

**SHARC INTERNATIONAL SYSTEMS INC.**  
1443 Spitfire Place  
Port Coquitlam, British Columbia Canada V3C 6L4  
Tel: 604-475-7710 / Fax: 778-262-0120

**INFORMATION CIRCULAR**  
as at May 25, 2022 *(except as otherwise indicated)*

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Sharc International Systems Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Tuesday, July 5, 2022 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to the “Company”, “we” and “our” refer to Sharc International Systems Inc. “Common Shares” means common shares without par value in the capital of the Company. “Registered Shareholders” means shareholders whose Common shares are registered in their name. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

**Appointment of Proxyholders**

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

**Voting by Proxyholder**

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

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

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

## Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders may choose one of the following options to submit their proxy:

- (a) complete, date and sign the Proxy and return it to the Company's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia Canada V6C 3B9;
- (b) use a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number and the holder's 15-digit control number; or
- (c) use the internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's 15-digit control number.

**In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.**

## Beneficial Shareholders

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

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

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

For this Meeting, Broadridge Financial Solutions, Inc. ("**Broadridge**") will mail the Meeting proxy materials to the Beneficial Shareholders. This year the Company will not be taking advantage of the provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* that permit the Company to deliver proxy-related materials directly to its NOBOs and OBOs. As a result, Beneficial Shareholders will receive a Voting Instruction Form ("**VIF**") from Broadridge, which VIF should be completed by the Beneficial Shareholder and returned to Broadridge in the envelope provided or by a delivery option described on the VIF itself, which contains complete instructions. Broadridge will tabulate the results of the VIFs received from Beneficial Shareholders and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs Broadridge receives.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your

name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting or to have an alternate representative duly appointed to attend the Meeting and to vote your Common Shares at the Meeting.**

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

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

This document does not address any income tax consequences of the disposition of the Company’s shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with the disclosure requirements under the applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies.

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

#### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

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

#### **FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the fiscal year ended December 31, 2021, the report of the auditor thereon and the related management discussion and analysis will be tabled and available at the Meeting. These documents are also available on the SEDAR website at [www.sedar.com](http://www.sedar.com) under the Company's profile. Additional information relating to these documents may be obtained by a shareholder upon request without charge from the Corporate Secretary of the Company at 1443 Spitfire Place, Port Coquitlam, British Columbia Canada V3C 6L4, telephone number 604-475-7710.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

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

The board of directors (the "Board") of the Company has fixed May 25, 2022 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The authorized capital of the Company consists of an unlimited number of Common Shares without par value without Special Rights or Restrictions attached and an unlimited number of Preferred Shares without par value with Special Rights or Restrictions attached.

As of May 25, 2022, there were 103,860,192 Common Shares issued and outstanding, each carrying the right to one vote. No Preferred Shares have been issued. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

The Company is listed on the Canadian Securities Exchange (the "CSE") under stock symbol "SHRC".

To the knowledge of the directors and executive officers of the Company, as at May 25, 2022, there were no persons or companies that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

### ELECTION OF DIRECTORS

The Board presently consists of six directors and the Board has set the number of Directors to comprise the Board for the ensuing year at six. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at May 25, 2022:

| Name of Nominee, Current Position with the Company and Province or State and Country of Residence                | Principal Occupation, Business or Employment for the Past Five Years <sup>(1)</sup>                                     | Period as a Director of the Company               | Common Shares Beneficially Owned or Controlled <sup>(1)</sup> |
|--|---|---|---|
| Lynn Mueller <sup>(8)</sup><br><i>Chairman, Chief Executive Officer and Director</i><br>British Columbia, Canada | Co-founder and CEO of International Wastewater Heat Exchange Systems Inc.<br>Refer to <i>Director Biographies</i> below | Chairman, CEO and Director since October 27, 2015 | 1,893,143 <sup>(2)</sup>                                      |
| Sasko Despotovski <sup>(8)</sup><br><i>Director</i><br>Oslo, Norway  | Refer to <i>Director Biographies</i> below.   | Director since June 23, 2017                      | Nil <sup>(3)</sup>  |
| Daryle Anderson<br><i>Director</i><br>British Columbia, Canada   | President of CIR Mechanical Ltd.<br>Refer to <i>Director Biographies</i> below  | Director since June 23, 2016                      | 6,070,453 <sup>(4)</sup>                                      |
| The Honourable Michael "Mike" Harcourt, BA, LL.B<br><i>Director</i><br>British Columbia, Canada                  | Mr. Harcourt is the former Premier of British Columbia.<br>Refer to <i>Director Biographies</i> below.                  | Director since October 23, 2017                   | Nil <sup>(5)</sup>  |
| Eleanor Chiu <sup>(8)</sup><br><i>Director</i><br>Alberta, Canada  | Refer to <i>Director Biographies</i> below.   | Director since February 26, 2020                  | 4,277,000 <sup>(6)</sup>                                      |
| Allen G. Saurette<br><i>Director</i><br>Alberta, Canada  | Refer to <i>Director Biographies</i> below.   | Director since February 26, 2020                  | 344,000 <sup>(7)</sup>  |

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (2) These Common Shares are held by Economizer Technologies Inc., a private company owned and controlled by Mr. Mueller. Mr. Mueller also holds options to purchase 750,000 common shares at an exercise price of \$0.075, expiring on January 19, 2025 and 225,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025.
- (3) Mr. Despotovski holds options to purchase 10,000 common shares at an exercise price of \$0.075, expiring on January 19, 2025 and 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025.
- (4) 3,927,596 of these Common Shares are held by CIR Mechanical Ltd., a private company owned and controlled by Mr. Anderson. Mr. Anderson also holds options to purchase 250,000 common shares at an exercise price of \$0.075, expiring on January 19, 2025, and 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025.
- (5) Mr. Harcourt holds options to purchase 250,000 common shares at an exercise price of \$0.075, expiring on January 19, 2025 and 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025.
- (6) Ms. Chiu holds options to purchase 250,000 common shares at an exercise price of \$0.125, expiring on February 26, 2025 and 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025, convertible debt of \$50,000 that is convertible into 500,000 common shares at a conversion price of \$0.10 and maturing on February 13, 2023, and 250,000 warrants at a warrant exercise price of \$0.20 expiring on February 24, 2023.
- (7) Mr. Saurette holds options to purchase 250,000 common shares at an exercise price of \$0.125, expiring on February 26, 2025 and 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025, convertible debt of \$140,000 that is convertible into 1,400,000 common shares at a conversion price of \$0.10 and maturing on February 13, 2023, and 750,000 warrants at a warrant exercise price of \$0.20, expiring on February 13, 2023.
- (8) Member of Audit Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company. At the Meeting the above persons will be nominated for election as director as well as any person nominated pursuant to the Advance Notice Provision (see below). Only persons nominated by management pursuant to this Information Circular or pursuant to the Advance Notice Provision will be considered valid director nominees eligible for election at the Meeting.**

#### Director Biographies

**Lynn Mueller** – Mr. Mueller was appointed a director and the Chairman and Chief Executive Officer of the Company on October 27, 2015. Mr. Mueller is the co-founder and Chief Executive Officer of SHARC Energy Systems Inc. Mr. Mueller has over 25 years of experience in geothermal heat pump sales. He has served as president of WaterFurnace Canada and WaterFurnace International, and founded Pacific Geo-Exchange Inc. and Earth Source Energy Inc. Over his career, Mr. Mueller pioneered many innovative approaches to geothermal installation.

**Daryle Anderson** – Daryle Anderson is a co-founder of SHARC Energy Systems Inc. and brings a wealth of expertise to the Company. Mr. Anderson has over 35 years' experience in mechanical contracting and new residential/commercial construction. He has received his certificate of qualification in plumbing, heating, gas and sprinkler systems, and is the

President and Owner of CIR Mechanical Ltd. located in Burnaby BC, for the past 30 years. Mr. Anderson has vast knowledge of plumbing, heating and district energy systems and related installation solutions.

**Sasko Despotovski** – Sasko Despotovski is a Canadian national living in Norway. Mr. Despotovski has held posts within several investment houses, funds and hedge funds in investment banking capacity, as well as in upper management and as a director for a number of companies in USA and Canada. Mr. Despotovski is an active investor and board member to a number of Norwegian technology firms.

**The Honourable Michael “Mike” Harcourt, BA, LL.B** – Mr. Harcourt is the former Premier of British Columbia and brings an unparalleled wealth of expertise in sustainable development and political leadership to SHARC. Mr. Harcourt's belief in conservation and sustainable development has shaped his career both in and out of elected office. As former Premier of British Columbia (1991-1996), Mayor of Vancouver (1980-1986) and City Councillor, Mr. Harcourt helped British Columbia earn its reputation as one of the most livable, accessible and inclusive places, through his expertise in land use and ambitions for sustainability. His focus on conservation and sustainable development and his resolve to contribute to the transformation of cities and communities around the world has played a significant role in promoting quality of life for those in Canada and abroad. After stepping down from politics, Mr. Harcourt was appointed by the Prime Minister to serve as a member of the National Round Table on the Environment and Economy. There, he served on the Executive Committee and Chaired the Urban Sustainability Program. He was also a federally appointed BC Treaty Commissioner and was Chair of the Prime Minister's Advisory Committee for Cities and Communities, mandated to examine the future of Canada's cities and communities.

Mr. Harcourt's exemplary career as a lawyer, community activist, and politician has been honored with the Woodrow Wilson Award for Public Service, Canadian Urban Institute's Jane Jacobs Lifetime Achievement Award, The William Van Horne Visionary Award from BC Tourist, and the Order of Canada in 2012. In 2017, he received Vancouver's highest honor, the Freedom of the City award. Mr. Harcourt studied at the University of British Columbia, where he obtained a Bachelor of Arts and a Bachelor of Laws.

**Eleanor Chiu** – Eleanor Chiu, FCPA, FCA, ICD.D is a seasoned executive with extensive board experience and expertise in strategic planning, finance, operational excellence, Audit and Risk, and Corporate Governance. Eleanor is a prominent leader in the business and philanthropic community in Calgary and she is genuinely passionate about ensuring her contributions make a significant difference. Her long list of volunteer roles has included sitting on the Mount Royal University Board of Governors, Alberta Children's Hospital Board, and treasurer of Immigrant Access Fund Board.

Eleanor and her husband Wayne are the founders of Trico Charitable Foundation and she serves as one of their directors. In her role as Trico Group's Chief Financial Officer, she helped build the Company from a small business in Calgary to one of Canada's 50 Best Managed Companies - a testament to her business acumen, and professional and personal strengths. She also held directorship of various public and private for-profit companies.

Eleanor is a graduate of University of Calgary with a B.Comm, Finance and Accounting and she studied at The Chinese University of Hong Kong in Anthropology, received a ICD.D designation granted by the Institute of Corporate Directors, and is a Fellow of the Chartered Professional Accountants (FCPA).

**Allen G. Saurette** – Allen Saurette has launched many technology products for global markets. Mr. Saurette is a thought leader in the emerging technology space, regular speaker at international conferences, and a prolific author. He has assisted early stage public and private companies establish a world-wide reputation leveraging often limited resources to establish a strong market presence. He has delivered innovative solutions for over 35 years and has a strong track record of success with emerging technology companies.

#### **Cease Trade Orders and Bankruptcy**

Except as disclosed below, no director or proposed director:

- (a) is, as at the date of the information circular (the “Circular”), or has been, within 10 years before the date of this Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company in respect of which this Circular is prepared) that,
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

- (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company in respect of which this Circular is prepared) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder making a decision about whether to vote for the proposed director.

#### **Advance Notice Provision**

At the Company's annual general and special meeting held on November 25, 2013, the Company's shareholders approved the alteration of the Company's articles for the purpose of adopting advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board of directors of the Company are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision in the Company's Altered Articles, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees.**



**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.**

#### **APPOINTMENT OF AUDITOR**

Davidson & Company LLP, Chartered Professional Accountants, Suite 1200, 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G6, will be nominated at the Meeting for appointment as auditor of the Company and their remuneration will be determined by the Directors. Davidson & Company LLP has served as Auditor for the Company since 2011.

**The Board recommends that you vote in favour of appointment of Davidson & Company LLP. Unless otherwise instructed, at the Meeting the proxyholders named in the Company’s form of Proxy or Voting Instruction Form will vote FOR the appointment of Davidson & Company LLP.**

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

National Instrument 52-110 – *Audit Committees (“NI 52-110”)* requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

##### **The Audit Committee’s Charter**

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, which will be provided to the shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Audit Committee also is mandated to review and approve all material related party transactions.

A copy of the Company’s Audit Committee Charter is attached as Schedule “A” to this Information Circular.

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

The current members of the Company’s audit committee are: Eleanor Chiu (Chair), Lynn Mueller and Sasko Despotovski. Eleanor Chiu and Sasko Despotovski are independent members of the Company’s audit committee. Mr. Mueller is a non-independent member of this Committee (Chairman and Chief Executive Officer).

All members of the Audit Committee are considered to be financially literate. See *Director Biographies* above.

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

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

##### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than Davidson & Company LLP.

### Reliance on Certain Exemptions

The Company’s auditor, Davidson & Company LLP, has not provided any material non-audit services.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the audit committee charter.

### External Auditor Service Fees

The Audit Committee reviews the nature and amount of any non-audited services provided by Davidson & Company LLP to the Company to ensure auditor independence. Fees incurred with Davidson & Company LLP for audit and non-audit services in the Company’s financial years ended December 31, 2021 and December 31, 2020 are as follows:

| Nature of Services                | Fees Paid to Auditor in Year Ended December 31, 2021 | Fees Paid to Auditor in Year Ended December 31, 2020 |
|-----------------------------------|--|--|
| Audit Fees <sup>(1)</sup>         | \$55,671   | \$65,793   |
| Audit-Related Fees <sup>(2)</sup> | Nil  | Nil  |
| Tax Fees <sup>(3)</sup>           | \$6,500  | \$8,500  |
| All Other Fees <sup>(4)</sup>     | Nil  | Nil  |
| Total                             | <b>\$62,171</b>                                      | <b>\$74,293</b>                                      |

*Notes:*

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

### Exemption

The Company is a “venture issuer” under NI 52-110 and pursuant to NI 52-110, section 6.1, the Company is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

## CORPORATE GOVERNANCE

### General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Company. Corporate governance also takes into account the role of the individual members of management appointed by the Board who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of a company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management of the Company through meetings of the Board and by ensuring that at least one director is independent of management. The Board is currently comprised of six members, five of whom are independent and one who is non-independent. The independent members of the Board are Sasko Despotovski, Daryle Anderson, Michael Harcourt, Eleanor Chiu and Alan G. Saurette. The non-independent director is Lynn Mueller (Chairman and Chief Executive Officer of the Company).

### Directorships

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

| Name of Director  | Reporting Issuer                                    | Trading Market |
|-------------------|---|----------------|
| Michael Harcourt  | Maven Brands Inc. (formerly True Leaf Brands Inc.)  | CSE            |
| Sasko Despotovski | Delic Holdings Corp. (formerly Delic Holdings Inc.) | CSE            |

### Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

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

### Ethical Business Conduct

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

### Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### Compensation

The Board as a whole has the responsibility of determining the compensation for the directors and the Chief Executive Officer.

To determine compensation payable, the Board reviews compensation paid to directors and chief executive officers of other companies of similar size and stage of development in similar industries and then determine appropriate compensation reflecting the responsibilities and time and effort expended by each director and the Chief Executive Officer while taking into account the financial and other resources of the Company. In settling on the compensation, the Board annually reviews the performance of the Chief Executive Officer in light of the Company's objectives and considers other factors that may have influenced achievement of the Company's objectives.

## Other Board Committees

The Board has no committees other than the Audit Committee.

## Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and Audit Committee. No formal policy has been established to monitor the effectiveness of each director, the Board and the Audit Committee.

## STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS

The following information is provided as required under Form 51-102F6V – *Statement of Executive Compensation - Venture Issuers*, as such term is defined in National Instrument 51-102 – *Continuous Disclosure* (“**NI 51-102**”).

For the purpose of this Statement of Executive Compensation:

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**named executive officer**” or “**NEO**” means each of the following individuals:

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

“**plan**” includes any plans, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

During financial year ended December 31, 2021, based on the definition above, the NEOs of the Company were: Lynn Mueller, Chairman, Chief Executive Officer and Director and Hanspaul Pannu, Chief Financial Officer and Corporate Secretary and former Interim CFO and Corporate Secretary and Matthew Engelhardt, Chief Operating Officer and former Director.

The directors of the Company who were not NEOs during the financial year ended December 31, 2021 were Sasko Despotovski, Daryle Anderson, Michael Franklin (Mike) Harcourt, Eleanor Chiu and Allen G. Saurette.

During financial year ended December 31, 2020, based on the definition above, the NEOs of the Company were: Lynn Mueller, Chairman, Chief Executive Officer and Director, Hanspaul Pannu, Interim Chief Financial Officer and Corporate Secretary and Russ Burton, former Chief Operating Officer.

The directors of the Company who were not NEOs during the financial year ended December 31, 2020 were Sasko Despotovski, Daryle Anderson, Michael Franklin (Mike) Harcourt, Eleanor Chiu and Allen G. Saurette.

## Director and NEO Compensation

### Table of Compensation, Excluding Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company for the two completed financial years ended December 31, 2021 and December 31, 2020. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**”.

| Table of Compensation excluding Compensation Securities (in Canadian dollars) |      |   |            |                                |                           |                                      |                         |
|---|------|---|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and position   | Year | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total Compensation (\$) |
| Lynn Mueller <sup>(1)</sup><br>Chairman, CEO and Director                     | 2021 | 219,841   | Nil        | Nil                            | Nil                       | Nil                                  | 219,841                 |
|   | 2020 | 224,400   | Nil        | Nil                            | Nil                       | Nil                                  | 224,400                 |
| Hanspaul Pannu <sup>(2)</sup><br>CFO and Corporate Secretary                  | 2021 | 149,000   | Nil        | Nil                            | Nil                       | Nil                                  | 149,000                 |
|   | 2020 | 132,000   | Nil        | Nil                            | Nil                       | Nil                                  | 132,000                 |
| Matt Engelhardt <sup>(3)</sup><br>COO and Former Director                     | 2021 | 152,642   | Nil        | Nil                            | Nil                       | Nil                                  | 152,642                 |
|   | 2020 | 66,000  | Nil        | Nil                            | Nil                       | Nil                                  | 66,000                  |
| Daryle Anderson <sup>(4)</sup><br>Director                                    | 2021 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2020 | 75,000  | Nil        | Nil                            | Nil                       | Nil                                  | 75,000                  |
| Sasko Despotovski <sup>(5)</sup><br>Director                                  | 2021 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2020 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Mike Harcourt <sup>(6)</sup><br>Director                                      | 2021 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2020 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Eleanor Chiu <sup>(7)</sup><br>Director                                       | 2021 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2020 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |

#### Notes:

- (1) Mr. Mueller has served as Chairman, CEO and a director of the Company since October 27, 2015.
- (2) Mr. Pannu has served as CFO and Corporate Secretary since July 9, 2019.
- (3) Mr. Engelhardt has served as Chief Operating Officer since July 15, 2020 and served as a director from February 26, 2020 to July 15, 2020.
- (4) Mr. Anderson has served as a director since June 23, 2016.
- (5) Mr. Despotovski has served as a director since June 23, 2017.
- (6) Mr. Harcourt has served as a director since October 23, 2017.
- (7) Ms. Chiu has served as a director since February 26, 2020.

### Employment, Consulting and Management Agreements

The Company entered into an employment agreement with Lynn Mueller dated January 1, 2019. Pursuant to the terms of the agreement, Mr. Mueller is entitled to receive an annual base salary of \$200,000. From time to time, the Company, in its sole discretion, may pay Mr. Mueller performance bonuses. The Company also agrees to provide Mr. Mueller with the same medical, dental, life, extended health and disability insurance benefits that are made available to the Company’s senior executive employees and to maintain directors’ and officers’ liability insurance in favour of Mr. Mueller. The agreement provides for an indefinite term, subject to earlier termination.

The Company entered into a consulting service agreement with 1002349 B.C. Ltd. and Hanspaul Pannu (collectively the “**Consultant**”) dated June 1, 2019. Pursuant to the terms of the agreement, the Consultant is entitled to receive an annual

salary of \$152,000. The agreement provides for an indefinite term. Please refer to the table headed “*Stock Options and Other Compensation Securities*” below.

The Company entered into a consulting service agreement with CIR Mechanical Ltd and Daryle Anderson (collectively the “**Consultant**”) dated October 27, 2015. Pursuant to the terms of the agreement, the Consultant is entitled to receive an annual salary of \$90,000. The agreement provides for a term of five years, without being subject to earlier termination. Please refer to the table headed “*Stock Options and Other Compensation Securities*” below.

The Company entered into an employment agreement with Matt Engelhardt dated July 16, 2020. Pursuant to the terms of the agreement, Mr. Engelhardt is entitled to receive an annual base salary of \$156,200. From time to time, the Company, in its sole discretion, may pay Mr. Engelhardt performance bonuses. The Company also agrees to provide Mr. Engelhardt with the same medical, dental, life, extended health and disability insurance benefits that are made available to the Company’s senior executive employees and to maintain directors’ and officers’ liability insurance in favor of Mr. Engelhardt.

Other than as stated in this Information Circular, there were no written compensatory plans or arrangements in place with a director or NEO of the Company during financial year ended December 31, 2021.

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

Effective August 7, 2020, the Company adopted two Plans, a Stock Option Plan (the “**Stock Option Plan**”) and a Restricted Share Unit Plan (the “**RSU Plan**”) to be compliant with Canadian Securities Exchange policy, particulars of which are set out below. Both Plans are “rolling” Plans which provide that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue under both Plans, less any common shares reserved for issuance under any other share compensation arrangement. The Stock Option Plan was last approved by shareholders on November 14, 2012. The RSU Plan has not been approved by shareholders.

As at May 25, 2022, there were 103,860,192 Common Shares issued and outstanding. Accordingly, under the Stock Option Plan, the Company has the authority to grant options to purchase up to a total of 10,386,019 Common Shares (10%) when combined with all other equity compensation securities outstanding. At the date of this Information Circular, options to purchase an aggregate 5,889,875 Common Shares are granted and outstanding under the Option Plan, representing approximately 56.71% of the outstanding Common Shares in the capital of the Company. No RSUs have been awarded or are outstanding under the RSU Plan. There are 4,496,144 Common Shares (43.29% of outstanding Common Shares) remaining available for grants and/or awards pursuant to the Stock Option Plan and the RSU Plan.

### ***Stock Option Plan (Option-Based Awards)***

The purpose of the Stock Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

The following information is intended to be a brief description of the material terms of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan:

1. The Stock Option Plan provides that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue, less any common shares reserved for issuance under any other share compensation arrangement. The options are non-assignable and may be granted for a term not exceeding ten years.
2. The exercise price shall not be lower than the greater of the closing market price of the common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.
3. The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.
4. All Options are exercisable only by the Optionee to whom they are granted and are not assignable or transferable.

5. The Board has the authority to:
- (a) oversee the administration of the Plan in accordance with its terms;
  - (b) appoint or replace the Administrator from time to time;
  - (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
  - (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
  - (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
  - (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- and do the following with respect to the granting of Options:
- (a) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (b) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
  - (c) subject to any necessary Regulatory Approvals, amend the terms of any Options;
  - (d) determine when Options shall be granted;
  - (e) determine the number of Shares subject to each Option;
  - (f) accelerate the vesting schedule of any Option previously granted; and
  - (g) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.
6. Subject to any required Regulatory Approvals, the Company may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:
- (a) materially decrease the rights or benefits accruing to an Option Holder; or
  - (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Company must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.
7. The Stock Option Plan also contains a “black-out” provision. Should the Expiry Date for an Option fall within a Blackout Period, within or immediately after a Black Out, the Holder may elect for the term of such Option to be extended to the date which is ten (10) business days after the last day of the Black Out; provided, that, the expiration date as extended will not in any event be beyond the later of: (i) December 31 of the calendar year in

which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

8. Any Option granted pursuant to a stock option plan previously adopted by the Board which was outstanding at the time the Plan came into effect is deemed to have been issued under this Share Option Plan and shall, as of the date this Share Option Plan came into effect, be governed by its terms and conditions.

A copy of the Stock Option Plan can be located on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### ***Restricted Share Unit Plan (Share-Based Awards)***

The RSU Plan provides that the maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan. The RSU Plan is a "rolling plan" and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, Common Shares shall automatically be available for issuance pursuant to the RSU Plan.

#### ***Nature and Administration of the RSU Plan***

All Directors, Officers, Consultants and Employees (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**Participants**"), and the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation as Participants in the RSU Plan. Eligibility to participate as a Participant in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board or its appointed committee (the "**Board**") can, from time to time, award RSUs to Eligible Persons. RSUs will be credited to an account (an "**Account**") maintained for each Participant on the books of the Company as of the award date. The number of RSUs to be credited to each Participant's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

RSUs and all other rights, benefits or interests in the RSU Plan are not transferable or assignable otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of the Participant only by the Participant and after death, only by the Participant's legal representative.

#### ***Credit for Dividends***

A Participant's Account will be credited with additional RSUs (the "**Dividend RSUs**") as of each dividend payment date in respect of which cash dividends are paid on Common Shares. The number of Dividend RSUs credited to a Participant's Account in connection with the payment of dividends on Common Shares will be based on the actual amount of cash dividends that would have been paid to such Participant had he or she been holding such number of Common Shares equal to the number of RSUs credited to the Participant's Account on the date on which cash dividends are paid on the Common Shares and the market price of the Common Shares on the payment date. Note that the Company is not obligated to pay dividends on Common Shares.

#### ***Resignation, Termination, Leave of Absence or Death***

Generally, if a Participant's employment or service is terminated, or if the Participant resigns from employment with the Company, then all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service or employment.

In the event a Participant is terminated by reason of termination by the Company other than for cause or the Participant's death, the Participant's unvested RSUs shall vest automatically as of such date. In the event the termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date.



*Change of Control*

In the event of a Change of Control, the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting Participants to settle any RSU, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event (as defined in the RSU Plan) or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation. The determination of the Board in respect of any such Change of Control Event shall for the purposes of this RSU Plan be final, conclusive and binding.

*Adjustments*

In the event there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the Canadian Securities Exchange where necessary, appropriate substitution or adjustment in (i) the number or kind of Common Shares or other securities reserved for issuance pursuant to the RSU Plan, and (ii) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the RSU Plan.

*Vesting*

Each award of RSUs vests on the date(s) (the “**Vesting Date**”) specified by the Board on the award date, and reflected in the applicable RSU agreement certificate.

*Limitations under the RSU Plan*

The maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan.

A copy of the RSU Plan can be located on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

**Stock Options and Other Compensation Securities**

The following table sets forth all Compensation Securities granted or issued to each Director and NEO by the Company or one of its subsidiaries in the most recent financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

***Compensation Securities Granted***

| Compensation Securities                           |                               |  |                                   |  |   |   |                        |
|---|-------------------------------|--|-----------------------------------|--|---|---|------------------------|
| Name and Position                                 | Type of Compensation security | Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup> | Date of issue or grant (dd/mm/yy) | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant <sup>(2)</sup> (\$) | Closing price of security or underlying security at year end (\$) | Expiry date (dd/mm/yy) |
| Lynn Mueller<br><i>Chairman, CEO and Director</i> | Options                       | 750,000  | 19/01/20                          | 0.075                                    | 0.075   | 0.325   | 19/01/25               |
|   |                               | 225,000<br>16.5%   | 20/12/20                          | 0.345                                    | 0.345   | 0.325   | 20/12/25               |

| Compensation Securities  |                               |  |                                   |  |   |   |                                  |
|--|-------------------------------|--|-----------------------------------|--|---|---|----------------------------------|
| Name and Position  | Type of Compensation security | Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup> | Date of issue or grant (dd/mm/yy) | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant <sup>(2)</sup> (\$) | Closing price of security or underlying security at year end (\$) | Expiry date (dd/mm/yy)           |
| Hanspaul Pannu<br><i>Chief Financial Officer and Corporate Secretary</i> | Options                       | 675,000<br>300,000<br>16.5%  | 19/01/20<br>20/12/20              | 0.075<br>0.345                           | 0.075<br>0.345  | 0.325<br>0.325  | 19/01/25<br>20/12/25             |
| Matt Engelhardt<br><i>COO and Former Director</i>                        | Options                       | 250,000<br>700,000<br>25,000<br>16.5%  | 26/02/20<br>15/07/20<br>20/12/20  | 0.125<br>0.25<br>0.345                   | 0.125<br>0.25<br>0.345  | 0.325<br>0.325<br>0.325   | 26/02/25<br>15/07/25<br>20/12/25 |
| Sasko Despotovski<br><i>Director</i>                                     | Options                       | 250,000<br>75,000<br>5.5%  | 19/01/20<br>20/12/20              | 0.075<br>0.345                           | 0.075<br>0.345  | 0.325<br>0.325  | 19/01/25<br>20/12/25             |
| Daryle Anderson<br><i>Director</i>                                       | Options                       | 250,000<br>75,000<br>5.5%  | 19/01/20<br>20/12/20              | 0.075<br>0.345                           | 0.075<br>0.345  | 0.325<br>0.325  | 19/01/25<br>20/12/25             |
| Michael (Mike) Harcourt<br><i>Director</i>                               | Options                       | 250,000<br>75,000<br>5.5%  | 19/01/20<br>20/12/20              | 0.075<br>0.345                           | 0.075<br>0.345  | 0.325<br>0.325  | 19/01/25<br>20/12/25             |
| Eleanor Chiu<br><i>Director</i>  | Options                       | 250,000<br>75,000<br>5.5%  | 26/02/20<br>20/12/20              | 0.125<br>0.345                           | 0.125<br>0.345  | 0.325<br>0.325  | 26/02/25<br>20/12/25             |
| Allen G. Saurette<br><i>Director</i>                                     | Options                       | 250,000<br>75,000<br>5.5%  | 26/02/20<br>20/12/20              | 0.125<br>0.345                           | 0.125<br>0.345  | 0.325<br>0.325  | 26/02/25<br>20/12/25             |

**Notes:**

- (1) Percentage of class represents % of compensation securities granted over the total number of compensation securities of the Company outstanding as of December 31, 2021 (5,889,875).
- (2) Closing price of the Issuer's common shares as at December 31, 2021.

**Compensation Securities Exercised**

The following Table sets out each exercise of Compensation Securities by a Director or NEO during the most recently completed financial year:

| Exercise of Compensation Securities by Directors and NEOs |                               |   |                                  |                             |   |  |  |
|---|-------------------------------|---|----------------------------------|-----------------------------|---|--|--|
| Name and Position   | Type of Compensation Security | Number of Underlying Securities Exercised | Exercise Price per Security (\$) | Date of Exercise (dd/mm/yy) | Closing Price per Security on Date of Exercise (\$) | Difference between Exercise Price and Closing Price on Date of Exercise (\$) | Total Value on Exercise Date (\$) <sup>(1)</sup> |
| Sasko Despotovski<br><i>Director</i>                      | Options                       | 90,000                                    | 0.075                            | 29/03/21                    | 0.58  | 0.505  | 45,450   |
|   |                               | 30,000                                    | 0.075                            | 02/11/21                    | 0.365   | 0.29   | 8,700  |

*Notes:*

(1) Number of underlying securities exercised multiplied by the difference between exercise price and closing price on date of exercise.

**Oversight and Description of Director and NEO Compensation**

The Board as a whole assumes responsibility for reviewing and monitoring compensation for the Company’s senior management and directors, and as part of that mandate determines the compensation of the Company’s CEO and CFO.

The Company has limited financial resources to ensure that funds are available to complete its business objectives. As a result, the Board must consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company both in the mid-term and the long-term. Because stock options do not require cash disbursement by the Company, they are an important element of executive compensation. Additional information about the Company and its operations is available in the Company’s consolidated financial statements and related management’s discussion & analysis for the financial year ended December 31, 2021 which have been filed with regulators and are available for review under the Company’s profile at [www.sedar.com](http://www.sedar.com).

The Board has assessed the Company’s compensation plans and programs for its executive officers to ensure alignment with the Company’s business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

**Philosophy and Objectives**

Compensation for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, which are:

- to attract and retain qualified and effective executives;
- to motivate the short and long-term performance of these executives; and
- to align their interests with those of the Company’s shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan.

**Equity Participation**

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company’s stock option plan. Stock options are granted to senior executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options, which vest immediately, are generally granted to senior executives and Board members.

**Compensation of Board Members and Named Executive Officers**

Compensation for each of the Board members and each of the NEOs is approved by the Board as a whole. Base cash compensation and variable cash compensation levels are based, in part, on market survey data provided to the Board by independent consultants.

**Compensation Review Process**

*Base Salary or Consulting Fees*

In the Board’s view, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparable revenues in a similar industry has been reviewed and compared over a variety of sources.

During the year ended December 31, 2021, the Company did not enter into any transactions with related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

|                                     | <b>Year Ended<br/>December 31, 2021</b> | <b>Year Ended<br/>December 31, 2020</b> |
|-------------------------------------|---|---|
| Consulting Fees <sup>(1)</sup>      | \$149,000                               | \$168,500                               |
| Wages and Benefits <sup>(2)</sup>   | \$372,483                               | \$367,233                               |
| Share-based payments <sup>(3)</sup> | \$301,737                               | \$229,858                               |
| <b>Total:</b>                       | <b>\$823,220</b>                        | <b>\$765,591</b>                        |

*Notes:*

- (1) The Company paid consulting fees to companies controlled by the Chief Financial Officer, the former Chief Operating Officer and former Senior Vice President of Finance.
- (2) The Company paid wages and benefits to the Chief Executive Officer and Director, a Director, the Chief Operating Officer and former Senior Vice President of Finance.
- (3) Share-based payments were recognized in connection with the vesting of options granted to directors and officers of the Company in the amount of \$301,737. Furthermore, options were terminated and cancelled during the year which resulted in reversal of \$Nil.
- (4) The Company paid consulting fees to companies controlled by the former Chief Operating Officer and a former Director of Sharc UK that were capitalized to inventory costs and expensed to cost of sales.

Included in accounts payable is \$5 (December 31, 2020 – \$Nil) due to related parties.

Other than set out in this Form, there were no other arrangements under which directors were compensated by the Company and its subsidiaries during the completed financial years ended December 31, 2021 and December 31, 2020 for their services in their capacity as directors or consultants, other than the granting of options to purchase Common Shares.

**Risks Associated with the Company’s Compensation Practices**

The Board has assessed the Company’s compensation plans and programs for its executive officers to ensure alignment with the Company’s business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing such plans and programs.

*Benefits and Perquisites*

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives.

Limited perquisites the Company provides its executives may include a parking allowance or a fee for each Board or Audit Committee meeting attended, to assist with their out-of-pocket expenses.

### Pension Plan Benefits

The Company has no pension plan arrangements or benefits with respect to any of its NEOs, directors or employees.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

At December 31, 2021 year end, the Company had in place a Stock Option Plan and a Restricted Share Unit Plan. Both Plans are rolling plans and the total number of shares that can be reserved for issuance under the Plans is limited to 10% of the issued and outstanding shares.

The following table sets out the Company's equity compensation plan information at fiscal year ending December 31, 2021:

#### Equity Compensation Plan Information

|  | Number of securities to be issued upon exercise of outstanding options <sup>(1)</sup> | Weighted-average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(2)</sup> |
|--|---|--|--|
| Plan Category  | (a)   | (b)  | (c)  |
| Equity compensation plans approved by securityholders<br>- Stock Option Plan<br>- Restricted Share Unit Plan | 5,889,875 Options<br><br>Nil RSUs   | \$0.16<br><br>N/A                                      | 4,180,644<br><br>Nil RSUs  |
| Equity compensation plans not approved by securityholders – None   | N/A   | N/A  | N/A  |
| <b>Total</b>   | <b>5,889,875 Options</b>  | <b>\$0.16</b>  | <b>4,180,644</b>   |

Note:

- (1) Not to exceed 10% of the issued and outstanding Common Shares as at December 31, 2021 (100,705,192) for both Plans. There were 5,889,875 incentive stock options and no RSUs outstanding or granted to the directors or named executive officers of the Company during the Company's financial year ended December 31, 2021.
- (2) 10,070,519 (10% of 100,705,192) — 5,889,875 = 4,180,644 shares available for issuance.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2021, or has any interest in any material transaction in the current year or as of the date hereof other than as set out herein or in a document disclosed to the public.

### MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Company, which are to any substantial degree, performed by a person or company other than the directors or executive officers of the Company.

### ADDITIONAL INFORMATION

Additional information relating to the Company including the Company's audited consolidated financial statements for the completed financial year ending December 31, 2021 can be found under the Company's profile at [www.sedar.com](http://www.sedar.com). Financial information is provided in the annual financial statements of the Company and the report of the auditors thereon which will be placed before shareholders at the Meeting. Copies of the Company's audited financial statements for the year ended December 31, 2021 is available upon request from the Corporate Secretary of the Company at 1443 Spitfire Place, Port Coquitlam, British Columbia, Canada, V3C 6L4, telephone number 604-475-7710. Copies of these documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

### OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

The contents of this Information Circular and the distribution to shareholders have been approved by the board of directors of the Company.

**DATED** at Vancouver, British Columbia, as at May 25, 2022.

#### BY ORDER OF THE BOARD

*/s/ "Lynn Mueller"*

**Lynn Mueller**  
**Chief Executive Officer and Chairman**

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**  
**SHARC INTERNATIONAL SYSTEMS INC. (THE "COMPANY")**

**1. MISSION**

Senior management, as overseen by the board of directors, has primary responsibility for the Company's financial reporting, accounting systems and internal controls. The audit committee is a standing committee of the board of directors established to assist the board of directors in fulfilling its responsibilities in this regard.

**2. RESPONSIBILITIES**

The audit committee shall:

(a) Financial Information

- (i) review the annual financial statements and related matters and recommend their approval to the board of directors, after discussing matters such as the selection of accounting policies, major accounting judgements, accruals and estimates with management;
- (ii) review the annual information form, if applicable;
- (iii) be responsible for reviewing the results of the external audit, including:
  - A. the auditor's engagement letter;
  - B. the reasonableness of the estimated audit fees;
  - C. the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines and coordination with internal audit;
  - D. the post-audit management letter together with management's response;
  - E. the form of the audit report;
  - F. any other related audit engagements (e.g. audit of the company pension plan);
  - G. non-audit services performed by the auditor;
  - H. assessing the auditor's performance;
  - I. recommending the auditor for appointment by the board or directors; and
  - J. meeting with the auditors to discuss pertinent matters, including the quality of accounting personnel;
- (iv) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (except for disclosure required to be reviewed by the audit committee), and must periodically assess the adequacy of those procedures;
- (v) establish procedures for:
  - A. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and



B. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(vi) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

(b) Interim Financial Statements

(i) obtain reasonable assurance on the process for preparing reliable quarterly interim financial statements from discussions with management and, where appropriate, reports from the external and internal auditors;

(ii) review and approve the interim financial statements of the Company and management's discussion and analysis related thereto when the same is not undertaken by the board of directors;

(iii) obtain reasonable assurance from management about the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information;

(c) Accounting System and Internal Controls

(i) obtain reasonable assurance from discussions with and/or reports from management, and reports from external and internal auditors that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively;

(ii) direct the auditors' examinations to particular areas;

(iii) request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies);

(iv) review control weaknesses identified by the external and internal auditors, together with management's response;

(v) review the appointments of the chief financial officer and key financial executives;

(vi) review accounting and financial human resources and succession planning within the company.

(d) Reporting

(i) report to the board of directors following each meeting on the major discussions and decisions made by the audit committee; and

(ii) review the audit committee's terms of reference periodically and propose recommended changes to the board of directors.

**3. COMPOSITION AND REGULATIONS**

(a) The audit committee shall be composed of at least three directors. The members and the chairperson of the audit committee shall be appointed by the board of directors for a one year term and may serve any number of consecutive terms.

(b) The chairperson of the audit committee shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.

(c) The audit committee shall have the power, authority and discretion delegated to it by the board of directors which shall not include the power to change the membership of or fill vacancies in the audit committee.

(d) The audit committee shall conform to the regulations which may from time to time be imposed upon it by the board of directors. The board of directors shall have the power at any time to revoke or override the authority given to or acts done by the audit committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the audit committee or fill vacancies in it as it shall see fit.

(e) The audit committee may meet and adjourn, as they think proper. A majority of the members of the audit committee shall constitute a quorum thereof. Questions arising shall be determined by a majority of votes of the members of the audit committee present, and in the case of an equality of votes, the chairperson shall not have a second or casting vote.

(f) A resolution approved in writing by all of the members of the audit committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the audit committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

(g) The audit committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the board of directors.

(h) The audit committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.