votes per share. The outstanding Shares are listed on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**XSF**”.

To the knowledge of the directors and executive officers of the Company as of July 12, 2022, no person beneficially owns, controls or directs, directly or indirectly, 10% or more of the outstanding Shares other than as set forth below:

Name and Municipality of Head Office	Type of Ownership	Approximate Number of Voting Shares Owned, Controlled or Directed	Percentage of Voting Shares as of July 12, 2022
Archytas Ventures LLC ⁽¹⁾	direct	19,181,754	18.5%
KushCo Holdings Inc.	direct	10,600,300	10.2%

(1) Archytas Ventures LLC is a company controlled by David Kivitz (the Chief Executive Officer of the Company) and Antony Radbod (the Chief Operating Officer (“**COO**”) of the Company).

NON-REGISTERED HOLDERS AND DELIVERY MATTERS

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company 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 (“**Intermediary**”) holding on your behalf.

If you have received the Company’s form of proxy, you may return it to Odyssey as directed above.

Objecting Beneficial Owners (“**OBOs**”) and other beneficial holders receive a Voting Instruction Form (“**VIF**”) from an Intermediary by way of instruction of their financial institution. Detailed instructions of how to submit your vote will be on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or VIF is to be delivered.

The Company is not using the “notice-and-access” provisions of National Instrument 54-101 (“**NI 54-101**”) in connection with the delivery of the meeting materials in respect of the Meeting. The Company is not sending such meeting materials directly to “non-objecting beneficial owners” in accordance with NI 54-101, and intends to pay for intermediaries to deliver such meeting materials to “objecting beneficial owners” as defined in NI 54-101.

COMPENSATION OF EXECUTIVE OFFICERS

The following table provides a summary of compensation for services rendered in all capacities to the Company for the fiscal years ended December 31, 2021 and 2020 in respect of the individuals who served as (i) the Chief Executive Officer, Chief Financial Officer and COO of the Company during the fiscal year ended December 31, 2021 (the “**Named Executive Officers**”); and (ii) the directors of the Company for the fiscal year ended December 31, 2021. See also “Stock Options and Other Compensation Securities” below.

Table of Compensation Excluding Compensation Securities

Name and Position	Fiscal Year Ended December 31	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of All Other Compensation	Total Compensation
David Kivitz, CEO	2021	US\$181,667 ⁽¹⁾	\$125,000	N/A	N/A	N/A	US\$250,000
	2020	US\$116,000 ⁽¹⁾	\$127,500	N/A	N/A	N/A	US\$243,500
Joe Fazzini, CFO ⁽²⁾	2021	Cdn\$56,000	N/A	N/A	N/A	N/A	Cdn\$56,000
	2020	Cdn\$126,000	N/A	N/A	N/A	N/A	Cdn\$126,000
Nelson Lamb, CFO ⁽²⁾	2021	Cdn\$63,000	Cdn\$33,355	N/A	N/A	N/A	Cdn\$99,355
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Antony Radbod, COO	2021	US\$181,667 ⁽¹⁾	\$125,000	N/A	N/A	N/A	US\$250,000
	2020	US\$116,000 ⁽¹⁾	\$127,500	N/A	N/A	N/A	US\$243,500

(1) Messrs. Kivitz and Radbod were compensated through a master services agreement between the Company and Archytas Ventures, LLC until July 1, 2021, after which they provided their services under individual employment contracts. See “Termination of Employment, Change in Responsibilities and Employment Contracts” below.

(2) Mr. Lamb replaced Mr. Fazzini as Chief Financial Officer on March 24, 2021.

Stock Options and Other Compensation Securities

Set forth in the table below is a summary of all compensation securities granted or issued to each Named Executive Officer and director of the Company during the fiscal year ended December 31, 2021.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities,	Date of Issue or Grant	Issue, Conversion or Exercise Price (CAD)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
David Kivitz	Stock Options	3,200,000 ⁽¹⁾	September 10, 2021	0.20	0.20	0.21	September 10, 2026
Antony Radbod	Stock Options	3,200,000 ⁽¹⁾	September 10, 2021	0.20	0.20	0.21	September 10, 2026
Gary Herman	Stock Options	75,000 ⁽¹⁾	March 26, 2021	0.33	0.28	0.21	March 26, 2026
	Stock Options	28,912 ⁽¹⁾	April 27, 2021	0.30	0.275	0.21	April 27, 2026
	Stock Options	640,000 ⁽¹⁾	September 10, 2021	0.20	0.20	0.21	September 10, 2026
Stephen Christoffersen	Stock Options	75,000 ⁽¹⁾	March 26, 2021	0.33	0.275	0.21	March 26, 2026
	Stock Options	83,034 ⁽¹⁾	April 27, 2021	0.30	0.275	0.21	April 27, 2026
	Stock Options	640,000 ⁽¹⁾	September 10, 2021	0.20	0.20	0.21	September 10, 2026
Nelson Lamb	Stock Options	200,000 ⁽¹⁾	March 26, 2021	0.33	0.28	0.21	March 26, 2026
	Stock Options	430,000 ⁽¹⁾	September 10, 2021	0.20	0.20	0.21	September 10, 2026

(1) The stock options granted on March 26, April 27 and September 10, 2021 are conditional upon shareholder approval. See “Particulars of Matters to be Acted Upon – Approval of Amended Plan”.

Exercise of Compensation Securities by Directors and Named Executive Officers

No compensation securities were exercised by any Named Executive Officers or directors of the Company during the fiscal year ended December 31, 2021.

For further details on the omnibus incentive plan of the Company (the “**Plan**”), please refer to “Summary of Plan” below.

COMPENSATION DISCUSSION AND ANALYSIS

The Issuer’s approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Issuer attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Issuer. The Issuer’s compensation arrangements for the Named Executive Officers may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of the Issuer, compensation of the Named Executive Officers currently emphasizes base salaries and bonuses, with a reduced reliance on option awards. This policy may be re-evaluated in the future depending upon

the future development of the Issuer and other factors which may be considered relevant by the board of directors from time to time.

In respect of the financial year ended December 31, 2021: (i) a salary of \$181,667 USD was paid in respect of the services of the Chief Executive Officer of the Issuer; (ii) a salary of \$63,000 CAD was paid in respect of the services of the Chief Financial Officer of the Issuer; \$56,000 CAD was paid in respect of the services of the former Chief Financial Officer of the Issuer; and (iii) a salary of \$181,667 USD was paid in respect of the services of the Chief Operating Officer of the Issuer. The Issuer has established a Compensation Committee which establishes and reviews the Issuer's overall compensation philosophy and its general compensation policies with respect to executive officers, including the corporate goals and objectives and the annual performance objectives relevant to such officers. The Compensation Committee evaluates each officer's performance in light these goals and objectives and, based on its evaluation, determines and approves the salary, bonus, options and other benefits for such officers. In determining compensation matters, the Compensation Committee and the board of directors may consider a number of factors, including the Issuer's performance, the value of similar incentive awards to officers performing similar functions at comparable companies, the awards given in past years and other factors it considers relevant. The current overall objective of the Issuer's compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions.

With respect to any bonuses or incentive plan grants which may be awarded to executive officers in the future, the Issuer has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the Compensation Committee level with respect to the above-noted considerations and any other matters which the Compensation Committee and Board may consider relevant on a going-forward basis, including the cash position of the Issuer. See also "Employment, Termination and Change of Control Benefits" below. Any existing options held by the Named Executive Officers at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Issuer. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on the Issuer's success.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

David Kivitz, the Chief Executive Officer, and Antony Radbod, the Chief Operating Officer, previously rendered their services to the Issuer through a second amended and restated master services agreement dated July 1, 2020 between the Issuer and Archytas (the "**Amended MSA**"). On July 1, 2021, the Amended MSA was terminated upon mutual agreement between the Company and Messrs. Kivitz and Radbod, and they individually entered into separate executive employment agreements with the Issuer to render their services. Further details of the executive employment agreement are set out below.

Nelson Lamb (Chief Financial Officer and Corporate Secretary of XSF) renders his services to the Issuer under a consulting agreement. Further details of such agreement is set out below.

David Kivitz Agreement

The Executive Employment Agreement between the Issuer and Mr. Kivitz (the "**CEO Employment Agreement**"), requires the Issuer to compensate Mr. Kivitz for his services as Chief Executive Officer. Per the terms of the agreement, Mr. Kivitz is to receive a base salary of US\$250,000 to be adjusted from time to time based on performance or other factors in the Issuer's discretion. In addition, the agreement allows Mr. Kivitz to participate in the Issuer's benefit plans and programs including but not limited to group

insurance, pension, retirement, vacation, expense reimbursement or other plans, programs or benefits the Issuer offers to employees. Mr. Kivitz is also eligible to receive short term incentive bonuses approved by the Compensation Committee and based on key performance indicators as set forth by the Compensation Committee. Mr. Kivitz is eligible to receive long term incentives in the form of stock options approved by the Compensation Committee.

In the event that Mr. Kivitz performs services which result in the acquisition or merger of another entity or a transaction that results in a change of control, Mr. Kivitz may be eligible for additional bonuses as approved by the Compensation Committee in its sole discretion.

If Mr. Kivitz's employment is terminated for good reason or by us without cause, Mr. Kivitz may be eligible for severance pay equal to 24 months of cash compensation, including base salary, short-term incentives and long-term incentive and any other bonuses or forms of compensation approved by the Compensation Committee, all in accordance with the terms of the CEO Employment Agreement.

Antony Radbod Agreement

The Executive Employment Agreement between the Issuer and Mr. Radbod (the "**COO Employment Agreement**"), requires the Issuer to compensate Mr. Radbod for his services as Chief Operating Officer. Per the terms of the agreement, Mr. Radbod is to receive a base salary of US\$250,000 to be adjusted from time to time based on performance or other factors in the Issuer's discretion. In addition, the agreement allows Mr. Radbod to participate in the Issuer's benefit plans and programs including but not limited to group insurance, pension, retirement, vacation, expense reimbursement or other plans, programs or benefits the Issuer offers to employees. Mr. Radbod is also eligible to receive short term incentive bonuses approved by the Compensation Committee and based on key performance indicators as set forth by the Compensation Committee. Mr. Radbod is eligible to receive long term incentives in the form of stock options approved by the Compensation Committee.

In the event that Mr. Radbod performs services which result in the acquisition or merger of another entity or a transaction that results in a change of control, Mr. Radbod may be eligible for additional bonuses as approved by the Compensation Committee in its sole discretion.

If Mr. Radbod's employment is terminated for good reason or by us without cause, Mr. Radbod may be eligible for severance pay equal to 24 months of cash compensation, including base salary, short-term incentives and long-term incentive and any other bonuses or forms of compensation approved by the Compensation Committee, all in accordance with the terms of the COO Employment Agreement.

Nelson Lamb Agreement

Mr. Lamb renders his services to the Issuer through a consulting agreement between the Issuer and 1304331 B.C. Ltd dated and effective June 1, 2021. In consideration for the services provided and per the terms of the consulting agreement, the Issuer has agreed to pay fees of CAD \$9,000 per month for the services of Mr. Lamb.

COMPENSATION OF DIRECTORS

Directors of the Issuer that are not also executive officers of the Issuer are not currently paid any fee in respect of the attendance at directors' and shareholder's meetings. Directors are eligible to participate in the Plan. Directors may also be compensated for services provided to the Issuer as consultants or experts on the same basis and at the same rate as would be payable if such services were provided by a third party,

arm's length service provider. During the year ended December 31, 2021, a total of \$33,475 of such services were provided to the Issuer by two of its directors other than Named Executive Officers during fiscal 2021. As of December 31, 2021, the Issuer had an aggregate of 18,334,423 outstanding options, of which 1,685,471 were issued to directors.

AUDIT COMMITTEE

Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110") requires the Company to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this Information Circular.

Composition of the Audit Committee

The Company's audit committee is comprised of Messrs. Gary Herman, Stephen Christoffersen and Andrew Mitchell. Messrs. Herman, Christoffersen and Mitchell are considered to be "independent", as defined in NI 52-110. Each member of the audit committee is also considered to be "financially literate" which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Company.

Relevant Education and Experience

Gary Herman (Chair)

Mr. Herman has been a director of XSF since May 2019. Since 2005, Mr. Herman has managed Strategic Turnaround Equity Partners, LP (Cayman) and its affiliates. From January 2011 to August 2013, he was a managing member of Abacoa Capital Management, LLC, which managed, Abacoa Capital Master Fund, Ltd. focused on a Global-Macro investment strategy. Since 2005, Mr. Herman has been a registered representative with Arcadia Securities LLC, a FINRA-registered broker-dealer based in New York. From 1997 to 2002, he was an investment banker with Burnham Securities, Inc. From 1993 to 1997, he was a managing partner of Kingshill Group, Inc., a merchant banking and financial firm. Mr. Herman has many years of investment experience as well as serving on the boards of public and private companies. Mr. Herman has a B.S. from the University at Albany with a major in Political Science and minors in Business and Music.

Stephen Christoffersen

Mr. Christoffersen has 15 years of global capital markets and executive management experience. From 2018 to 2021, Mr. Christoffersen worked for KushCo Holdings Inc where led a business turnaround that led to an acquisition by Greenlane Holdings. Additionally, Mr. Christoffersen is the Chief Executive Officer and a Board Director at Western Acquisition Ventures. During his time as CEO of Western Acquisition Ventures, he was part of raising USD \$115 million for the Special Purpose Acquisition Company through both a PIPE investment and NASDAQ IPO. Prior to joining KushCo, Mr. Christoffersen served as Vice President of Investment Strategy for Comerica Asset Management Inc., where he managed \$500 million and oversaw asset allocation and investments. Mr. Christoffersen received his Chartered Financial Analyst designation in 2015 and holds a Bachelor of Science degree in Finance from the University of Nevada, Las Vegas.

Andrew Mitchell

Mr. Mitchell is a Research Analyst at Marblegate Asset Management. Prior to joining Marblegate, Mr. Mitchell was an Analyst in the Restructuring & Recapitalization Group at Raymond James Financial, where he advised on in and out of court restructuring transactions, complex corporate carve-outs and other special situation transactions. Mr. Mitchell graduated from the University of North Carolina at Chapel Hill with a B.A. in History, and Peace War & Defense.

Pre-Approval Policies and Procedures

The audit committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

Audit Fees

The aggregate fees billed by the Issuer's external auditors for the fiscal years ended December 31, 2020 and December 31, 2021, for audit and non-audit related services, are as follows:

Financial Year	Audit fees (C\$)⁽¹⁾	Audit-Related Fees (C\$)⁽²⁾	Tax Fees (C\$)⁽³⁾	All Other Fees (\$)
Fiscal year ended December 31, 2020	\$41,200	Nil	\$9,000	Nil
Fiscal year ended December 31, 2021	\$115,000	Nil	\$12,000	Nil

Notes:

(1) Aggregate fees billed for the Corporation's annual financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings.

(2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.

(3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

Exemption

As a venture issuer within the meaning of MI 52 -110, the Issuer is relying upon the exemption provided by section 6.1 of MI 52-110, which exempts venture issuers from the requirements of Part 3, Composition of the Audit Committee and Part 5, Reporting Obligations of NI 52-110.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Company as at December 31, 2021. See also "Summary of Plan".

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	11,328,967	C\$0.32	0
Equity compensation plans not approved by securityholders	21,321,390 ⁽¹⁾	C\$0.19	N/A
Total	32,650,357	C\$0.22	0

(1) See “Particulars of Matters to be Acted Upon – Approval of Amended Plan”.

SUMMARY OF PLAN

The shareholders of the Company last approved the Plan on August 27, 2021. Up to such number of Shares as is equal to the lesser of 75,000,000 Shares or 15% of the aggregate number of Shares outstanding from time-to-time may be issued under the Plan when taken together with all other Security Based Compensation Arrangements (as defined in the Plan) of the Company, provided that no more than 75,000,000 Shares may be issued upon the exercise of Incentive Stock Options (as defined under the Plan). Awards have been granted by the Company under the Plan providing for the issuance of up to 32,650,357 Shares which have not been cancelled or expired or been exercised to date, of which Incentive Stock Options to acquire 21,321,390 Shares were granted subject to the receipt of shareholder approval to sufficiently increase the number of Shares issuable under the Plan. See “Particulars of Matters to be Acted Upon – Approval of Amended Plan”.

The purpose of the Plan is to attract, retain and reward those employees, directors and other designated individuals who are expected to contribute significantly to the success of the Company, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Company’s shareholders and, in general, to further the best interests of the Company and its shareholders.

The Plan is intended to comply with Section 422 of the U.S. Internal Revenue Code of 1986 (the “Code”) with respect to the U.S. employees participating in the Plan, if and when applicable. All capitalized terms used and not otherwise defined in the following summary shall have the meanings ascribed to such terms in the Plan, a copy of which is appended at Appendix I to Schedule B to this Information Circular. The following is a summary only and is qualified in its entirety to the full terms of the Plan as set forth at Appendix I to Schedule B hereto.

The following is a summary of the material terms of the Plan:

- (i) with respect to Options:
 - (A) the purchase price per Share purchasable under an Option shall be determined by a committee of the Board (the “Committee”) and shall not, except in the case of certain

exceptions as set out in the Plan, be less than 100% of the Fair Market Value of a Share on the last trading day prior to the date of grant of such Option provided, however, that, in the case of the grant of an Option to a participant who, at the time such Option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of shares of the Company or any parent or subsidiary thereof (a “**More Than 10% Shareholder**”), the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the last trading date prior to the grant of such Option; and

- (B) the term shall be fixed by the Committee at the date of grant but shall not be longer than ten years from the date of grant, or five years in the case of a More than 10% Shareholder;
- (ii) with respect to Stock Appreciation Rights:
- (A) Stock Appreciation Rights granted under the Plan may be granted either alone or in addition to other awards and may, but need not, relate to a specific Option grant;
 - (B) any tandem Stock Appreciation Rights related to an Option may be granted at the same time as such Option. In the case of any tandem Stock Appreciation Right related to any Option, the Stock Appreciation Right or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the Stock Appreciation Right; and
 - (C) a freestanding Stock Appreciation Right shall not have a term of greater than 10 years or, unless it is a Substitute Award, an exercise price less than 100% of Fair Market Value of the Shares on the last trading date prior to the date of grant;
- (iii) shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose;
- (iv) the Committee, in its discretion, may award Deferred Stock Units and dividend equivalents with respect to awards of Deferred Stock Units; and
- (v) with respect to Other-Stock Based Awards, the Committee is authorized to grant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares, as are deemed by the Committee to be consistent with the purpose of the Plan and the Committee shall determine the terms and conditions of such awards.

The number of Shares issuable to Insiders under the Plan, at any time, under all Security Based Compensation Arrangements of the Company, may not exceed 10% of the issued and outstanding Shares; and the number of Shares issued to Insiders within any one-year period, under all Security Based Compensation Arrangements of the Company, may not exceed 10% of the Company’s issued and outstanding Shares (collectively, the “**Insider Limitations**”).

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the “Guidelines”). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of the Company’s approach to corporate governance in relation to the Guidelines.

The Board of Directors

NI 58-101 defines an “independent director” as a director who has no direct or indirect material relationship with the Company. A “material relationship” is in turn defined as a relationship which could, in the view of the board of directors, be reasonably expected to interfere with such member’s independent judgement. The board of directors is currently comprised of four members, two of whom the board of directors has determined are “independent directors” within the meaning of NI 58-101.

As at July 12, 2022, Messrs. David Kivitz and Antony Radbod are not considered independent directors as they also serve as executive officers of the Company, while Messrs. Gary Herman, Andrew Mitchell and Stephen Christoffersen are considered independent directors since they are each independent of management and free from any material relationship with the Company. The basis for this determination is that, since January 1, 2015, none of the independent directors have worked for the Company, received material remuneration from the Corporation or had material contracts with or material interests in the Company which could interfere with their ability to act with a view to the best interests of the Company.

The board of directors believes that it functions independently of management. To enhance its ability to act independently of management, the board of directors may in the future meet in the absence of members of management or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

Directorships

Mr. Stephen Christoffersen serves as a Director of Western Acquisition Ventures (NASDAQ: WAV). Mr. Gary Herman serves as a Director of Jupiter Wellness, Inc. (NASDAQ: JUPW) and SusGlobal Energy Corp. (OTCQB: SNRG).

Orientation and Continuing Education

While the Company currently has no formal orientation and education program for new board members, sufficient information (such as recent financial statements, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new board member to ensure that new directors are familiarized with the Company’s business and the procedures of the board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

Ethical Business

Given the small size of the board and stage of development of the Company, the board of directors has determined that the fiduciary obligations placed on directors pursuant to applicable corporate laws are effective in ensuring ethical business conduct on the part of its directors. In addition, all employees and Board members have signed a Code of Conduct which can be found on the company website.

Nomination of Directors

The board of directors performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The board of directors believes that this is a practical approach at this stage of the Company's development and given the relatively small size of the board.

While there are no specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge and a particular knowledge of leasing or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Company. As such, nominations tend to be the result of recruitment efforts by management of the Company and discussions among the directors prior to the consideration of the board of directors as a whole.

Compensation

The board of directors has established a Compensation Committee which will review on an annual basis the adequacy and form of compensation of executive officers and directors to ensure that their compensation reflects the responsibilities, time commitment and risks involved in being an effective officer and/or director. Currently, the directors of the Company do not receive any cash fees in their capacities as directors. All directors are eligible to participate in the Plan. See "Compensation of Directors".

Other Board Committees

Currently, the Company has an Audit Committee, Compensation Committee, Corporate Governance Committee and Investment Committee.

The purpose of the Corporate Governance Committee is to assist the Board in (i) establishing the Company's corporate governance policies and practices generally; (ii) reviewing the effectiveness of the Board and its committees; and (iii) promoting a culture of integrity throughout the Company. The Committee is also responsible for (i) monitoring the appropriateness of structures to ensure that the Board can function independently of the senior officers of the Company; (ii) providing an orientation and education program for new directors; and (iii) monitoring and, when appropriate, making recommendations to the Board concerning the corporate governance of the Company including assessing the Company's corporate governance policies and practices, evaluating the functioning of the Board, its committees and individual directors and approving the annual disclosure of the Company's corporate governance practices.

The purpose of the Investment Committee is to participate in the review, approval and supervision of the Company's CAPEX and Lease financings.

Assessments

The board of directors assesses, on a periodic basis, the contributions of the board of directors as a whole and each of the individual directors, in order to determine whether each is functioning effectively.

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

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of the Company, no nominee for election as a director of the Company (“**Nominee**”), none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of business to be acted upon at the Meeting, other than the approval of the Plan, the PVS Plan (as defined below) and the Conditional Options (as defined below), in connection with each of which the directors and executive officers of the Company may continue to hold awards and/or may be entitled to receive award grants in the future, all in accordance with the terms thereof. See “Particulars of Matters to be Acted Upon – Approval of Amended Plan” and “Particulars of Matters to be Acted Upon – Approval of PVS Plan”.

CEASE TRADE ORDERS OR BANKRUPTCIES

No director or officer of the Company:

1. is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that,
 - a. while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an “**Order**”), for a period of more than 30 consecutive days; or
 - b. was subject to an Order that was issued, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of such Order, that resulted from an event that occurred while that person was acting as director or executive officer of that company;
2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
3. is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
4. has been subject to:
 - a. any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
 - b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS TO THE COMPANY

No individual who is, or at any time during the most recently completed financial year of the Company was, a director, executive officer, employee or former director, executive officer or employee of the Company, a Nominee, or any of their associates, is indebted to the Company or any subsidiary of the Company as of July 12, 2022 or was so indebted at any time during the last completed fiscal year of the Company, nor have any such individuals been or are they currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any subsidiary of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains liability insurance for the directors and officers of the Company. The Company's policy of insurance is currently in effect until December 17, 2022. An annual premium of \$157,500 has been paid by the Company. No portion of the premium is directly paid by any of the directors or officers of the Company. The aggregate insurance coverage under the policy for both directors and officers is limited to \$1,000,000 with a \$500,000 deductible (which is paid by the Company). No claims have been made or paid to date under such policy.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder beneficially owning or exercising control or direction over (directly or indirectly) more than 10% of the Shares, or Nominee, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2021 together with the auditor's report thereon.

2. Election of Directors

Under the constating documents of the Company, the Board is to consist of a minimum of one and a maximum of five directors, to be elected annually. The Board currently consists of five directors. At the Meeting, shareholders will be asked to approve an ordinary resolution setting the number of directors at five individuals. Each director holds office until the next annual meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Company's articles. On any ballot that may be called for in the election of directors, the persons named in the enclosed form of proxy intend to cast the votes to which the Shares represented by such proxy are entitled for each of the proposed Nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the Shares be otherwise voted or withheld from voting in respect of the election of any such Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other Nominees at their discretion.

The following table sets out the name of each of the Nominees, all positions and offices in the Company held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Company and the approximate number of Shares that each has advised are beneficially owned or subject to his or her control or direction (directly or indirectly):

Name and Province of Residence	Position	Principal Occupation	Director Since	Number of Shares Held or Controlled ⁽¹⁾
David Kivitz	Director, Chair	CEO, XS Financial	December 7, 2017	19,181,754 ⁽³⁾
Antony Radbod	Director	COO, XS Financial	October 22, 2018	19,181,754 ⁽³⁾
Stephen Christoffersen ⁽²⁾	Director	Chief Financial Officer, KushCo Holdings	May 29 2019	32,000
Gary Herman ⁽²⁾	Director	Fund Manager, Strategic Turnaround Equity Partners and affiliates	April 8, 2019	48,000
Andrew Mitchell ⁽²⁾	Director	Research Analyst at Marblegate Asset Management	November 5, 2021	Nil

Notes:

- (1) The information as to Shares beneficially owned (directly or indirectly) or over which the Nominees exercise control or direction not being within the knowledge of the Company has been furnished by the respective Nominees individually.
- (2) Member of the Audit Committee of the Company.
- (3) An aggregate of 19,181,754 Shares are held by Archytas Ventures, LLC, which is in turn controlled by Messrs. Kivitz and Radbod.

The management representatives named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of the election of the Nominees set forth in this Information Circular unless a shareholder specifies in the proxy that his or her Shares are to be withheld from voting in respect of such resolution.

3. Appointment of Auditors

The directors propose to nominate Macias Gini & O’Connell LLP, the present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of shareholders. McGovern Hurley LLP were first appointed as auditors of the Company effective October 1, 2021.

In the past, the directors have negotiated with the auditors of the Company on an arm’s length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Company were reasonable and in the circumstances would be comparable to fees charged by other auditors providing similar services.

In order to appoint Macias Gini & O’Connell LLP as auditors of the Company to hold office until the close of the next annual meeting, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

Attached hereto as Schedule “D” are the change of auditor notice prepared by the Company and the acknowledgement letters of each of Macias Gini & O’Connell LLP and McGovern Hurley LLP, Chartered

Professional Accountants, in connection with the change of the auditors of the Company effected as of October 1, 2021.

The management representatives named in the attached form of proxy intend to vote in favour of the appointment of Macias Gini & O’Connell LLP as auditors of the Company and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the proxy that his or her Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.

4. **Approval of Amended Plan**

The shareholders of the Company last approved the Plan on August 27, 2021. Up to such number of Shares as is equal to the lesser of (i) 75,000,000 Shares or (ii) 15% of the aggregate number of Shares outstanding from time-to-time (the “**15% Maximum Threshold**”) may be issued under the Plan when taken together with all other Security Based Compensation Arrangements (as defined in the Plan) of the Company, provided that no more than 75,000,000 Shares may be issued upon the exercise of Incentive Stock Options (as defined under the Plan). Awards have been granted by the Company under the Plan providing for the issuance of up to 32,650,357 Shares to date which have not been cancelled or expired or been exercised to date, of which an aggregate of 21,321,390 stock options (the “**Conditional Options**”) have been granted provided that vesting is conditional upon the receipt of shareholder approval to increase the number of Shares issuable under the Plan to provide sufficient availability thereunder for the Conditional Options to be exercised. See also “Summary of Plan” above.

The Company has proposed certain amendments to the Plan as follows:

- removal of the Insider Limitations;
- removal of the 15% Maximum Threshold and the provision for the issuance of up to a maximum of 75,000,000 Shares under the Plan; and
- certain minor housekeeping amendments.

Accordingly, at the Meeting, shareholders will be asked to consider and, if deemed fit, confirm the Plan as amended pursuant to the Amendments, pursuant to resolutions substantially in the form set forth in Schedule “B” hereto (the “**Plan Resolutions**”). A copy of the Plan reflecting the Amendments in blacklined format is set forth in Appendix “I” to Schedule “B” hereto.

The Plan Resolutions will be approved upon the affirmative vote of a majority of the votes cast at the Meeting, excluding votes attaching to Shares held by any insiders of the Company entitled to receive a benefit under the Plan. As of July 12, 2022, to the knowledge of the Company, such insiders hold an aggregate of approximately 19,261,754 Shares.

If the Plan Resolutions are approved, (i) the 11,328,967 options currently outstanding under the Plan will remain outstanding, without amendment to their terms; (ii) the Conditional Options shall vest; and (iii) the Corporation will be able to issue up to an additional 42,349,643 awards under the Plan (as calculated based upon 75,000,000 Shares available for issuance thereunder, less the number of options, including the Conditional Options, previously granted which are to remain outstanding under the Plan). If the Plan Resolutions are not approved, (i) the aggregate of 11,328,967 options currently outstanding under the Plan, other than the Conditional Options, will remain outstanding under the Plan, without amendment to their terms; (ii) the Conditional Options will not vest; and (iii) the Corporation will not be able to issue any additional awards under the Plan.

The Board has concluded that the Plan Resolutions are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the Plan Resolutions. **Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote IN FAVOR OF the approval of the Plan Resolutions.**

5. Approval of PVS Plan

At the Meeting, shareholders will be invited to consider, and if deemed appropriate, approve a new proportionate voting share omnibus compensation plan (the “**PVS Plan**”) and the authorization thereunder of up to 30,000,000 proportionate voting shares of the Company (“**PVS Shares**”).

The purpose of the PVS Plan is to attract, retain and reward those employees, directors and other designated individuals who are expected to contribute significantly to the success of the Company, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Company’s shareholders and, in general, to further the best interests of the Company and its shareholders.

All capitalized terms used and not otherwise defined in the following summary shall have the meanings ascribed to such terms in the PVS Plan. The following is a summary only and is qualified in its entirety to the full terms of the PVS Plan as set forth at Appendix I to Schedule C hereto.

The following is a summary of the material terms of the PVS Plan:

(i) with respect to Options:

- (A) the purchase price per PVS Share purchasable under an Option shall be determined by a Committee and shall not, except in the case of certain exceptions as set out in the PVS Plan, be less than 100% of the Fair Market Value of a Share on the last trading day prior to the date of grant of such Option provided multiplied by 1,000, however, that, in the case of the grant of an Option to a More Than 10% Shareholder, the purchase price per PVS Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the last trading date prior to the grant of such Option multiplied by 1,000 ; and
- (B) the term shall be fixed by the Committee at the date of grant but shall not be longer than ten years from the date of grant, or five years in the case of a More than 10% Shareholder;

(ii) with respect to Stock Appreciation Rights:

- (A) Stock Appreciation Rights granted under the PVS Plan may be granted either alone or in addition to other awards and may, but need not, relate to a specific Option grant;
- (B) any tandem Stock Appreciation Rights related to an Option may be granted at the same time as such Option. In the case of any tandem Stock Appreciation Right related to any Option, the Stock Appreciation Right or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to less than the full number of PVS Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of PVS Shares not covered by the Stock Appreciation Right; and

- (C) a freestanding Stock Appreciation Right shall not have a term of greater than 10 years or, unless it is a Substitute Award, an exercise price less than 100% of Fair Market Value of the PVS Shares on the last trading date prior to the date of grant (calculated based on the Fair Market Value of the Shares multiplied by 1,000);
- (iii) shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose;
- (iv) the Committee, in its discretion, may award Deferred Stock Units and dividend equivalents with respect to awards of Deferred Stock Units; and
- (v) with respect to Other-Stock Based Awards, the Committee is authorized to grant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, PVS Shares, as are deemed by the Committee to be consistent with the purpose of the PVS Plan and the Committee shall determine the terms and conditions of such awards.

Accordingly, at the Meeting, shareholders will be asked to consider and, if deemed fit, approve the PVS Plan pursuant to resolutions substantially in the form set forth in Schedule “C” hereto (the “**PVS Plan Resolutions**”).

The PVS Plan Resolutions will be approved upon the affirmative vote of a majority of the votes cast at the Meeting, excluding votes attaching to PVS Shares held by any insiders of the Company entitled to receive a benefit under the PVS Plan. As of July 12, 2022, to the knowledge of the Company, such insiders hold an aggregate of approximately 11,143.847 PVS Shares.

The Board has concluded that the PVS Plan Resolutions are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the PVS Plan Resolutions.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company’s financial statements and management discussion and analysis for the year ended December 31, 2021. Shareholders may contact the Company at its principal office address at 1901 Avenue of the Stars, Suite 120, Los Angeles, California 90067, to request copies of the Company’s financial statements and management discussion and analysis.

APPROVAL

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

DATED: July 15, 2022.

(Signed) David Kivitz

David Kivitz
Chief Executive Officer

SCHEDULE A

XS Financial Inc.

AUDIT COMMITTEE CHARTER

Dated: March 2021

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company is to provide an open avenue of communication between management, the Company’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company’s independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company.

Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles (“GAAP”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Company’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation

of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators and the articles of the Company.

SCHEDULE B
PLAN RESOLUTIONS

BE IT RESOLVED THAT:

1. The existing omnibus incentive plan of the Corporation (the “**SVS Plan**”) as amended in the form attached hereto as Appendix I be authorized and approved as the omnibus incentive plan of the Corporation.

2. The maximum number of subordinate voting shares of the Corporation issuable pursuant to the SVS Plan be set at an aggregate of 75,000,000 subordinate voting shares of the Corporation, subject to adjustment pursuant to the anti-dilution provisions set forth in the SVS Plan.

3. Any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the terms of the foregoing resolutions.

APPENDIX “I” TO SCHEDULE “B”

XS FINANCIAL INC.

OMNIBUS INCENTIVE PLAN

Section 1. Purpose.

The purpose of the XS Financial Inc. Omnibus Incentive Plan is to attract, retain and reward those employees, directors and other individuals who are expected to contribute significantly to the success of the Corporation and its Affiliates, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Corporation's shareholders and, in general, to further the best interests of the Corporation and its shareholders. The Plan is intended to comply with Section 422 of the Code (as defined below), with respect to the U.S. employees participating in the Plan, if and when applicable.

Section 2. Definition.

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “**Affiliate**” means: (i) any entity that, directly or indirectly, controls (as well as is controlled by or under common or joint control with) the Corporation; or (ii) any entity in which the Corporation has a significant equity interest, in either case as determined by the Committee; provided that Shares subject to any Options or SAR shall only be granted to a service provider of an Affiliate to the extent that either such Shares constitute “service recipient stock” for purposes of Section 409A of the Code or otherwise do not subject the Award to the excise tax under Section 409A of the Code, provided that in respect of any Option granted to a Canadian Grantee, an Affiliate shall only include a corporation that deals at non-arm's length, within the meaning of the ITA, with the Corporation, and further provided that, in respect of any Deferred Stock Unit granted to a Canadian Grantee, an Affiliate shall only include a corporation that is related to the Corporation, within the meaning of the ITA.
- (b) “**Award**” means any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Deferred Stock Unit, or Other Stock-Based Award granted under the Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein.
- (c) “**Award Agreement**” means the agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.
- (d) “**Beneficiary**” means a person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. If no such person is named by a Participant, such individual's Beneficiary shall be the individual's estate.
- (e) “**Blackout Period**” means a period when the Participant is prohibited from trading in the Corporation's securities pursuant to securities regulatory requirements or the Corporation's insider trading policy or other applicable policy or requirement of the Corporation.
- (f) “**Board**” means the board of directors of the Corporation.

- (g) “**Canadian Award**” means an Award pursuant to which, as applicable: (i) the exercise price is stated and payable in Canadian dollars or the basis upon which it is to be settled (whether in cash or in Shares) is stated in Canadian dollars; (ii) in the case of freestanding SARs (as defined below), the base price is stated in Canadian dollars and any cash amount payable in settlement thereof shall be paid in Canadian dollars; (iii) in the case of Restricted Share Units, any cash amount payable in settlement thereof shall be paid in Canadian dollars; or (iv) in the case of Other Stock-Based Awards the price or value of such Shares is stated in Canadian dollars.
- (h) “**Canadian Grantee**” means a Participant who is a resident of Canada for the purposes of the ITA, or who is granted an Award under the Plan in respect of services performed in Canada for the Corporation or any of its Affiliates.
- (i) “**Canadian Participant**” means a Canadian recipient of an Award granted under the Plan.
- (j) “**Cashless Exercise**” shall have the meaning set out in Section 6(e) hereof.
- (k) “**Change in Control**” means the occurrence of:
- (i) any individual, entity or group of individuals or entities acting jointly or in concert (other than the Corporation, its Affiliates or an employee benefit plan or trust maintained by the Corporation or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of Shares of the Corporation) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Corporation's then outstanding securities (excluding any “person” who becomes such a beneficial owner (x) in connection with a transaction described in paragraph (ii) below);
 - (ii) the consummation of a merger or consolidation of the Corporation or any direct or indirect Subsidiary of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) more than 30% of the combined voting power or the total fair market value of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (i) of this definition) acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control of the Corporation; or
 - (iii) a complete liquidation or dissolution of the Corporation or the consummation of any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Corporation; other than such liquidation, sale or disposition to a person or persons who beneficially own, directly or indirectly, more than 30% of the combined voting power of the outstanding voting securities of the Corporation at the time of the sale.

Notwithstanding the foregoing, with respect to any Award that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the Corporation within the meaning of Section 409A of the Code.

- (l) “**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be a reference to any successor provision and any treasury regulation promulgated thereunder.
- (m) “**Committee**” means the Corporation’s Compensation and Governance Committee appointed by the Board or such other committee as may be designated by the Board to administer the Plan. If the Board does not designate the Committee, references herein to the “Committee” shall refer to the Board.
- (n) “**Consultant**” means a consultant as defined in section 2.22 of *National Instrument 45-106 Prospectus Exemptions* engaged by the Corporation or its Affiliates and shall only include those persons who may participate in an “Employee Benefit Plan” as set forth in Rule 405 of the U.S. Securities Act.
- (o) “**Corporation**” means XS Financial Inc.
- (p) “**CSE**” means the Canadian Securities Exchange Inc. and at any time the Shares are not listed and posted for trading on the CSE, shall be deemed to mean such other stock exchange or trading platform in Canada upon which the Shares trade and which has been designated by the Committee.
- (q) “**Deferred Stock Unit**” means a contractual right to receive Shares or other Awards or a combination thereof at the end of a specified deferral period, granted under Section 9.
- (r) “**Dividend Equivalent**” means a right, granted to a Participant under the Plan, to receive cash, shares, other Awards or other property equal in value to dividends paid with respect to Shares.
- (s) “**Effective Date**” means September 11, 2019.
- (t) “**Employee**” means an employee as defined in section 2.22 of *National Instrument 45-106 Prospectus Exemptions* engaged by the Corporation or its Affiliates and shall only include those persons who may participate in an “Employee Benefit Plan” as set forth in Rule 405 of the U.S. Securities Act.
- (u) “**Fair Market Value**” means, for purposes of the Plan, unless otherwise required by any applicable provision of the Code, any regulations issued thereunder or other applicable law or by any applicable accounting standard for the Corporation’s desired accounting for Awards or by the rules of the applicable Stock Exchange, a price that is determined by the Committee, provided that such price cannot be less than:
 - (i) For Canadian Awards, as long as Shares are listed on the CSE, the greater of the volume weighted average trading price of the Shares on the CSE for the five trading days immediately prior to the grant date or the closing price of the Shares on the CSE on the trading day immediately prior to the grant date.
 - (ii) For U.S. Awards, if the Shares are listed on a U.S. Exchange, the greater of the volume weighted average trading price of the Shares on the U.S. Exchange for the five trading days immediately prior to the grant date (provided that with respect to the grant of an Option or SAR, the Committee must irrevocably commit to the grant of such Option or SAR prior to the beginning of such five trading

day period) or the closing price of the Shares on the U.S. Exchange on the trading day immediately prior to the grant date.

- (iii) The Corporation may take such actions with respect to its filings, records and reporting, as it deems appropriate to reflect the conversion of Awards from Canadian dollars to U.S. dollars and vice versa.
 - (iv) If the Shares are not traded, listed or otherwise reported or quoted, the Committee shall determine in good faith the Fair Market Value in whatever manner it considers appropriate taking into account the requirements of the ITA, Section 409A of the Code and any other applicable law.
 - (v) For purposes of the grant of any Award, the applicable date shall be the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or its designee, as applicable, or, if not a day on which the applicable market is open, the next day that it is open. In the event that the Committee determines that the date of grant of an Award shall be a future date because the Corporation is in a Blackout Period, the applicable date shall be deemed to occur on the seventh day following the termination of the Blackout Period and the Fair Market Value shall be the weighted average trading price of the Shares on the CSE or U.S. Exchange (as applicable) for a Canadian Award or U.S. Award, for the five most recent trading days preceding the applicable date (e.g. trading days two to six following the lifting of the Blackout Period). In the event an additional Blackout Period commences such that six consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the applicable date and market price shall be determined by reference to the seventh consecutive trading day following the expiry of the subsequent Blackout Period.
- (v) “**Incentive Stock Option**” means an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 6, that is intended to be and is designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.
 - (w) “**ITA**” means the *Income Tax Act* (Canada) and any regulations thereunder as amended from time to time.
 - (x) “**Non-Employee Director**” means an individual who is a member of the Board but who is not otherwise an Employee or a Consultant of the Corporation or of any Affiliate at the date an Award is granted.
 - (y) “**Non-Qualified Stock Option**” means an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 6, that is not an Incentive Stock Option.
 - (z) “**Option**” means an Incentive Stock Option or a Non-Qualified Stock Option.
 - (aa) “**Other Stock-Based Award**” means an Award granted pursuant to Section 10 of the Plan.
 - (bb) “**Participant**” means the recipient of an Award granted under the Plan.
 - (cc) “**Plan**” means this XS Financial Inc. Omnibus Incentive Plan, as the same may be amended or supplemented from time to time.
 - (dd) “**Prior Plan**” means the Corporation’s stock option plan as it existed prior to the Effective Date.
 - (ee) “**Restricted Stock**” means any Share granted under Section 8.

- (ff) **“Restricted Stock Unit”** means a contractual right granted under Section 8 that is denominated in Shares. Each Restricted Stock Unit represents a right to receive one Share or the value of one Share upon the terms and conditions set forth in the Plan and the applicable Award Agreement.
- (gg) **“SAR”** or **“Stock Appreciation Right”** means any right granted to a Participant pursuant to Section 7 to receive, upon exercise by the Participant, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards, shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be.
- (hh) **“Service”** means the active performance of services for the Corporation or an Affiliate by a person who is an employee or director of, or consultant to, the Corporation or an Affiliate. Notwithstanding the foregoing, with respect to any Award that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a termination of “Service” under the Plan for purposes of payment of such Award unless such event is also a “separation from service” within the meaning of Section 409A of the Code.
- (ii) **“Shares”** means the subordinate shares in the capital of the Corporation.
- (jj) **“Stock Exchange”** means the CSE and the U.S. Exchange (as applicable).
- (kk) **“Subsidiary”** means any corporation of which shares representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Corporation.
- (ll) **“Substitute Awards”** means Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Corporation or with which the Corporation combines.
- (mm) **“Transfer”** means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred” and “Transferable” shall have a correlative meaning.
- (nn) **“U.S. Award”** means an Award pursuant to which, as applicable: (i) in the case of Options (including tandem SARs (as defined below)), the exercise price is stated and payable in United States dollars (and in the case of tandem SARs, any cash amount payable in settlement thereof shall be paid in United States dollars), (ii) in the case of freestanding SARs (as defined below), the base price is stated in United States dollars and any cash amount payable in settlement thereof shall be paid in United States dollars; (iii) in the case of Restricted Share Units or Deferred Stock Units, any cash amount payable in settlement thereof shall be paid in United States dollars; or (iv) in the case of Other Stock-Based Awards the price or value of such Shares is stated in United States dollars.
- (oo) **“U.S. Exchange”** means such national securities exchange or trading system on which the Corporation’s shares are listed in the United States.

- (pp) **“U.S. Participant”** means a recipient of an Award granted under the Plan who is a resident or citizen of the United States or who receives compensation or remuneration from the Corporation or an Affiliate for Services performed in the United States.
- (qq) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended.

Section 3. Eligibility.

- (a) Any Employee (including any officer or employee-director), Non-Employee Director or Consultant or, subject to applicable securities laws, other advisor of, or any other individual who provides services to, the Corporation or any Affiliate, shall be eligible to be selected to receive an Award under the Plan. All Awards shall be granted by an Award Agreement. Notwithstanding the foregoing, only eligible Employees of the Corporation or any parent corporation or subsidiary corporation (as defined in Code Sections 424(e) and (f), respectively) with respect to the Corporation are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.
- (b) An individual who has agreed to accept employment by the Corporation or an Affiliate shall be deemed to be eligible for Awards hereunder as of the date of such acceptance; provided that vesting and exercise of Awards granted to such individual are conditioned upon such individual actually becoming an Employee; provided that in the case of an award granted to a U.S. Participant, such individual must commence performing Services within twelve (12) months after the grant date of such award.
- (c) Holders of options and other types of incentive awards granted by a company acquired by the Corporation or with which the Corporation combines are eligible for grant of Substitute Awards hereunder.

Section 4. Administration.

- (a) The Plan shall be administered by the Committee. Subject to Section 14, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable Stock Exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions.
- (b) Subject to the terms of the Plan and applicable law and the rules of the Stock Exchange that the Shares are listed at the relevant time and in addition to those authorities provided in Section 4(a), the Committee (or its delegate) shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards, including whether an Award shall be a Canadian Award or a U.S. Award; (iv) authorize and approve the applicable form and determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof,

or any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion); (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee, provided such deferral is not prohibited under Section 409A of the Code; (vii) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award; (viii) to determine whether an Option is an Incentive Stock Option or Non-Qualified Option; (ix) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) to permit accelerated vesting or lapse of restrictions of any Award at any time; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

- (c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Corporation, the shareholders and the Participants.
- (d) Notwithstanding the foregoing, the Committee shall not have any discretion under this Section 4 or any other provision of the Plan that would modify the terms or conditions of (i) any other Award that is intended to be exempt from the definition of “salary deferral arrangement” in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt; or (ii) any Option granted to a Canadian Grantee if the exercise of such discretion would cause the Option to not be or cease to be governed by section 7 of the ITA. The Committee will also exercise its discretion in good faith in accordance with the Corporation’s intention that the terms of Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rule of the Stock Exchange.
- (e) No member of the Committee or the Board generally shall be liable for any action or determination made in good faith pursuant to the Plan or any instrument of grant evidencing any Award granted under the Plan. To the fullest extent permitted by law, the Corporation shall indemnify and save harmless, and shall advance and reimburse the expenses of, each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.

Section 5. Shares Available for Awards; Per Person Limitations.

- (a) Subject to adjustment as provided below, the maximum number of Shares available for issuance under the Plan shall not exceed 75,000,000 Shares. With respect to Stock Appreciation Rights settled in Shares, upon settlement, only the number of Shares delivered to a Participant (based on the difference between the Fair Market Value of the Shares subject to such Stock Appreciation Right on the date such Stock Appreciation Right is exercised and the exercise price of each Stock Appreciation Right on the date such Stock Appreciation Right was awarded) shall count against the aggregate and individual share limitations set forth under this Section 5. If any Option, Stock Appreciation Right or Other Stock-Based Awards granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of Shares underlying any unexercised Award shall again be available for the purpose of Awards under the

Plan. If any shares of Restricted Stock or Other Stock-Based Awards denominated in Shares awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited shares of Restricted Stock or Other Stock-Based Awards denominated in Shares shall again be available for purposes of Awards under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations. Any Shares subject to any Award or award granted under a Prior Plan that is outstanding on the date which this Plan was approved by shareholders of the Corporation (or any portion thereof) that has expired or is forfeited, surrendered, cancelled or otherwise terminated prior to, or that is otherwise settled so that there is no, issuance or transfer of such Shares shall not be counted against the foregoing maximum share limitations.

(b) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Corporation.

(c) Changes

(i) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Corporation to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, (b) any arrangement, merger or consolidation of the Corporation or any Affiliate, (c) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares (d) the dissolution or liquidation of the Corporation or any Affiliate, (e) any sale or transfer of all or part of the assets or business of the Corporation or any Affiliate or (f) any other corporate act or proceeding.

(ii) If there shall occur any such change in the capital structure of the Corporation by reason of any stock split, reverse stock split, stock dividend, extraordinary dividend, subdivision, combination or reclassification of shares that may be issued under the Plan, any recapitalization, any arrangement, any merger, any consolidation, any spin off, any reorganization or any partial or complete liquidation, or any other corporate transaction or event having an effect similar to any of the foregoing (a "**Corporate Event**"), then (i) the aggregate number and/or kind of shares that thereafter may be issued under the Plan, (ii) the number and/or kind of shares or other property (including cash) to be issued upon exercise of an outstanding Award granted under the Plan, and/or (iii) the purchase price thereof, shall be appropriately adjusted in the Committee's sole discretion. In addition, if there shall occur any change in the capital structure or the business of the Corporation that is not a Corporate Event (an "**Other Extraordinary Event**"), including by reason of any ordinary dividend (whether cash or stock), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of stock, or any sale or transfer of all or substantially all of the Corporation's assets or business, then the Committee, in its sole discretion, may adjust any Award and make such other adjustments to the Plan. Any adjustment pursuant to this Section 5(c) shall be consistent with the applicable Corporate Event or the applicable Other Extraordinary Event, as the case may be, and in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee shall be final, binding and conclusive on the Corporation and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Except as expressly provided in this Section 5(c) or in the applicable Award Agreement, a Participant shall have no rights by reason of any Corporate Event or any Other Extraordinary Event. Notwithstanding the foregoing, no adjustment shall be made to any Option or SAR granted to a U.S. Participant pursuant to this Section 5(c)(ii) if such adjustment would constitute a modification of such Option or SAR within the meaning of regulations under Section 409A or 424(h) of the Code.

- (iii) Fractional shares of Shares resulting from any adjustment in Awards pursuant to Section 5(c)(i) or Section 5(c)(ii) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.
- (d) Shares underlying Awards that can only be settled in cash shall not reduce the number of Shares remaining available for issuance under the Plan.
- (e) Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Shares are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law and the rules of the Stock Exchange.
- (f) In the event that a Participant holds 20% or more of the issued and outstanding Shares or the settlement of an Award in Shares would cause the Participant to hold 20% or more of the issued and outstanding Shares, such Participant shall only be granted Awards that can be settled in cash.

Section 6. Options.

The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

- (a) The purchase price per Share under an Option shall be determined by the Committee; provided, however, that, except in the case of Substitute Awards, such purchase price shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation or of any parent corporation or subsidiary corporation (as defined in Code Sections 424(e) and (f), respectively) with respect to the Corporation (a “**More Than 10% Shareholder**”), 110%) of the Fair Market Value of a Share on the last trading date prior to the grant of such Option. In the event that the Committee determines and has authorized the Chief Executive Officer of the Corporation to grant such Options on a future date because the Corporation is in a Blackout Period, the date of grant shall be deemed to occur on the second trading day following the termination of the Blackout Period and the Fair Market Value shall be the closing price on the trading day prior to the first business day following the date on which the relevant Blackout Period has expired, unless the relevant grant of Options occurs after the close of trading on the date of grant, in which case the Fair Market Value shall be equal to the closing price on the last trading date prior to the date of grant. In the event an additional Blackout Period commences such that two consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the grant date and Fair Market Value shall be determined by reference to the second consecutive trading day following the expiry of the subsequent Blackout Period.
- (b) The term of each Option shall be fixed by the Committee but shall not exceed 10 years (or 5 years in the case of an Incentive Stock Option granted to a More Than 10% Shareholders) from the date of grant thereof. Except as otherwise provided by the Committee in an Award Agreement, the term of each grant of Option shall be 10 years (or 5 years in the case of a an Incentive Stock Option granted a More than 10% Shareholder) from the date of the grant thereof. Notwithstanding the foregoing, if the term of an Option (other than an Incentive Stock Option) held by any Participant not subject to Section 409A of the Code would otherwise

expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such Option shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

- (c) The Committee shall determine the time or times at which an Option may be exercised in whole or in part. Except as otherwise provided by the Committee in an Award Agreement or as otherwise determined by the Committee, the Options, subject to the Participant's continued service, will vest and become exercisable as follows:
 - (i) as to one-third on the first anniversary of the date of the grant thereof;
 - (ii) as to one-third on the second anniversary of the date of the grant thereof; and
 - (iii) as to the final one-third on the third anniversary of the date of the grant thereof.
- (d) To the extent vested and exercisable, Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Corporation specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price (the "**Option Price**") as follows: (i) by certified cheque, bank draft or money order payable to the order of the Corporation; (ii) solely to the extent permitted by applicable law, if the Shares are traded on a Stock Exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Corporation an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, but not for Canadian Awards, having the Corporation withhold Shares issuable upon exercise of the Option, or by payment in full or in part in the form of Shares owned by the Participant, based on the Fair Market Value of the Shares on the payment date as determined by the Committee). No Shares shall be issued until payment therefor, as provided herein, has been made or provided for.
- (e) Notwithstanding Section 6(d), if specified in a Participant's Award Agreement and with the approval of the Committee, in its sole and unfettered discretion, a Participant may elect to surrender an Option, in whole or in part, without payment of the aggregate Option Price due by electing to receive Shares equal in value to the difference between the Option Price and the Fair Market Value on the date of exercise (any such exercise a "**Cashless Exercise**") computed by using the following formula, with either a partial or full deduction of the number of underlying Shares from the Plan reserve:

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

- Where
- X = the number of Shares to be issued to the Participant upon such Cashless Exercise;
 - Y = the number of Shares purchasable under the Option (at the date of such calculation);
 - A = Fair Market Value of one Share of the Corporation (at the date of such calculation, if greater than the Option Price); and
 - B = Option Price (as adjusted to the date of such calculation)

- (f) The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the

Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant Employee during any calendar year under the Plan and/or any other stock option plan of the Corporation or any parent corporation or subsidiary corporation (as defined in Code Section 424(e) and (f), respectively) of the Corporation exceeds \$100,000, such Options shall be treated as Non-Qualified Options. Should any provision of the Plan not be necessary in order for the Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the shareholders of the Corporation, subject to the rules of the Stock Exchange. To the extent that any such Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option or the portion thereof which does not so qualify shall constitute a separate Non- Qualified Stock Option.

Section 7. Stock Appreciation Rights.

- (a) The Committee is hereby authorized to grant Stock Appreciation Rights (“**SARs**”) to Participants with terms and conditions as the Committee shall determine not inconsistent with the provisions of the Plan.
- (b) SARs may be granted hereunder to Participants either alone (“**freestanding**”) or in addition to other Awards granted under the Plan (“**tandem**”) and may, but need not, relate to a specific Options granted under Section 6.
- (c) Any tandem SAR related to an Option may be granted at the same time such Option is granted to the Participant. In the case of any tandem SAR related to any Option, the SAR or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a SAR granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the SAR. Any Option related to any tandem SAR shall no longer be exercisable to the extent the related SAR has been exercised.
- (d) A freestanding SAR shall not have a term of greater than 10 years or, unless it is a Substitute Award, an exercise price less than 100% of Fair Market Value of the Share on the last trading date prior to the date of grant. Notwithstanding the foregoing, if the term of a SAR held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such SAR shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

Section 8. Restricted Stock and Restricted Stock Units.

- (a) The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.
- (b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to receive any dividend or dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. To the extent required by law, Participants holding Restricted Stock granted hereunder shall have the right to exercise full voting rights with respect to those Restricted Stocks during the any period of restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

- (c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a share certificate or certificates. In the event any share certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock. If share certificates are issued in respect of shares of Restricted Stock, the Committee may require that any share certificates evidencing such Shares be held in custody by the Corporation until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Corporation, which would permit transfer to the Corporation of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.
- (d) The Committee may in its discretion, when it finds that a waiver would be in the best interests of the Corporation, waive in whole or in part any or all restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.
- (e) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Restricted Stock Units. The entitlements on such Dividend Equivalents will not be available until the vesting of the Award of Restricted Stock Units.
- (f) For Canadian Awards, no Restricted Stock Unit shall vest later than December 31 of the third calendar year following the year in which the services giving rise to such award were rendered.

Section 9. Deferred Stock Unit.

The Committee is authorized to grant Deferred Stock Units to Participants, subject to the following terms and conditions:

- (a) Deferred Stock Units shall be settled upon expiration of the deferral period specified for an Award of Deferred Stock Unit by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock Units shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock Units may be satisfied by delivery of Shares, other Awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.
- (b) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Deferred Stock Units. The entitlements on such Dividend Equivalents will not be available until the expiration of the deferral period for the Award of Deferred Stock Units.
- (c) In respect of Canadian Awards of Deferred Stock Units granted to Canadian employees, Deferred Stock Units can only be settled after the time of the employee's death or retirement from or loss of employment and no later than the end of the first calendar year commencing thereafter.
- (d) Except as otherwise provided in the Award Agreement, each Participant (other than a U.S. Participant) shall be entitled to redeem his or her Deferred Stock Units during the period commencing on the business day immediately following the Participant's termination of Service and ending on the 90th day following the

Participant's termination of Service by providing a written notice of redemption, on a prescribed form, to the Corporation. In the event of death of a Participant, the notice of redemption shall be filed by the administrator or liquidator of the estate of the Participant. In the case of a U.S. Participant, except as otherwise provided in an Award Agreement, the redemption will be deemed to be made on the earlier of (i) December 31 of the year following the year in which such U.S. Participant incurs a "separation from service" within the meaning of Section 409A of the Code, or (ii) within 90 days of the U.S. Participant's death; provided, however, that if the U.S. Participant is a "specified employee" (within the meaning of Section 409A of the Code) any redemption on account of the Participant's separation from service will be deemed to occur not earlier than (i) the first day of the seventh month following such U.S. Participant's separation from service or (ii) the date of such U.S. Participant's death.

Section 10. Other Stock-Based Awards.

The Committee is authorized, subject to limitations under applicable law, the approval of the Stock Exchange and shareholder approval, if required, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Corporation or business units thereof, Shares awarded purely as a bonus and not subject to restrictions or conditions, or any other factors designated by the Committee. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards, notes, or other property, as the Committee shall determine. Unless otherwise determined by the Committee in an Award Agreement, the recipient of an Award under this Section 10 shall not be entitled to receive, currently or on a deferred basis, dividends or Dividend Equivalents in respect of the number of Shares covered by the Award.

Section 11. Effect of Termination of Service on Awards.

- (a) The Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to provide Service to the Corporation or any Affiliate prior to exercise or settlement of such Award.
- (b) Except as otherwise provided by the Committee in an Award Agreement:
 - (i) if a Participant resigns their office or employment, or the employment of a Participant is terminated, or a Participant's contract as a Consultant terminates, only the portion of the Options and SARs that have vested and are exercisable, if applicable, at the date of any such resignation or termination may be exercised by the Participant during the period ending 90 days after the date of resignation or termination, as applicable, after which period all Awards expire; and
 - (ii) any Options, SARs or Restricted Stock Units whether vested or unvested, will expire immediately upon the Participant being dismissed from their office or employment for cause or on a Participant's contract as a Consultant being terminated before its normal termination date for cause, including where a Participant resigns their office or employment or terminates their contract as a Consultant after being requested to do so by the Corporation as an alternative to being dismissed or terminated by the Corporation for cause.

Section 12. Change in Control Provisions.

Except as otherwise provided by the Committee in an Award Agreement:

- (a) the occurrence of a Change in Control will not result in the vesting of unvested awards nor the lapse of any period of restriction pertaining to any Restricted Stock or Restricted Stock Unit (such Awards collectively referred to as “**Unvested Awards**”), provided that: (i) such Unvested Awards will continue to vest in accordance with the Plan and the Award Agreement; (ii) any successor entity agrees to assume the obligations of the Corporation in respect of such Unvested Awards.
- (b) For the period of 24 months following a Change in Control, where a Participant’s employment or term of office or engagement is terminated for any reason by the Corporation, other than for cause, any Unvested Awards as at the date of such termination shall be deemed to have vested, and any period of restriction shall be deemed to have lapsed, as at the date of such termination and shall become payable as at the date of termination.
- (c) With respect to Awards for a U.S. Participant to the extent applicable, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled up on a Change in Control, in exchange for a payment (in cash, or in securities or other property) in an amount equal to the amount that the U.S. Participant would have received (net of the exercise price with respect to any Options or Stock Appreciation Rights) if such vested Awards were settled or distributed or such vested Options and Stock Appreciation Rights were exercised immediately prior to the consummation of such Change in Control. Notwithstanding the foregoing, if an Option or Stock Appreciation Right is not replaced with an Alternative Award (as provided in Section 12(d)) and the exercise price with respect to any outstanding Option or Stock Appreciation Right exceeds the Fair Market Value of the Shares immediately prior to the consummation of the Change of Control, such Awards shall be cancelled without any payment to the U.S. Participant.
- (d) Notwithstanding the above, no cancellation, acceleration of vesting, lapsing of restrictions, payment of an Award, cash settlement or other payment shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honoured or assumed, or new rights substituted therefor (with such honoured, assumed or substituted Award hereinafter referred to as an “**Alternative Award**”) by any successor to the Corporation or an Affiliate; provided, however, that any such Alternative Award must: (i) be based on stock which is traded on the CSE and/or an established U.S. securities market; (ii) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment; (iii) recognize, for the purposes of vesting provisions, the time that the Award has been held prior to the Change in Control; (iv) have substantially equivalent economic value to such Award (determined prior to the time of the Change in Control); (v) must not result in an acceleration of taxation under Section 409A of the Code or cause any Incentive Stock Option to cease to qualify as an Incentive Stock Option; and (vi) have terms and conditions which provide that in the event that the Participant’s employment with the Corporation, an Affiliate or any successor is involuntarily terminated or constructively terminated at any time within at least twelve months following a Change in Control, any conditions on a Participant’s rights under, or any restrictions on transfer or exercisability applicable to, each such Alternative Award shall be waived or shall lapse, as the case may be.
- (e) In the event that any accelerated Award vesting or payment received or to be received by a Participant pursuant to the above or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement or the lapse or termination of any restriction on or the vesting or exercisability of any payment

or benefit (the “**Benefit**”) would (i) constitute a “parachute payment” within the meaning of and subject to Section 280G of the Code and (ii) but for this Section, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then such Benefit shall be reduced to the extent necessary so that no portion of the Benefit will be subject to the Excise Tax, as determined in good faith by the Committee in accordance with the immediately following sentence; provided, however, that such reduction shall only be imposed if the aggregate after-tax value of the Benefit retained by the Participant (after giving effect to such reduction) is equal to or greater than the aggregate after-tax value (after giving effect to the Excise Tax) of the Benefits to the Participant without any such reduction. To the extent that such Benefit or any portion thereof is subject to Section 409A of the Code, then such Benefit or portion thereof shall be reduced by first reducing or eliminating any payment or Benefit payable in cash and then any payment or Benefit not payable in cash, in each case in reverse order beginning with payments or Benefits which are to be paid the further in time from the date of a Change in Control. If, notwithstanding any such reduction (or in the absence of such reduction), the Internal Revenue Service (“**IRS**”) determines that the Participant is liable for Excise Tax as a result of the Benefit, then the Participant shall be obliged to return to the Corporation, within thirty days of such determination by the IRS, a portion of the Benefit sufficient such that none of the Benefit retained by the Participant constitutes a “parachute payment” within the meaning of Section 280G of the Code that is subject to the Excise Tax. In no event shall the Corporation have any obligation to pay any Excise Tax imposed on a Participant or to indemnify a Participant therefor.

- (f) Notwithstanding any other provision of this Plan, this Section shall not apply with respect to any Deferred Stock Units held by a Canadian Participant where such Deferred Stock Units are governed under regulation 6801(d) of the ITA or any successor to such provision.

Section 13. General Provisions Applicable to Awards.

- (a) Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.
- (b) Awards may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Corporation. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Corporation, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- (c) Subject to the terms of the Plan, payments or transfers to be made by the Corporation, other than in regards to Options granted to Canadian Participants, upon the grant, exercise or payment of an Award may be made in the form of cash, Shares, other securities or other Awards, or any combination thereof, as determined by the Committee in its discretion at the time of grant, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee and in compliance with Section 409A of the Code. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest (or no interest) on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.
- (d) Except as may be permitted by the Committee or as specifically provided in an Award Agreement, (i) no Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner other than by will or the law of descent, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such

benefit, nor shall it be subject to attachment or legal process for or against such person, and (ii) each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions of this paragraph shall not apply to any Award which has been fully exercised, earned or paid, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

- (e) A Participant may designate a Beneficiary or change a previous Beneficiary designation at such times prescribed by the Committee by using forms and following procedures approved or accepted by the Committee for that purpose. If no Beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the Beneficiary shall be the Participant's estate.
- (f) All certificates for Shares and/or Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Ontario Securities Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- (g) Except to the extent prohibited by applicable law, it is a condition of each grant of an Award that if: (a) the Participant fails to comply with any obligation to the Corporation or an Affiliate (A) to maintain the confidentiality of information relating to the Corporation or the Affiliate and/or its business, (B) not engage in employment or business activities that compete with the business of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement or otherwise; (C) not solicit employees or other service providers, customers and/or suppliers of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement, or otherwise (collectively, a “**Restrictive Covenant**”); (b) the Participant is terminated for cause, or the Board reasonably determines after employment termination that the Participant’s employment could have been terminated for cause; (c) the Board reasonably determines that the Participant engaged in conduct that causes material financial or reputational harm to the Corporation or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Participant’s duties for the Corporation or an Affiliate; or (d) the Corporation’s financial statements (the “**Original Statements**”) are required to be restated (other than as a result of a change in accounting policy by the Corporation or under International Financial Reporting Standards applicable to the Corporation) and such restated financial statements (the “**Restated Statements**” disclose, in the opinion of the Board, acting reasonably, materially worse financial results than those contained in the Original Statements, then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Corporation, and for a U.S. Participant, in a manner in accordance with Section 409A of the Code to the extent applicable, and in addition to any other rights that the Corporation or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable): (i) require the Participant to reimburse the Corporation for any amount paid to the Participant in respect of an Award in cash in excess of the amount that should otherwise have been paid in respect of such Award had the determination of such compensation been based upon the Restated Statements in the event clause (d) above is applicable, or that was paid in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant’s employment is terminated for cause, or the Board makes a determination under paragraph (b)

or (c) above, less, in any event, the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of the amount paid in cash in the year of payment; (ii) reduce the number or value of, or cancel and terminate, any one or more unvested grants of Options, Restricted Stock Units, Deferred Stock Units or SARs on or prior to the applicable maturity or vesting dates, or cancel or terminate any outstanding Awards which have vested in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant's employment is terminated for cause or the Board makes a determination under paragraph (b) or (c) above, or (z) the date on which the Board determines that the Corporation's Original Statements are required to be restated, in the event paragraph (d) above applies (each such date provided for in clause (x), (y) and (z) of this paragraph (ii) being a "**Relevant Equity Recoupment Date**"); and/or (iii) require payment to the Corporation of the value of any Shares of the Corporation acquired by the Participant pursuant to an Award granted in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant) to acquire such Shares and less the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of such Shares.

- (h) All Awards issued pursuant to the Plan which may be denominated or settled in Shares, and all such Shares issued pursuant to the Plan, will be issued pursuant to the registration requirements of the U.S. Securities Act or an exemption from such registration requirements.

Section 14. Amendments and Termination.

- (a) The Board may amend, alter, suspend, discontinue or terminate the Plan and any outstanding Awards granted hereunder, in whole or in part, at any time without notice to or approval by the shareholders of the Corporation, for any purpose whatsoever, provided that all material amendments to the Plan shall require the prior approval of the shareholders of the Corporation and must comply with the rules of the CSE. Examples of the types of amendments that are not material that the Board is entitled to make without shareholder approval include, without limitation, the following:
 - (i) ensuring continuing compliance with applicable law, the rules of the CSE or other applicable stock exchange rules and regulations or accounting or tax rules and regulations;
 - (ii) amendments of a "housekeeping" nature, which include amendments to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect;
 - (iii) changing the vesting provision of the Plan or any Award;
 - (iv) waiving any conditions or rights under any Award;
 - (v) changing the termination provisions of any Award that does not entail an extension beyond the original expiration date thereof;
 - (vi) adding or amending a cashless exercise provision;
 - (vii) adding or amending a financial assistance provision;
 - (viii) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of written notice of exercise provided to the Corporation and the place where such payments and notices must be delivered; and

- (ix) delegating any or all of the powers of the Committee to administer the Plan to officers of the Corporation.
- (b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Corporation under any applicable securities laws or requirements shall become effective until such approval is obtained. In addition to the foregoing, the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of shareholders shall be required for:
 - (i) an increase in the maximum number of Shares that may be made the subject of Awards under the Plan;
 - (ii) any adjustment (other than in connection with a stock dividend, recapitalization or other transaction where an adjustment is permitted or required under Section 5(c)(i) or Section 5(c)(ii)) or amendment that reduces or would have the effect of reducing the exercise price of an Option or Stock Appreciation Right previously granted under the Plan, whether through amendment, cancellation or replacement grants, or other means (provided that, in such a case, insiders of the Corporation who benefit from such amendment are not eligible to vote their Shares in respect of the approval);
 - (iii) an increase in the limits on Awards that may be granted to any Participant under **Error! Reference source not found.**;
 - (iv) an extension of the term of an outstanding Option or Stock Appreciation Right beyond the expiry date thereof;
 - (v) permitting Options granted under the Plan to be Transferable other than for normal estate settlement purposes; and
 - (vi) any amendment to the plan amendment provisions set forth in this Section 14 which is not an amendment within the nature of Section 14(a)(i) or Section 14(a)(ii),

unless the change results from application of Section 5(c)(i) or Section 5(c)(ii).

Furthermore, except as otherwise permitted under the Plan, no change to an outstanding Award that will adversely impair the rights of a Participant may be made without the consent of the Participant except to the extent that such change is required to comply with applicable law, stock exchange rules and regulations or accounting or tax rules and regulations.

Section 15. Miscellaneous.

- (a) The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest, but which are not yet made to a Participant by the Corporation, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Corporation.
- (b) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants, or holders or Beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award which does not constitute a promise of future grants. The Corporation, in its sole discretion, maintains the right to make available future grants hereunder.

- (c) The Corporation shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of Shares or the payment of any cash hereunder, payment by the Participant of, any federal, provincial, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Corporation. Except in respect of Awards for Canadian Participants, any statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of Shares otherwise deliverable or by delivering Shares already owned. Any fraction of a Share required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.
- (d) Nothing contained in the Plan shall prevent the Corporation from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- (e) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Corporation or any Affiliate. Further, the Corporation or the applicable Affiliate may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in such Award.
- (f) If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.
- (g) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation.
- (h) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.
- (i) No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.
- (j) Unless otherwise determined by the Committee, as long as the Shares are listed on a national securities exchange including the CSE or system sponsored by a national securities association, the issuance of Shares pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Corporation shall have no obligation to issue such Shares unless and until such Shares are so listed, and the right to exercise any Option or other Award with respect to such Shares shall be suspended until such listing

has been effected. If at any time counsel to the Corporation shall be of the opinion that any sale or delivery of Shares pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Corporation under the statutes, rules or regulations of any applicable jurisdiction, the Corporation shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration with respect to Shares or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Corporation. A Participant shall be required to supply the Corporation with certificates, representations and information that the Corporation requests and otherwise cooperate with the Corporation in obtaining any listing, registration, qualification, exemption, consent or approval the Corporation deems necessary or appropriate.

- (k) No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Corporation or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.
- (l) The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Corporation, its Affiliates and their employees, agents and representatives with respect thereto.

Section 16. Effective Date of the Plan.

The Plan shall be effective as of the Effective Date, which is the date of adoption by the Board, subject to the approval of the Plan by the shareholders of the Corporation in accordance with the requirements of the laws of the Province of British Columbia.

Section 17. Term of the Plan.

No Award shall be granted under the Plan after ten years from the Effective Date. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Section 18. Section 409A of the Code.

- (a) The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Corporation shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section

409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Corporation and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Corporation. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of “nonqualified deferred compensation” (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a “specified employee” (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

- (b) Notwithstanding the foregoing, the Corporation does not make any representation to any Participant or Beneficiary as to the tax consequences of any Awards made pursuant to this Plan, and the Corporation shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur as a result of the grant, vesting, exercise or settlement of an Award under this Plan.

Section 19. Governing Law.

This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in the Province of British Columbia.

SCHEDULE C
PVS PLAN RESOLUTIONS

BE IT RESOLVED THAT:

1. The proportionate voting share omnibus incentive plan of the Corporation (the “**PVS Plan**”) in the form attached hereto as Appendix I be authorized and approved as the proportionate voting share omnibus incentive plan of the Corporation.
2. The maximum number of proportionate voting shares of the Corporation issuable pursuant to the PVS Plan be set at an aggregate of 30,000,000 proportionate voting shares of the Corporation, subject to adjustment pursuant to the anti-dilution provisions set forth in the PVS Plan.
3. Any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the terms of the foregoing resolutions.

APPENDIX “I” TO SCHEDULE “C”

XS FINANCIAL INC.

PROPORTIONATE VOTING SHARE OMNIBUS INCENTIVE PLAN

Section 1. Purpose.

The purpose of the XS Financial Inc. Proportionate Voting Share Omnibus Incentive Plan is to attract, retain and reward those employees, directors and other individuals who are expected to contribute significantly to the success of the Corporation and its Affiliates, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Corporation's shareholders and, in general, to further the best interests of the Corporation and its shareholders. The Plan is intended to comply with Section 422 of the Code (as defined below), with respect to the U.S. employees participating in the Plan, if and when applicable.

Section 2. Definition.

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “**Affiliate**” means: (i) any entity that, directly or indirectly, controls (as well as is controlled by or under common or joint control with) the Corporation; or (ii) any entity in which the Corporation has a significant equity interest, in either case as determined by the Committee; provided that Shares subject to any Options or SAR shall only be granted to a service provider of an Affiliate to the extent that either such Shares constitute “service recipient stock” for purposes of Section 409A of the Code or otherwise do not subject the Award to the excise tax under Section 409A of the Code, provided that in respect of any Option granted to a Canadian Grantee, an Affiliate shall only include a corporation that deals at non-arm's length, within the meaning of the ITA, with the Corporation, and further provided that, in respect of any Deferred Stock Unit granted to a Canadian Grantee, an Affiliate shall only include a corporation that is related to the Corporation, within the meaning of the ITA.
- (b) “**Award**” means any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Deferred Stock Unit, or Other Stock-Based Award granted under the Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein.
- (c) “**Award Agreement**” means the agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.
- (d) “**Beneficiary**” means a person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. If no such person is named by a Participant, such individual's Beneficiary shall be the individual's estate.
- (e) “**Blackout Period**” means a period when the Participant is prohibited from trading in the Corporation's securities pursuant to securities regulatory requirements or the Corporation's insider trading policy or other applicable policy or requirement of the Corporation.
- (f) “**Board**” means the board of directors of the Corporation.

- (g) **“Canadian Award”** means an Award pursuant to which, as applicable: (i) the exercise price is stated and payable in Canadian dollars or the basis upon which it is to be settled (whether in cash or in Shares) is stated in Canadian dollars; (ii) in the case of freestanding SARs (as defined below), the base price is stated in Canadian dollars and any cash amount payable in settlement thereof shall be paid in Canadian dollars; (iii) in the case of Restricted Share Units, any cash amount payable in settlement thereof shall be paid in Canadian dollars; or (iv) in the case of Other Stock-Based Awards the price or value of such Shares is stated in Canadian dollars.
- (h) **“Canadian Grantee”** means a Participant who is a resident of Canada for the purposes of the ITA, or who is granted an Award under the Plan in respect of services performed in Canada for the Corporation or any of its Affiliates.
- (i) **“Canadian Participant”** means a Canadian recipient of an Award granted under the Plan.
- (j) **“Cashless Exercise”** shall have the meaning set out in Section 6(e) hereof.
- (k) **“Change in Control”** means the occurrence of:
- (i) any individual, entity or group of individuals or entities acting jointly or in concert (other than the Corporation, its Affiliates or an employee benefit plan or trust maintained by the Corporation or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of Shares of the Corporation) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Corporation's then outstanding securities (excluding any “person” who becomes such a beneficial owner (x) in connection with a transaction described in paragraph (ii) below);
 - (ii) the consummation of a merger or consolidation of the Corporation or any direct or indirect Subsidiary of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) more than 30% of the combined voting power or the total fair market value of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (i) of this definition) acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control of the Corporation; or
 - (iii) a complete liquidation or dissolution of the Corporation or the consummation of any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Corporation; other than such liquidation, sale or disposition to a person or persons who beneficially own, directly or indirectly, more than 30% of the combined voting power of the outstanding voting securities of the Corporation at the time of the sale.

Notwithstanding the foregoing, with respect to any Award that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the Corporation within the meaning of Section 409A of the Code.

- (l) “**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be a reference to any successor provision and any treasury regulation promulgated thereunder.
- (m) “**Committee**” means the Corporation’s Compensation and Governance Committee appointed by the Board or such other committee as may be designated by the Board to administer the Plan. If the Board does not designate the Committee, references herein to the “Committee” shall refer to the Board.
- (n) “**Consultant**” means a consultant as defined in section 2.22 of *National Instrument 45-106 Prospectus Exemptions* engaged by the Corporation or its Affiliates and shall only include those persons who may participate in an “Employee Benefit Plan” as set forth in Rule 405 of the U.S. Securities Act.
- (o) “**Corporation**” means XS Financial Inc.
- (p) “**CSE**” means the Canadian Securities Exchange Inc. and at any time the SVS Shares are not listed and posted for trading on the CSE, shall be deemed to mean such other stock exchange or trading platform in Canada upon which the SVS Shares trade and which has been designated by the Committee.
- (q) “**Deferred Stock Unit**” means a contractual right to receive Shares or other Awards or a combination thereof at the end of a specified deferral period, granted under Section 9.
- (r) “**Dividend Equivalent**” means a right, granted to a Participant under the Plan, to receive cash, shares, other Awards or other property equal in value to dividends paid with respect to Shares.
- (s) “**Effective Date**” means the date upon which shareholder approval of this Plan is received by the Corporation.
- (t) “**Employee**” means an employee as defined in section 2.22 of *National Instrument 45-106 Prospectus Exemptions* engaged by the Corporation or its Affiliates and shall only include those persons who may participate in an “Employee Benefit Plan” as set forth in Rule 405 of the U.S. Securities Act.
- (u) “**Fair Market Value**” means, for purposes of the Plan, unless otherwise required by any applicable provision of the Code, any regulations issued thereunder or other applicable law or by any applicable accounting standard for the Corporation’s desired accounting for Awards or by the rules of the applicable Stock Exchange, a price that is determined by the Committee, provided that such price cannot be less than:
 - (i) For Canadian Awards, as long as SVS Shares are listed on the CSE, the greater of the volume weighted average trading price of the SVS Shares on the CSE for the five trading days immediately prior to the grant date or the closing price of the SVS Shares on the CSE on the trading day immediately prior to the grant date, in each case multiplied by 1,000.
 - (ii) For U.S. Awards, if the SVS Shares are listed on a U.S. Exchange, the greater of the volume weighted average trading price of the SVS Shares on the U.S. Exchange for the five trading days immediately prior to the grant date (provided that with respect to the grant of an Option or SAR, the Committee must irrevocably commit to the grant of such Option or SAR prior to the beginning of

such five trading day period) or the closing price of the SVS Shares on the U.S. Exchange on the trading day immediately prior to the grant date, in each case multiplied by 1,000.

- (iii) The Corporation may take such actions with respect to its filings, records and reporting, as it deems appropriate to reflect the conversion of Awards from Canadian dollars to U.S. dollars and vice versa.
 - (iv) If the SVS Shares are not traded, listed or otherwise reported or quoted, the Committee shall determine in good faith the Fair Market Value in whatever manner it considers appropriate taking into account the requirements of the ITA, Section 409A of the Code and any other applicable law.
 - (v) For purposes of the grant of any Award, the applicable date shall be the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or its designee, as applicable, or, if not a day on which the applicable market is open, the next day that it is open. In the event that the Committee determines that the date of grant of an Award shall be a future date because the Corporation is in a Blackout Period, the applicable date shall be deemed to occur on the seventh day following the termination of the Blackout Period and the Fair Market Value shall be the weighted average trading price of the SVS Shares on the CSE or U.S. Exchange (as applicable) for a Canadian Award or U.S. Award, for the five most recent trading days preceding the applicable date (e.g. trading days two to six following the lifting of the Blackout Period), in each case multiplied by 1,000. In the event an additional Blackout Period commences such that six consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the applicable date and market price shall be determined by reference to the seventh consecutive trading day following the expiry of the subsequent Blackout Period.
- (v) “**Incentive Stock Option**” means an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 6, that is intended to be and is designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.
 - (w) “**ITA**” means the *Income Tax Act* (Canada) and any regulations thereunder as amended from time to time.
 - (x) “**Non-Employee Director**” means an individual who is a member of the Board but who is not otherwise an Employee or a Consultant of the Corporation or of any Affiliate at the date an Award is granted.
 - (y) “**Non-Qualified Stock Option**” means an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 6, that is not an Incentive Stock Option.
 - (z) “**Option**” means an Incentive Stock Option or a Non-Qualified Stock Option.
 - (aa) “**Other Stock-Based Award**” means an Award granted pursuant to Section 10 of the Plan.
 - (bb) “**Participant**” means the recipient of an Award granted under the Plan.
 - (cc) “**Plan**” means this XS Financial Inc. Proportionate Voting Share Omnibus Incentive Plan, as the same may be amended or supplemented from time to time.
 - (dd) “**Restricted Stock**” means any Share granted under Section 8.

- (ee) **“Restricted Stock Unit”** means a contractual right granted under Section 8 that is denominated in Shares. Each Restricted Stock Unit represents a right to receive one Share or the value of one Share upon the terms and conditions set forth in the Plan and the applicable Award Agreement.
- (ff) **“SAR” or “Stock Appreciation Right”** means any right granted to a Participant pursuant to Section 7 to receive, upon exercise by the Participant, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards, shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be.
- (gg) **“Service”** means the active performance of services for the Corporation or an Affiliate by a person who is an employee or director of, or consultant to, the Corporation or an Affiliate. Notwithstanding the foregoing, with respect to any Award that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a termination of “Service” under the Plan for purposes of payment of such Award unless such event is also a “separation from service” within the meaning of Section 409A of the Code.
- (hh) **“Shares”** means the proportionate voting shares in the capital of the Corporation.
- (ii) **“Stock Exchange”** means the CSE and the U.S. Exchange (as applicable).
- (jj) **“Subsidiary”** means any corporation of which shares representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Corporation.
- (kk) **“Substitute Awards”** means Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Corporation or with which the Corporation combines.
- (ll) **“SVS Shares”** means subordinate voting shares of the Corporation.
- (mm) **“Transfer”** means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred” and “Transferable” shall have a correlative meaning.
- (nn) **“U.S. Award”** means an Award pursuant to which, as applicable: (i) in the case of Options (including tandem SARs (as defined below)), the exercise price is stated and payable in United States dollars (and in the case of tandem SARs, any cash amount payable in settlement thereof shall be paid in United States dollars), (ii) in the case of freestanding SARs (as defined below), the base price is stated in United States dollars and any cash amount payable in settlement thereof shall be paid in United States dollars; (iii) in the case of Restricted Share Units or Deferred Stock Units, any cash amount payable in settlement thereof shall be paid in United States dollars; or (iv) in the case of Other Stock-Based Awards the price or value of such Shares is stated in United States dollars.
- (oo) **“U.S. Exchange”** means such national securities exchange or trading system on which the Corporation’s shares are listed in the United States.

- (pp) **“U.S. Participant”** means a recipient of an Award granted under the Plan who is a resident or citizen of the United States or who receives compensation or remuneration from the Corporation or an Affiliate for Services performed in the United States.
- (qq) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended.

Section 3. Eligibility.

- (a) Any Employee (including any officer or employee-director), Non-Employee Director or Consultant or, subject to applicable securities laws, other advisor of, or any other individual who provides services to, the Corporation or any Affiliate, shall be eligible to be selected to receive an Award under the Plan. All Awards shall be granted by an Award Agreement. Notwithstanding the foregoing, only eligible Employees of the Corporation or any parent corporation or subsidiary corporation (as defined in Code Sections 424(e) and (f), respectively) with respect to the Corporation are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.
- (b) An individual who has agreed to accept employment by the Corporation or an Affiliate shall be deemed to be eligible for Awards hereunder as of the date of such acceptance; provided that vesting and exercise of Awards granted to such individual are conditioned upon such individual actually becoming an Employee; provided that in the case of an award granted to a U.S. Participant, such individual must commence performing Services within twelve (12) months after the grant date of such award.
- (c) Holders of options and other types of incentive awards granted by a company acquired by the Corporation or with which the Corporation combines are eligible for grant of Substitute Awards hereunder.

Section 4. Administration.

- (a) The Plan shall be administered by the Committee. Subject to Section 14, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable Stock Exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions.
- (b) Subject to the terms of the Plan and applicable law and the rules of the Stock Exchange that the Shares and/or SVS Shares are listed at the relevant time and in addition to those authorities provided in Section 4(a), the Committee (or its delegate) shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards, including whether an Award shall be a Canadian Award or a U.S. Award; (iv) authorize and approve the applicable form and determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or

acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion); (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee, provided such deferral is not prohibited under Section 409A of the Code; (vii) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award; (viii) to determine whether an Option is an Incentive Stock Option or Non-Qualified Option; (ix) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) to permit accelerated vesting or lapse of restrictions of any Award at any time; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

- (c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Corporation, the shareholders and the Participants.
- (d) Notwithstanding the foregoing, the Committee shall not have any discretion under this Section 4 or any other provision of the Plan that would modify the terms or conditions of (i) any other Award that is intended to be exempt from the definition of “salary deferral arrangement” in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt; or (ii) any Option granted to a Canadian Grantee if the exercise of such discretion would cause the Option to not be or cease to be governed by section 7 of the ITA. The Committee will also exercise its discretion in good faith in accordance with the Corporation’s intention that the terms of Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rule of the Stock Exchange.
- (e) No member of the Committee or the Board generally shall be liable for any action or determination made in good faith pursuant to the Plan or any instrument of grant evidencing any Award granted under the Plan. To the fullest extent permitted by law, the Corporation shall indemnify and save harmless, and shall advance and reimburse the expenses of, each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.

Section 5. Shares Available for Awards; Per Person Limitations.

- (a) Subject to adjustment as provided below, the maximum number of Shares available for issuance under the Plan shall not exceed 30,000,000 Shares. With respect to Stock Appreciation Rights settled in Shares, upon settlement, only the number of Shares delivered to a Participant (based on the difference between the Fair Market Value of the Shares subject to such Stock Appreciation Right on the date such Stock Appreciation Right is exercised and the exercise price of each Stock Appreciation Right on the date such Stock Appreciation Right was awarded) shall count against the aggregate and individual share limitations set forth under this Section 5. If any Option, Stock Appreciation Right or Other Stock-Based Awards granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of Shares underlying any unexercised Award shall again be available for the purpose of Awards under the

Plan. If any shares of Restricted Stock or Other Stock-Based Awards denominated in Shares awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited shares of Restricted Stock or Other Stock-Based Awards denominated in Shares shall again be available for purposes of Awards under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations.

- (b) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Corporation.
- (c) Changes
 - (i) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Corporation to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, (b) any arrangement, merger or consolidation of the Corporation or any Affiliate, (c) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares (d) the dissolution or liquidation of the Corporation or any Affiliate, (e) any sale or transfer of all or part of the assets or business of the Corporation or any Affiliate or (f) any other corporate act or proceeding.
 - (ii) If there shall occur any such change in the capital structure of the Corporation by reason of any stock split, reverse stock split, stock dividend, extraordinary dividend, subdivision, combination or reclassification of shares that may be issued under the Plan, any recapitalization, any arrangement, any merger, any consolidation, any spin off, any reorganization or any partial or complete liquidation, or any other corporate transaction or event having an effect similar to any of the foregoing (a "**Corporate Event**"), then (i) the aggregate number and/or kind of shares that thereafter may be issued under the Plan, (ii) the number and/or kind of shares or other property (including cash) to be issued upon exercise of an outstanding Award granted under the Plan, and/or (iii) the purchase price thereof, shall be appropriately adjusted in the Committee's sole discretion. In addition, if there shall occur any change in the capital structure or the business of the Corporation that is not a Corporate Event (an "**Other Extraordinary Event**"), including by reason of any ordinary dividend (whether cash or stock), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of stock, or any sale or transfer of all or substantially all of the Corporation's assets or business, then the Committee, in its sole discretion, may adjust any Award and make such other adjustments to the Plan. Any adjustment pursuant to this Section 5(c) shall be consistent with the applicable Corporate Event or the applicable Other Extraordinary Event, as the case may be, and in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee shall be final, binding and conclusive on the Corporation and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Except as expressly provided in this Section 5(c) or in the applicable Award Agreement, a Participant shall have no rights by reason of any Corporate Event or any Other Extraordinary Event. Notwithstanding the foregoing, no adjustment shall be made to any Option or SAR granted to a U.S. Participant pursuant to this Section 5(c)(ii) if such adjustment would constitute a modification of such Option or SAR within the meaning of regulations under Section 409A or 424(h) of the Code.
 - (iii) Fractional shares of Shares resulting from any adjustment in Awards pursuant to Section 5(c)(i) or Section 5(c)(ii) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No

cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

- (d) Shares underlying Awards that can only be settled in cash shall not reduce the number of Shares remaining available for issuance under the Plan.
- (e) Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Shares are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law and the rules of the Stock Exchange.
- (f) In the event that a Participant holds 20% or more of the issued and outstanding Shares or the settlement of an Award in Shares would cause the Participant to hold 20% or more of the issued and outstanding Shares, such Participant shall only be granted Awards that can be settled in cash.

Section 6. Options.

The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

- (a) The purchase price per Share under an Option shall be determined by the Committee; provided, however, that, except in the case of Substitute Awards, such purchase price shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation or of any parent corporation or subsidiary corporation (as defined in Code Sections 424(e) and (f), respectively) with respect to the Corporation (a “**More Than 10% Shareholder**”), 110%) of the Fair Market Value of a Share on the last trading date prior to the grant of such Option. In the event that the Committee determines and has authorized the Chief Executive Officer of the Corporation to grant such Options on a future date because the Corporation is in a Blackout Period, the date of grant shall be deemed to occur on the second trading day following the termination of the Blackout Period and the Fair Market Value shall be the closing price on the trading day prior to the first business day following the date on which the relevant Blackout Period has expired, unless the relevant grant of Options occurs after the close of trading on the date of grant, in which case the Fair Market Value shall be equal to the closing price on the last trading date prior to the date of grant. In the event an additional Blackout Period commences such that two consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the grant date and Fair Market Value shall be determined by reference to the second consecutive trading day following the expiry of the subsequent Blackout Period.
- (b) The term of each Option shall be fixed by the Committee but shall not exceed 10 years (or 5 years in the case of an Incentive Stock Option granted to a More Than 10% Shareholders) from the date of grant thereof. Except as otherwise provided by the Committee in an Award Agreement, the term of each grant of Option shall be 10 years (or 5 years in the case of a an Incentive Stock Option granted a More than 10% Shareholder) from the date of the grant thereof. Notwithstanding the foregoing, if the term of an Option (other than an Incentive Stock Option) held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such Option shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

- (c) The Committee shall determine the time or times at which an Option may be exercised in whole or in part. Except as otherwise provided by the Committee in an Award Agreement or as otherwise determined by the Committee, the Options, subject to the Participant's continued service, will vest and become exercisable as follows:
- (i) as to one-third on the first anniversary of the date of the grant thereof;
 - (ii) as to one-third on the second anniversary of the date of the grant thereof; and
 - (iii) as to the final one-third on the third anniversary of the date of the grant thereof.
- (d) To the extent vested and exercisable, Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Corporation specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price (the "**Option Price**") as follows: (i) by certified cheque, bank draft or money order payable to the order of the Corporation; (ii) solely to the extent permitted by applicable law, if the Shares are traded on a Stock Exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Corporation an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, but not for Canadian Awards, having the Corporation withhold Shares issuable upon exercise of the Option, or by payment in full or in part in the form of Shares owned by the Participant, based on the Fair Market Value of the Shares on the payment date as determined by the Committee). No Shares shall be issued until payment therefor, as provided herein, has been made or provided for.
- (e) Notwithstanding Section 6(d), if specified in a Participant's Award Agreement and with the approval of the Committee, in its sole and unfettered discretion, a Participant may elect to surrender an Option, in whole or in part, without payment of the aggregate Option Price due by electing to receive Shares equal in value to the difference between the Option Price and the Fair Market Value of the Shares on the date of exercise (any such exercise a "**Cashless Exercise**") computed by using the following formula, with either a partial or full deduction of the number of underlying Shares from the Plan reserve:

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

- Where
- X = the number of Shares to be issued to the Participant upon such Cashless Exercise;
 - Y = the number of Shares purchasable under the Option (at the date of such calculation);
 - A = Fair Market Value of one Share of the Corporation (at the date of such calculation, if greater than the Option Price); and
 - B = Option Price (as adjusted to the date of such calculation)

- (f) The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant Employee during any calendar year under the Plan and/or any other stock option plan of the Corporation or any parent corporation or subsidiary corporation (as defined in Code Section 424(e) and (f), respectively) of the Corporation exceeds \$100,000, such Options shall be treated as Non-Qualified Options. Should any

provision of the Plan not be necessary in order for the Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the shareholders of the Corporation, subject to the rules of the Stock Exchange. To the extent that any such Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option or the portion thereof which does not so qualify shall constitute a separate Non- Qualified Stock Option.

Section 7. Stock Appreciation Rights.

- (a) The Committee is hereby authorized to grant Stock Appreciation Rights (“SARs”) to Participants with terms and conditions as the Committee shall determine not inconsistent with the provisions of the Plan.
- (b) SARs may be granted hereunder to Participants either alone (“freestanding”) or in addition to other Awards granted under the Plan (“tandem”) and may, but need not, relate to a specific Options granted under Section 6.
- (c) Any tandem SAR related to an Option may be granted at the same time such Option is granted to the Participant. In the case of any tandem SAR related to any Option, the SAR or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a SAR granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the SAR. Any Option related to any tandem SAR shall no longer be exercisable to the extent the related SAR has been exercised.
- (d) A freestanding SAR shall not have a term of greater than 10 years or, unless it is a Substitute Award, an exercise price less than 100% of Fair Market Value of the Share on the last trading date prior to the date of grant. Notwithstanding the foregoing, if the term of a SAR held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such SAR shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

Section 8. Restricted Stock and Restricted Stock Units.

- (a) The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.
- (b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to receive any dividend or dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. To the extent required by law, Participants holding Restricted Stock granted hereunder shall have the right to exercise full voting rights with respect to those Restricted Stocks during the any period of restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.
- (c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a share certificate or certificates. In the event any share certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate

legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock. If share certificates are issued in respect of shares of Restricted Stock, the Committee may require that any share certificates evidencing such Shares be held in custody by the Corporation until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Corporation, which would permit transfer to the Corporation of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.

- (d) The Committee may in its discretion, when it finds that a waiver would be in the best interests of the Corporation, waive in whole or in part any or all restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.
- (e) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Restricted Stock Units. The entitlements on such Dividend Equivalents will not be available until the vesting of the Award of Restricted Stock Units.
- (f) For Canadian Awards, no Restricted Stock Unit shall vest later than December 31 of the third calendar year following the year in which the services giving rise to such award were rendered.

Section 9. Deferred Stock Unit.

The Committee is authorized to grant Deferred Stock Units to Participants, subject to the following terms and conditions:

- (a) Deferred Stock Units shall be settled upon expiration of the deferral period specified for an Award of Deferred Stock Unit by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock Units shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock Units may be satisfied by delivery of Shares, other Awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.
- (b) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Deferred Stock Units. The entitlements on such Dividend Equivalents will not be available until the expiration of the deferral period for the Award of Deferred Stock Units.
- (c) In respect of Canadian Awards of Deferred Stock Units granted to Canadian employees, Deferred Stock Units can only be settled after the time of the employee's death or retirement from or loss of employment and no later than the end of the first calendar year commencing thereafter.
- (d) Except as otherwise provided in the Award Agreement, each Participant (other than a U.S. Participant) shall be entitled to redeem his or her Deferred Stock Units during the period commencing on the business day immediately following the Participant's termination of Service and ending on the 90th day following the Participant's termination of Service by providing a written notice of redemption, on a prescribed form, to the Corporation. In the event of death of a Participant, the notice of redemption shall be filed by the administrator or liquidator of the estate of the Participant. In the case of a U.S. Participant, except as otherwise provided in an Award Agreement, the redemption will be deemed to be made on the earlier of (i) December 31 of the

year following the year in which such U.S. Participant incurs a “separation from service” within the meaning of Section 409A of the Code, or (ii) within 90 days of the U.S. Participant’s death; provided, however, that if the U.S. Participant is a “specified employee” (within the meaning of Section 409A of the Code) any redemption on account of the Participant’s separation from service will be deemed to occur not earlier than (i) the first day of the seventh month following such U.S. Participant’s separation from service or (ii) the date of such U.S. Participant’s death.

Section 10. Other Stock-Based Awards.

The Committee is authorized, subject to limitations under applicable law, the approval of the Stock Exchange and shareholder approval, if required, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Corporation or business units thereof, Shares awarded purely as a bonus and not subject to restrictions or conditions, or any other factors designated by the Committee. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards, notes, or other property, as the Committee shall determine. Unless otherwise determined by the Committee in an Award Agreement, the recipient of an Award under this Section 10 shall not be entitled to receive, currently or on a deferred basis, dividends or Dividend Equivalents in respect of the number of Shares covered by the Award.

Section 11. Effect of Termination of Service on Awards.

- (a) The Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to provide Service to the Corporation or any Affiliate prior to exercise or settlement of such Award.
- (b) Except as otherwise provided by the Committee in an Award Agreement:
 - (i) if a Participant resigns their office or employment, or the employment of a Participant is terminated, or a Participant’s contract as a Consultant terminates, only the portion of the Options and SARs that have vested and are exercisable, if applicable, at the date of any such resignation or termination may be exercised by the Participant during the period ending 90 days after the date of resignation or termination, as applicable, after which period all Awards expire; and
 - (ii) any Options, SARs or Restricted Stock Units whether vested or unvested, will expire immediately upon the Participant being dismissed from their office or employment for cause or on a Participant’s contract as a Consultant being terminated before its normal termination date for cause, including where a Participant resigns their office or employment or terminates their contract as a Consultant after being requested to do so by the Corporation as an alternative to being dismissed or terminated by the Corporation for cause.

Section 12. Change in Control Provisions.

Except as otherwise provided by the Committee in an Award Agreement:

- (a) the occurrence of a Change in Control will not result in the vesting of unvested awards nor the lapse of any period of restriction pertaining to any Restricted Stock or Restricted Stock Unit (such Awards collectively referred to as “**Unvested Awards**”), provided that: (i) such Unvested Awards will continue to vest in accordance with the Plan and the Award Agreement; (ii) any successor entity agrees to assume the obligations of the Corporation in respect of such Unvested Awards.
- (b) For the period of 24 months following a Change in Control, where a Participant’s employment or term of office or engagement is terminated for any reason by the Corporation, other than for cause, any Unvested Awards as at the date of such termination shall be deemed to have vested, and any period of restriction shall be deemed to have lapsed, as at the date of such termination and shall become payable as at the date of termination.
- (c) With respect to Awards for a U.S. Participant to the extent applicable, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled up on a Change in Control, in exchange for a payment (in cash, or in securities or other property) in an amount equal to the amount that the U.S. Participant would have received (net of the exercise price with respect to any Options or Stock Appreciation Rights) if such vested Awards were settled or distributed or such vested Options and Stock Appreciation Rights were exercised immediately prior to the consummation of such Change in Control. Notwithstanding the foregoing, if an Option or Stock Appreciation Right is not replaced with an Alternative Award (as provided in Section 12(d)) and the exercise price with respect to any outstanding Option or Stock Appreciation Right exceeds the Fair Market Value of the Shares immediately prior to the consummation of the Change of Control, such Awards shall be cancelled without any payment to the U.S. Participant.
- (d) Notwithstanding the above, no cancellation, acceleration of vesting, lapsing of restrictions, payment of an Award, cash settlement or other payment shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honoured or assumed, or new rights substituted therefor (with such honoured, assumed or substituted Award hereinafter referred to as an “**Alternative Award**”) by any successor to the Corporation or an Affiliate; provided, however, that any such Alternative Award must: (i) be based on stock which is traded on the CSE and/or an established U.S. securities market; (ii) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment; (iii) recognize, for the purposes of vesting provisions, the time that the Award has been held prior to the Change in Control; (iv) have substantially equivalent economic value to such Award (determined prior to the time of the Change in Control); (v) must not result in an acceleration of taxation under Section 409A of the Code or cause any Incentive Stock Option to cease to qualify as an Incentive Stock Option; and (vi) have terms and conditions which provide that in the event that the Participant’s employment with the Corporation, an Affiliate or any successor is involuntarily terminated or constructively terminated at any time within at least twelve months following a Change in Control, any conditions on a Participant’s rights under, or any restrictions on transfer or exercisability applicable to, each such Alternative Award shall be waived or shall lapse, as the case may be.
- (e) In the event that any accelerated Award vesting or payment received or to be received by a Participant pursuant to the above or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement or the lapse or termination of any restriction on or the vesting or exercisability of any payment or benefit (the “**Benefit**”) would (i) constitute a “parachute payment” within the meaning of and subject to Section 280G of the Code and (ii) but for this Section, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then such Benefit shall be reduced to the extent necessary to that no portion of the Benefit will be subject to the Excise Tax, as determined in good faith by the Committee in accordance

with the immediately following sentence; provided, however, that such reduction shall only be imposed if the aggregate after-tax value of the Benefit retained by the Participant (after giving effect to such reduction) is equal to or greater than the aggregate after-tax value (after giving effect to the Excise Tax) of the Benefits to the Participant without any such reduction. To the extent that such Benefit or any portion thereof is subject to Section 409A of the Code, then such Benefit or portion thereof shall be reduced by first reducing or eliminating any payment or Benefit payable in cash and then any payment or Benefit not payable in cash, in each case in reverse order beginning with payments or Benefits which are to be paid the further in time from the date of a Change in Control. If, notwithstanding any such reduction (or in the absence of such reduction), the Internal Revenue Service (“IRS”) determines that the Participant is liable for Excise Tax as a result of the Benefit, then the Participant shall be obliged to return to the Corporation, within thirty days of such determination by the IRS, a portion of the Benefit sufficient such that none of the Benefit retained by the Participant constitutes a “parachute payment” within the meaning of Section 280G of the Code that is subject to the Excise Tax. In no event shall the Corporation have any obligation to pay any Excise Tax imposed on a Participant or to indemnify a Participant therefor.

- (f) Notwithstanding any other provision of this Plan, this Section shall not apply with respect to any Deferred Stock Units held by a Canadian Participant where such Deferred Stock Units are governed under regulation 6801(d) of the ITA or any successor to such provision.

Section 13. General Provisions Applicable to Awards.

- (a) Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.
- (b) Awards may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Corporation. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Corporation, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- (c) Subject to the terms of the Plan, payments or transfers to be made by the Corporation, other than in regards to Options granted to Canadian Participants, upon the grant, exercise or payment of an Award may be made in the form of cash, Shares, other securities or other Awards, or any combination thereof, as determined by the Committee in its discretion at the time of grant, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee and in compliance with Section 409A of the Code. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest (or no interest) on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.
- (d) Except as may be permitted by the Committee or as specifically provided in an Award Agreement, (i) no Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner other than by will or the law of descent, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person, and (ii) each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions

of this paragraph shall not apply to any Award which has been fully exercised, earned or paid, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

- (e) A Participant may designate a Beneficiary or change a previous Beneficiary designation at such times prescribed by the Committee by using forms and following procedures approved or accepted by the Committee for that purpose. If no Beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the Beneficiary shall be the Participant's estate.
- (f) All certificates for Shares and/or Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Ontario Securities Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- (g) Except to the extent prohibited by applicable law, it is a condition of each grant of an Award that if: (a) the Participant fails to comply with any obligation to the Corporation or an Affiliate (A) to maintain the confidentiality of information relating to the Corporation or the Affiliate and/or its business, (B) not engage in employment or business activities that compete with the business of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement or otherwise; (C) not solicit employees or other service providers, customers and/or suppliers of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement, or otherwise (collectively, a “**Restrictive Covenant**”); (b) the Participant is terminated for cause, or the Board reasonably determines after employment termination that the Participant’s employment could have been terminated for cause; (c) the Board reasonably determines that the Participant engaged in conduct that causes material financial or reputational harm to the Corporation or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Participant’s duties for the Corporation or an Affiliate; or (d) the Corporation’s financial statements (the “**Original Statements**”) are required to be restated (other than as a result of a change in accounting policy by the Corporation or under International Financial Reporting Standards applicable to the Corporation) and such restated financial statements (the “**Restated Statements**” disclose, in the opinion of the Board, acting reasonably, materially worse financial results than those contained in the Original Statements, then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Corporation, and for a U.S. Participant, in a manner in accordance with Section 409A of the Code to the extent applicable, and in addition to any other rights that the Corporation or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable): (i) require the Participant to reimburse the Corporation for any amount paid to the Participant in respect of an Award in cash in excess of the amount that should otherwise have been paid in respect of such Award had the determination of such compensation been based upon the Restated Statements in the event clause (d) above is applicable, or that was paid in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant’s employment is terminated for cause, or the Board makes a determination under paragraph (b) or (c) above, less, in any event, the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of the amount paid in cash in the year of payment; (ii) reduce the number or value of, or cancel and terminate, any one or more unvested grants of Options, Restricted Stock Units, Deferred Stock

Units or SARs on or prior to the applicable maturity or vesting dates, or cancel or terminate any outstanding Awards which have vested in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant's employment is terminated for cause or the Board makes a determination under paragraph (b) or (c) above, or (z) the date on which the Board determines that the Corporation's Original Statements are required to be restated, in the event paragraph (d) above applies (each such date provided for in clause (x), (y) and (z) of this paragraph (ii) being a "**Relevant Equity Recoupment Date**"); and/or (iii) require payment to the Corporation of the value of any Shares of the Corporation acquired by the Participant pursuant to an Award granted in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant) to acquire such Shares and less the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of such Shares.

- (h) All Awards issued pursuant to the Plan which may be denominated or settled in Shares, and all such Shares issued pursuant to the Plan, will be issued pursuant to the registration requirements of the U.S. Securities Act or an exemption from such registration requirements.

Section 14. Amendments and Termination.

- (a) The Board may amend, alter, suspend, discontinue or terminate the Plan and any outstanding Awards granted hereunder, in whole or in part, at any time without notice to or approval by the shareholders of the Corporation, for any purpose whatsoever, provided that all material amendments to the Plan shall require the prior approval of the shareholders of the Corporation and must comply with the rules of the CSE. Examples of the types of amendments that are not material that the Board is entitled to make without shareholder approval include, without limitation, the following:
 - (i) ensuring continuing compliance with applicable law, the rules of the CSE or other applicable stock exchange rules and regulations or accounting or tax rules and regulations;
 - (ii) amendments of a "housekeeping" nature, which include amendments to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect;
 - (iii) changing the vesting provision of the Plan or any Award;
 - (iv) waiving any conditions or rights under any Award;
 - (v) changing the termination provisions of any Award that does not entail an extension beyond the original expiration date thereof;
 - (vi) adding or amending a cashless exercise provision;
 - (vii) adding or amending a financial assistance provision;
 - (viii) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of written notice of exercise provided to the Corporation and the place where such payments and notices must be delivered; and
 - (ix) delegating any or all of the powers of the Committee to administer the Plan to officers of the Corporation.

- (b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Corporation under any applicable securities laws or requirements shall become effective until such approval is obtained. In addition to the foregoing, the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of shareholders shall be required for:
- (i) an increase in the maximum number of Shares that may be made the subject of Awards under the Plan;
 - (ii) any adjustment (other than in connection with a stock dividend, recapitalization or other transaction where an adjustment is permitted or required under Section 5(c)(i) or Section 5(c)(ii)) or amendment that reduces or would have the effect of reducing the exercise price of an Option or Stock Appreciation Right previously granted under the Plan, whether through amendment, cancellation or replacement grants, or other means (provided that, in such a case, insiders of the Corporation who benefit from such amendment are not eligible to vote their Shares in respect of the approval);
 - (iii) an increase in the limits on Awards that may be granted to any Participant under **Error! Reference source not found.**;
 - (iv) an extension of the term of an outstanding Option or Stock Appreciation Right beyond the expiry date thereof;
 - (v) permitting Options granted under the Plan to be Transferable other than for normal estate settlement purposes; and
 - (vi) any amendment to the plan amendment provisions set forth in this Section 14 which is not an amendment within the nature of Section 14(a)(i) or Section 14(a)(ii),

unless the change results from application of Section 5(c)(i) or Section 5(c)(ii).

Furthermore, except as otherwise permitted under the Plan, no change to an outstanding Award that will adversely impair the rights of a Participant may be made without the consent of the Participant except to the extent that such change is required to comply with applicable law, stock exchange rules and regulations or accounting or tax rules and regulations.

Section 15. Miscellaneous.

- (a) The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest, but which are not yet made to a Participant by the Corporation, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Corporation.
- (b) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants, or holders or Beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award which does not constitute a promise of future grants. The Corporation, in its sole discretion, maintains the right to make available future grants hereunder.
- (c) The Corporation shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of Shares or the payment of any cash hereunder, payment

by the Participant of, any federal, provincial, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Corporation. Except in respect of Awards for Canadian Participants, any statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of Shares otherwise deliverable or by delivering Shares already owned. Any fraction of a Share required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

- (d) Nothing contained in the Plan shall prevent the Corporation from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- (e) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Corporation or any Affiliate. Further, the Corporation or the applicable Affiliate may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in such Award.
- (f) If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.
- (g) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation.
- (h) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.
- (i) No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.
- (j) If at any time counsel to the Corporation shall be of the opinion that any sale or delivery of Shares pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Corporation under the statutes, rules or regulations of any applicable jurisdiction, the Corporation shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration with respect to Shares or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Corporation. A Participant shall be required to supply

the Corporation with certificates, representations and information that the Corporation requests and otherwise cooperate with the Corporation in obtaining any listing, registration, qualification, exemption, consent or approval the Corporation deems necessary or appropriate.

- (k) No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Corporation or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.
- (l) The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Corporation, its Affiliates and their employees, agents and representatives with respect thereto.

Section 16. Effective Date of the Plan.

The Plan shall be effective as of the Effective Date, which is the date of adoption by the Board, subject to the approval of the Plan by the shareholders of the Corporation in accordance with the requirements of the laws of the Province of British Columbia.

Section 17. Term of the Plan.

No Award shall be granted under the Plan after ten years from the Effective Date. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Section 18. Section 409A of the Code.

- (a) The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Corporation shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Corporation and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Corporation. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of “nonqualified deferred compensation” (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a “specified employee” (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject

to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

- (b) Notwithstanding the foregoing, the Corporation does not make any representation to any Participant or Beneficiary as to the tax consequences of any Awards made pursuant to this Plan, and the Corporation shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur as a result of the grant, vesting, exercise or settlement of an Award under this Plan.

Section 19. Governing Law.

This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in the Province of British Columbia.

SCHEDULE D
CHANGE OF AUDITOR PACKAGE

McGovern Hurley

Audit. Tax. Advisory.

October 8, 2021

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

We have reviewed the information contained in the Notice of Change of Auditor of XS Financial Inc. dated October 6, 2021 (the "Notice"), which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102. Based on our knowledge as of the date hereof, we agree with the statements contained in the Notice. We have no basis to agree or disagree with the comments in the notice relating to the successor auditor.

Yours truly,

McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants



Certified
Public
Accountants

November 5, 2021

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs / Mesdames:

Re: XS Financial, Inc. (the “Company”)

Notice Pursuant to NI 51-102 of Change of Auditor

As required by National Instrument 51-102, we have read the Company’s Change of Auditor Notice (the “Notice”) dated October 6, 2021 and agree with the information regarding Macias Gini & O’Connell LLP (“MGO”) contained therein, based upon our knowledge of the information contained in the Notice at his date. We have no basis to agree or disagree with information not related to MGO.

Very truly yours,

Macias Gini & O’Connell LLP

XS FINANCIAL INC.

NOTICE OF CHANGE OF AUDITOR

TO: McGovern Hurley LLP

AND TO: Macias Gini & O'Connell LLP

Dated: October 6, 2021

NOTICE IS HEREBY GIVEN that, on the advice of the Audit Committee of XS Financial Inc. (the "Corporation"), the Board of Directors of the Corporation resolved as of October 1, 2021, that: (a) the resignation of McGovern Hurley LLP, with effect from October 1, 2021, as auditor of the Corporation be accepted, and (b) Macias Gini & O'Connell LLP be appointed as auditor of the Corporation effective as of October 1, 2021, to hold office until the next annual meeting at a remuneration to be fixed by the directors.

In accordance with National Instrument 51-102 ("**NI 51-102**") we confirm that:

- (a) McGovern Hurley LLP, resigned as auditor of the Corporation at the request of the Board of Directors of the Corporation;
- (b) McGovern Hurley LLP, has not expressed a modified opinion in its reports for the two most recently completed fiscal years of the Corporation. McGovern Hurley LLP did not audit any financial statements of the Corporation subsequent to the December 31, 2020 fiscal year of the Corporation;
- (c) the resignation of McGovern Hurley LLP, and appointment of Macias Gini & O'Connell LLP as auditor of the Corporation were considered by the Audit Committee and approved by the Board of Directors of the Corporation; and
- (d) in the opinion of the Board of Directors of the Corporation, no "reportable event" as defined in NI 51-102 has occurred in connection with the audits of the two most recently completed fiscal years of the Corporation, nor any period from the most recently completed period for which McGovern Hurley LLP, issued an audit report in respect of the Corporation and the date of this Notice.

XS FINANCIAL INC.

per: "David Kivitz"

David Kivitz – Chief Executive Officer

