

**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 August 1, 2024 *(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 at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada on Thursday, September 12, 2024, at 10 o’clock a.m. (Pacific Time) 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.

The Company will pay intermediaries, including Broadridge Financial Solutions Inc. (“Broadridge”), to deliver proxy-related materials to the non-objecting beneficial shareholders (the “NOBOs”). The Company does not intend to pay for intermediaries to forward the proxy related materials to the objecting beneficial shareholders (the “OBOs”). Accordingly, OBOs will not receive such documents unless their respective Intermediaries assume the cost of forwarding such documents to them.

**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:

- (i) complete, date and sign the Proxy and return it to the Company's transfer agent, Odyssey Trust Company ("**Odyssey Trust**"), by 10 o'clock a.m. (Pacific Time) Tuesday, September 10, 2024 via fax at (800) 517-4553 (toll-free within Canada and the U.S.) or 416-263-9524 (international); or
- (ii) use the internet through the website of the Company's transfer agent at <https://vote.odysseytrust.com>. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the 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).

The Company is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive Voting Instruction Form ("**VIF**") from our transfer agent, Odyssey Trust. These VIFs are to be completed and returned to Odyssey Trust in the envelope provided or by facsimile. In addition, Odyssey Trust provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Odyssey Trust will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

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.

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

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 *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and Canadian provincial 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 Information Circular has been prepared in accordance with the disclosure requirements of applicable Canadian provincial securities laws which differ from the disclosure requirements of United States federal securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the BCBCA, and all of its directors, and all but one of its executive officers, are resident outside of the United States. A substantial portion of the Company’s assets, and the assets of its non-U.S. directors and executive officers, are located outside the United States. Shareholders may not be able to sue a foreign company or its non-U.S. officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its non-U.S. 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 (a) 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 Odyssey Trust Company 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 year ended December 31, 2023, 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 Company’s SEDAR+ corporate profile website at [www.sedarplus.ca](http://www.sedarplus.ca)

#### **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, the approval of

the Company's "rolling" share option plan, as amended, and the approval of the Company's "rolling" restricted share unit plan, as amended, as described herein.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Company (the "Board") has fixed August 1, 2024 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 August 1, 2024, there were 158,472,604 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 August 1, 2024, except as set forth below, there are no persons or corporations 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.

Shareholder Name <sup>(1)</sup>	Number of Common Shares Held	Percentage of Issued Common Shares
CDS & Co.	146,363,854 <sup>(1)</sup>	92.301%

Note:

<sup>(1)</sup> CDS & Co. is a share depository, the beneficial ownership of which is unknown to the Company. The above information has been furnished to the Company by the Company's Transfer Agent, Odyssey Trust Company.

### ELECTION OF DIRECTORS

#### Nominees

There are currently six (6) directors of the Company. The Company has determined that six (6) directors be elected at the meeting. 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 six 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), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular:

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>(6)</sup> <i>Chairman, Chief Executive Officer and Director</i> British Columbia, Canada	Co-founder and CEO of SHARC Energy Systems Inc.  Refer to <i>Director/Director Biographies</i> below	Chairman, CEO and Director since October 27, 2015	2,564,785 <sup>(2)</sup>
Daryle Anderson <i>Director</i> British Columbia, Canada	President of CIR Mechanical Ltd. Refer to <i>Director Biographies</i> below	Director since June 23, 2016	6,070,453 <sup>(3)</sup>
The Honourable Michael “Mike” Harcourt, BA, LL.B <sup>(6)</sup> <i>Director</i> British Columbia, Canada	Mr. Harcourt is the former Premier of British Columbia. Refer to <i>Director Biographies</i> below.	Director since October 23, 2017	Nil <sup>(4)</sup>
Eleanor Chiu <sup>(6)</sup> <i>Director</i> Alberta, Canada	Refer to <i>Director Biographies</i> below.	Director since February 26, 2020	7,942,250 <sup>(5)</sup>
Peter Busby <i>Director</i> British Columbia, Canada	Refer to <i>Director Biographies</i> below.	Director since September 12, 2023	Nil
Dermot Sweeny <i>Director</i> Ontario, Canada	Refer to <i>Director Biographies</i> below.	Director since October 17, 2023	4,483,500

**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) 1,893,143 of 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, 225,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025, 298,507 common shares at an exercise price of \$0.335, expiring on May 30, 2027, and 527,000 common shares at an exercise price of \$0.27, expiring on April 27, 2028. Mr. Mueller also holds restricted share units to receive 527,000 common shares at a deemed price of \$0.27, expiring on December 31, 2025.
- (3) 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, 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025, 49,751 common shares at an exercise price of \$0.335, expiring on May 30, 2027, and 47,000 common shares at an exercise price of \$0.27, expiring on April 27, 2028.
- (4) Mr. Harcourt holds options to purchase 250,000 common shares at an exercise price of \$0.075, expiring on January 19, 2025, 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025, 49,751 common shares at an exercise price of \$0.335, expiring on May 30, 2027, and 47,000 common shares at an exercise price of \$0.27, expiring on April 27, 2028.
- (5) 430,000 of these Common Shares are held under registered holder, Eliot Chiu. Ms. Chiu holds options to purchase 250,000 common shares at an exercise price of \$0.125, expiring on February 26, 2025, 75,000 common shares at an exercise price of \$0.345, expiring on December 20, 2025, 49,751 common shares at an exercise price of \$0.335, expiring on May 30, 2027, and 47,000 common shares at an exercise price of \$0.27, expiring on April 27, 2028.

<sup>(6)</sup> 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 – Director** Lynn 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 – Director** 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.

**The Honourable Michael "Mike" Harcourt, BA, LL.B – Director** Michael 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 – Director** 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 an ICD.D designation granted by the Institute of Corporate Directors, and is a Fellow of the Chartered Professional Accountants (FCPA).

**Peter Busby, Director** Peter Busby, C.M., FRAIC, LEED Fellow, is a principal at Perkins & Will, a global design practice founded in 1935, with over 28 offices and over 2,500 employees. Mr. Busby has been an Architect based in Vancouver for 40 years. He has built approximately 150 buildings across Canada including 3 at SFU and 4 at UBC, and many other residential and mixed-use commercial projects across Vancouver. He is best known for his development of sustainable design in Canada, founding the Canada Green Building Council in 2002 that brought LEED to Canada. He has won many design awards, including 6 Governor Generals Awards, 11 Lieutenant Governor Awards, and the RAIC Gold medal. He was awarded the Order of Canada in 2015 for creating and pushing the green building movement in Canada. He also has many built buildings outside Canada, including South Korea, Italy, the USA, Saudi Arabia, and Hong Kong. Peter is still active in the industry, currently designing projects in Ottawa, Toronto, Vancouver, Seattle, and Texas.

**Dermot Sweeny, Director** Dermot Sweeny is President and Founder of Sweeny & Co Architects Inc. He is passionate about green building and has put Sweeny&Co at the forefront of sustainable design. He advocates for buildings that reduce carbon footprint, integrate innovative systems, and maintain high performance, while promoting health and wellness for their occupants. Many of the Class AAA office buildings designed by Sweeny&Co are LEED Platinum, WELL Building, and WiredScore Certified. Dermot's dedication to sustainability has earned his firm numerous awards for their sustainable building designs from institutions such as the Canadian Green Building Council & the Urban Land Institute. As the President of Sweeny&Co, Dermot has established a reputation for delivering innovative architectural and urban designs that optimize value, while adhering to client's capital budgets. His extensive experience contributes inventive and imaginative perspectives to every aspect of the Architectural design process. He excels in recognizing possibilities and addressing intricate demands, for mixed-use, residential, commercial, retail and hospitality, institutional, and life sciences architecture. Dermot's comprehensive client base is further supported by his expertise in real estate development, sustainability, and development consulting.

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

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 SEDAR+ corporate profile at [www.sedarplus.ca](http://www.sedarplus.ca)

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, will be nominated at the Meeting for appointment as auditor of the Company. 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 The Honourable Michael “Mike” Harcourt. Eleanor Chiu and Michael F. Harcourt are independent members of the 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/Director Nominee 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, 2023 and December 31, 2022 are as follows:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2023	Fees Paid to Auditor in Year Ended December 31, 2022
Audit Fees <sup>(1)</sup>	\$78,446	\$71,509
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$14,550	\$6,500
All Other Fees <sup>(4)</sup>	Nil	\$800
Total	\$92,996	\$78,809

*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 Daryle Anderson, The Honourable Michael "Mike" Harcourt, Eleanor Chiu, Peter Busby and Dermot Sweeny. The non-independent director is Lynn Mueller (Chairman and Chief Executive Officer of the Company).

**Directorships**

The following below named director is 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

### **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 the 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**

### **GENERAL**

For the purposes of this Information Circular:

**"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, 2023, 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, Chief Operating Officer and Corporate Secretary and Michael Albertson, President of U.S. wholly owned subsidiary SHARC Energy (US) Systems Inc.

The directors of the Company who were not NEOs during the financial year ended December 31, 2023 were Daryle Anderson, Michael Franklin (Mike) Harcourt and Eleanor Chiu.

Sasko Despotovski and Alan G. Saurette both resigned as a director on September 12, 2023.

During financial year ended December 31, 2022, based on the definition above, the NEOs of the Company were: Lynn Mueller, Chairman, Chief Executive Officer and Director, Hanspaul Pannu, Chief Financial Officer and Corporate Secretary and Matthew Engelhardt, former Chief Operating Officer.

Matthew Engelhardt resigned as Chief Operating Officer of the Company on June 30, 2022.

The directors of the Company who were not NEOs during the financial year ended December 31, 2022 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, 2023 and December 31, 2022. 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> Chairman, CEO and Director	2023	210,399					210,399
	2022	228,329	Nil Nil	Nil Nil	Nil Nil	Nil Nil	228,329
Hanspaul Pannu <sup>(2)</sup> CFO, COO and Corporate Secretary	2023	156,000	Nil	Nil	Nil	Nil	156,000
	2022	156,000	Nil	Nil	Nil	Nil	156,000
Michael Albertson <sup>(3)</sup> President, SHARC Energy (US) Systems Inc.	2023	194,790	Nil	Nil	Nil	Nil	194,790
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Engelhardt <sup>(4)</sup> Former COO	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	81,942	Nil	Nil	Nil	67,038	148,980
Daryle Anderson <sup>(5)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Mike Harcourt <sup>(6)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Eleanor Chiu <sup>(7)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Peter Busby <sup>(8)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Dermot Sweeny <sup>(9)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Allen G. Saurette <sup>(10)</sup> former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Sasko Despotovski <sup>(11)</sup> former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	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, and as COO since June 29, 2023.
- (3) Mr. Albertson was appointed President of SHARC Energy (US) Systems Inc. on June 19, 2023.
- (4) Mr. Engelhardt served as Chief Operating Officer from July 15, 2020 to June 30, 2022.
- (5) Mr. Anderson has served as a director since June 23, 2016.
- (6) Mr. Harcourt has served as a director since October 23, 2017.
- (7) Ms. Chiu has served as a director since February 26, 2020.
- (8) Mr. Busby was elected a director at the Company's September 12, 2023 annual general meeting.
- (9) Mr. Sweeny was appointed a director on October 17, 2023.
- (10) Mr. Saurette was appointed a director of the Company on February 26, 2020. Mr. Saurette did not seek re-election as a director at the Company's September 12, 2023 annual general meeting.
- (11) Mr. Despotovski was appointed a director of the Company on June 23, 2017. Mr. Despotovski did not seek re-election as a director at the Company's September 12, 2023 annual general meeting.

### **Employment, consulting and management agreements**

#### *Lynn Mueller*

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.

#### *1002349 B.C. Ltd. and Hanspaul Pannu*

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 \$156,000. The agreement provides for an indefinite term. Please refer to the table headed "*Stock Options and Other Compensation Securities*" below.

#### *Michael Albertson*

The Company entered into an employment agreement with Michael Albertson dated June 1, 2023, with an employment start date of June 19, 2023 through the Company's wholly owned subsidiary, SHARC Energy (US) Systems Inc. Pursuant to the terms of the agreement, Mr. Albertson is entitled to receive an annual base salary of USD\$225,000. From time to time, the Company, in its sole discretion, may pay Mr. Albertson performance bonuses. The Company also agreed to provide Mr. Albertson 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. Albertson.

#### *Matthew Engelhardt*

The Company entered into an employment agreement with Matthew 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. Mr. Engelhardt resigned as a director of the Company on July 15, 2020, and resigned as Chief Operating Officer of the Company on June 30, 2022. As part of his resignation on June 30, 2022, a lump sum payment of \$52,067 was made. Please refer to the table headed "*Stock Options and Other Compensation Securities*" below.

Other than as stated in this Form, there were no written compensatory plans or arrangements in place with a director or NEO of the Company during financial year ended December 31, 2023.

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

#### ***10% Rolling Stock Option Plan (Option-Based Awards)***

The Company currently has a stock option plan dated August 7, 2020, as amended on August 10, 2023 (the "**Stock Option Plan**"). The Stock Option Plan is a "rolling" plan which provide that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue under this Plan.

The Stock Option Plan was last approved by shareholders at the Company's September 12, 2023 annual general meeting, with a copy attached as Schedule "B" to the Information Circular for the September 12, 2024 annual general meeting.

The Stock Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company.

The Board (or such other committee the Board may appoint) is responsible for administering the Stock Option Plan. The Stock Option Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

The Stock Option Plan provides that the number of Common Shares issuable under the Stock Option Plan, may not exceed 10% of the total number of the Company's issued and outstanding Common Shares.

### **Material Terms to the Stock Option Plan**

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

- (1) persons who are consultants to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of Options under the Stock Option Plan;
- (2) Options granted under the Stock Option Plan are non-assignable, and non-transferable;
- (3) an Option granted to any consultants will expire within 30 days after the date the Option Holder (as defined in the Stock Option Plan) ceases to be employed by or provide services to the Company unless the Option Holder ceases to hold such position as a result of (i) termination for cause; (ii) resigning his or her position; or (iii) an order made by any regulatory authority having jurisdiction to so order, in which case the expiry date of the date the Option Holder ceases to hold such position;
- (4) if an Option Holder dies, any Options held by such Option Holder shall pass to the personal representative of the Option Holder and shall be exercisable by the personal representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date;
- (5) the exercise price of each Option will be set by the Board on the effective date of the Option and will not be less than the Market Value (as defined in the Stock Option Plan);
- (6) the vesting schedule for an option, if any, shall be determined by the Board and shall be set out in the Option Certificate (as defined in the Option Plan) issued in respect of the option; and
- (7) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all Stock Option Plan Common Shares in respect of options which have not yet been granted.

### CSE Policy

Effective on April 3, 2023 the Canadian Securities Exchange (the "CSE") updated its Security Based Compensation Arrangements whereby Security holders must approve the adoption of, or amendments to a plan as described in Policy 6, S.6.5, and that under subsection 6.5, within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards.

Accordingly, Shareholders are being asked at the Meeting to confirm and approve the Company's Stock Option Plan, and for continuation. Refer to "**PARTICULARS OF MATTERS TO BE ACTED UPON –Approval of Stock Option Plan, and for Continuation**" below. A copy of the Company's Stock Option Plan is attached as Schedule B to this Information Circular.

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

The Company currently has a restricted share unit plan dated August 7, 2020, as amended on August 10, 2023 (the "**RSU Plan**"). The RSU Plan is a "rolling" plan which provide that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue under this Plan.

The RSU Plan was last approved by shareholders at the Company's September 12, 2023 annual general meeting, with a copy attached as Schedule "C" to the Information Circular for the September 12, 2023 annual general meeting.

Under the RSU Plan, Eligible Persons (as defined in the RSU Plan) may at the Board's discretion, be allocated a number of restricted share units ("RSUs"). Upon vesting, Eligible Persons shall be entitled to receive common shares of the Company to satisfy all or any portion of a vested RSU award. The maximum number of RSUs issuable under the RSU Plan is 10% of the issued and outstanding Common Shares at the time of issuance.

The RSU Plan was adopted to provide a vehicle by which equity-based incentives may be awarded to the employees, consultants, directors and officers of the Company, to recognize and reward their significant contributions to the long-term success of the Company including to align the employees', consultants' directors' and officers' interests more closely with the shareholders of the Company.

### ***Material Terms to the RSU Plan***

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. 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 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 grant letter.

#### *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, subject to adjustments as provided in the RSU Plan.

#### Amendments to the RSU Plan

On May 29, 2024, the Board approved amendments to the RSU Plan. Described below are the amendments made to the RSU Plan:

#### Definitions

Amended definition “Restricted Share Unit” or “RSU” definition as follows:

“**Restricted Share Unit**” or “**RSU**” means a bookkeeping entry equivalent in value to a Common Share credited to a Participant’s Account and representing the right of a Participant to whom a grant of such restricted share units is made to receive one Common Share, pursuant and subject to the terms and conditions set forth in this Plan and in the applicable Certificate;

Amended Section 4.1 (3) Article 4 RESTRICTED SHARE UNITS Granting of RSUs, as follows:

(3) The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant’s Account, one Common Share, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Common Share for each RSU credited to the Participant’s Account on the Settlement Date, subject to the conditions set out in the Certificate and in the Plan, and subject to all other terms of this Plan.

Amended Section 4.3 (1) Article 4 RESTRICTED SHARE UNITS Settlement of Restricted Share Units, as follows:

(1) Subject to the provisions of the Plan and in particular Section 4.4 and Section 5.2 and any vesting limitations imposed by the Board in its sole unfettered discretion at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the “Settlement Notice”) in a form attached to the RSU Grant Letter. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by the Company through the delivery by the Company of such number of Common Shares equal to the number of RSUs then being settled, net of applicable taxes and contributions to government sponsored plans, equal to the Market Price at the Settlement Date of one Common Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.

Deleted Section 4.3 (2)(b) Article 4 RESTRICTED SHARE UNITS Settlement of Restricted Share Units, as follows:

Amended Section 6.3 Article 6 GENERAL Tax Withholdings, as follows:

#### **Section 6.3 Tax Withholdings**

The Company shall be entitled to withhold such number of Common Shares, either under this Plan or otherwise, or make such other arrangement as are contemplated under Section 4.3(2), as it may deem necessary or advisable so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding or remittance of tax or other relevant amounts. It is the responsibility of the Participant to complete and file any tax returns which may be required within the periods specified under applicable laws as a result of the Participant’s participation in the Plan. The Company shall not be responsible for any tax consequences to a Participant as a result of the Participant’s participation in the Plan.

Amended Item 1. Award to the RESTRICTED SHARE UNIT AWARD AGREEMENT, as follows:

1. Award

The Company hereby grants to Participant a restricted stock unit award covering [●] common shares in the capital of the Company (each, a “Share”) according to the terms and subject to the conditions set forth herein and in the Company’s Restricted Share Unit Plan (the “Plan”). Each restricted stock unit (each, a “Unit”) represents the right to receive, one Share, subject to the vesting requirements of this Agreement and the terms of the Plan. The Units are granted under Section 4.1 of the Plan. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan. A copy of the Plan will be furnished upon request of Participant.

CSE Policy

Effective on April 3, 2023 the Canadian Securities Exchange (the “CSE”) updated its Security Based Compensation Arrangements whereby Security holders must approve the adoption of, or amendments to a plan as described in Policy 6, S.6.5, and that under subsection 6.5, within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards.

Shareholders are being asked at the Meeting to confirm and approve the Company’s Restricted Share Unit Plan, as amended. Refer to “**PARTICULARS OF MATTERS TO BE ACTED UPON –Approval of Proposed Amended Restricted Share Unit Plan, and for Continuation**” below. A copy of the Company’s Proposed Amended Restricted Share Unit Plan is attached as Schedule “C” to this Information Circular.

**Stock Options and Other Compensation Securities**

**Outstanding Compensation Securities**

The following table sets out all compensation securities granted or issued to each director and to each NEO by the Company or any of its subsidiaries in the most recently completed financial year ended December 31, 2023 for services provided or to be provided, directly or indirectly, to the Company, or any of its subsidiaries.

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 (\$)	Closing price of security or underlying security at year end <sup>(2)</sup> (\$)	Expiry date (dd/mm/yy)
Lynn Mueller <i>Chairman, CEO and Director</i>	Options	527,000 6.6%	27/04/23	0.27	0.27	0.220	27/04/28
	RSUs	527,000 11.08%	27/04/23	0.27	0.27	0.220	31/12/25
Hanspaul Pannu <i>Chief Financial Officer, Chief Operating Officer and Corporate Secretary</i>	Options	649,000 8.13%	27/04/23	0.27	0.27	0.220	27/04/28
	RSUs	649,000 13.65%	27/04/23	0.27	0.27	0.220	31/12/25
Michael Albertson <i>President, SHARC Energy (US) Systems Inc.</i>	Options	136,046 1.7%	23/06/23	0.28	0.28	0.220	29/06/28
	RSUs	385,402 8.11%	23/06/23	0.28	0.28	0.220	31/12/25

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 (\$)	Closing price of security or underlying security at year end <sup>(2)</sup> (\$)	Expiry date (dd/mm/yy)
Daryle Anderson <i>Director</i>	Options	47,000 <b>0.59%</b>	27/04/23	0.27	0.27	0.220	27/04/28
Michael (Mike) Harcourt <i>Director</i>	Options	47,000 <b>0.59%</b>	27/04/23	0.27	0.27	0.220	27/04/28
Eleanor Chiu <i>Director</i>	Options	47,000 <b>0.59%</b>	27/04/23	0.27	0.27	0.220	27/04/28
Peter Busby <i>Director</i>	Options	50,000 <b>0.63%</b>	17/10/23	0.245	0.245	0.220	17/10/28
Dermot Sweeny <i>Director</i>	Options	50,000 <b>0.63%</b>	17/10/23	0.245	0.245	0.220	17/10/28
Sasko Despotovski <sup>(3)</sup> <i>Former Director</i>	Options	47,000 <b>0.59%</b>	27/04/23	0.27	0.27	0.220	27/04/28
Allen G. Saurette <sup>(4)</sup> <i>Former Director</i>	Options	47,000 <b>0.59%</b>	24/04/23	0.27	0.27	0.220	27/04/28

**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, 2023 (Options: 7,980,543; RSUs 4,754,734).
- (2) Closing price of the Issuer's common shares as at December 29, 2023.
- (3) Sasko Despotovski did not stand for re-election as directors of the Company at the Company's September 12, 2023 annual general meeting. Mr. Despotovski's Options expired without having been exercised.
- (4) Allen G. Saurette did not stand for re-election as directors of the Company at the Company's September 12, 2023 annual general meeting. Mr. Saurette's Options expired without having been exercised.

**Compensation Securities Exercised**

No compensation securities were exercised by NEOs and directors of the Company during the year ended December 31, 2023

**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, CFO and COO.

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 or restricted share units 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 and analysis for the financial year ended December 31, 2023 which have been filed with regulators and are available for review under the Company's SEDAR+ corporate profile at [www.sedarplus.ca](http://www.sedarplus.ca).

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 and restricted share unit 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 and restricted share unit plan. Stock options and restricted share units 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.

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.

The Company incurred the following charges with Key management personnel:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Consulting Fees <sup>(1)</sup>	\$156,000	\$156,000
Wages and Benefits <sup>(2)</sup>	\$405,189	\$377,309
Share-based payments <sup>(3)</sup>	\$542,438	\$300,432
<b>Total:</b>	<b>\$1,103,627</b>	<b>\$833,741</b>

*Notes:*

- (1) The Company paid consulting fees to a company controlled by the Chief Financial Officer.
- (2) The Company paid wages and benefits to the Chief Executive Officer and Director and the former Chief Operating Officer.
- (3) Share-based payments was recognized in connection with the vesting of options granted to directors and officers of the Company.

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, 2023 and December 31, 2022 for their services in their capacity as directors or consultants, other than the granting of options or restricted share units 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**

The Company has 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. Refer to "PARTICULARS OF MATTERS TO BE ACTED UPON A. Approval of Stock Option Plan, and for Continuation" and "PARTICULARS OF MATTERS TO BE ACTED UPON B. Approval of Proposed Amended of Restricted Share Unit Plan, and for Continuation" below.

The following table sets out the Company’s equity compensation plan information at fiscal year ending December 31, 2023:

**Equity Compensation Plan Information**

	<b>Number of securities to be issued upon exercise of outstanding options and restricted share units<sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options and restricted share units</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)<sup>(1)</sup></b>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans for approval by securityholders	7,980,543 Options	\$0.20	7,714,423 Options
- Stock Option Plan			
- Restricted Share Unit Plan	4,754,734 RSUs	N/A	10,940,232 RSUs
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>7,980,543 Options 4,754,734 RSUs</b>		<b>4,895,983 Options 9,059,550 RSUs</b>

Note:

(1) Not to exceed 10% of the issued and outstanding Common Shares as at December 31, 2023 (156,949,660 Common Shares) for both Plans.

**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, 2023, 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.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**A. Approval of Stock Option Plan, and for Continuation**

As set out in this Information Circular above, the Company’s Stock Option Plan is a an “evergreen plan” (also known as a rolling plan) under the policies of the CSE. In accordance with the policies of the CSE, an issuer that has a rolling stock option plan must have its shareholders approve the plan within three years after institution and within every three years thereafter. Accordingly, the Stock Option Plan is to be approved by the Shareholders at the Meeting and re-approved by the Shareholders no later than September 12, 2027.

At the Meeting, Shareholders will be asked to pass an ordinary resolution (the “**Stock Option Plan Resolution**”) confirming and approving the Company’s Stock Option Plan, and for Continuation.

The Stock Option Plan is attached as Schedule “B” to this Information Circular. As of the date hereof, there are 3,744,303 issued and outstanding Options under the Stock Option Plan.

### ***Stock Option Plan Resolution***

The Shareholders will be requested at the Meeting to pass the following resolution:

**“IT IS HEREBY RESOLVED THAT:**

1. The Stock Option Plan, in the form and substance attached as Schedule “B” to the Company’s Information Circular dated August 8, 2024, be and is hereby confirmed and approved.
2. The Company be and is hereby authorized to grant Options to acquire up to 10% of the issued and outstanding Shares in the capital of the Company from time to time in accordance with the terms of the Stock Option Plan, as amended and issue Shares pursuant to the exercise of such Options.
3. The options to be issued under the Stock Option Plan, as Amended, and all unallocated options and other option grants under the Stock Option Plan, as amended, be and are hereby approved.
4. The Stock Option Plan, as amended, shall be re-approved by the shareholders of the Company by no later than September 12, 2027 in accordance with the policies of the Canadian Securities Exchange.
5. Any one director or officer of the Company is hereby authorized for, on behalf of, and in the name of the Company to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection therewith, or as such director or officer in his discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

### ***Recommendation of the Board***

**THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE STOCK OPTION PLAN RESOLUTION.**

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form FOR the Stock Option Plan Resolution.

#### *Approval*

The Stock Option Plan Resolution must be approved by a majority of the votes cast by the Shareholders present at the Meeting in person or by proxy in order to become effective.

### **B. Approval of Proposed Amended Restricted Share Unit Plan, and for Continuation**

As set out in this Information Circular above, the Company’s Restricted Share Unit Plan is an “evergreen plan” (also known as a rolling plan) under the policies of CSE. In accordance with the policies of the CSE, an issuer that has a rolling restricted share unit plan must have its shareholders approve the plan within three years after institution and within every three years thereafter. Accordingly, the Company’s Restricted Share Unit Plan, as amended, is to be approved by the Shareholders at the Meeting and re-approved by the Shareholders no later than September 12, 2027.

At the Meeting, Shareholders will be asked to pass an ordinary resolution (the “**Amended Restricted Share Unit Plan Resolution**”) confirming and approving the Company’s Proposed Amended Option Plan, and for Continuation.

The Proposed Amended Restricted Share Unit Plan is attached as Schedule “C” to this Information Circular. As of the date hereof, there are 5,360,838 issued and outstanding restricted share units under the Proposed Restricted Share Unit Plan.

### ***Amended Restricted Share Unit Plan Resolution***

The Shareholders will be requested at the Meeting to pass the following resolution:

**“IT IS HEREBY RESOLVED THAT:**

1. The Restricted Share Unit Plan, as Amended, in form and substance attached as Schedule “C” to the Company’s Information Circular dated August 8 2024, be and is hereby confirmed and approved.
2. The Company be and is hereby authorized to award Restricted Share Units to acquire up to 10% of the issued and outstanding Common Shares in the capital of the Company from time to time in accordance with the terms of the Restricted Share Unit Plan, and issue Common Shares pursuant to the exercise of such Restricted Share Units.
3. The restricted share units to be issued under the Restricted Share Unit Plan, and all unallocated restricted share units under the Restricted Share Unit Plan, be and are hereby approved.
4. The Restricted Share Unit Plan shall be re-approved by the shareholders of the Company by no later than September 12, 2027 in accordance with the policies of the Canadian Securities Exchange.
5. Any one director or officer of the Company is hereby authorized for, on behalf of, and in the name of the Company to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection therewith, or as such director or officer in his discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

***Recommendation of the Board***

**THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE AMENDED RESTRICTED SHARE UNIT PLAN RESOLUTION.**

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form FOR the Amended Restricted Share Unit Plan Resolution.

***Approval***

The Amended Restricted Share Unit Plan Resolution must be approved by a majority of the votes cast by the Shareholders present at the Meeting in person or by proxy in order to become effective.

**ADDITIONAL INFORMATION**

Additional information relating to the Company including the Company’s audited consolidated financial statements for the year ended December 31, 2023 can be found under the Company’s SEDAR+ corporate profile.

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. A copy of the Company’s audited consolidated financial statements for the year ended December 31, 2022 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**

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



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 August 14, 2024.

**BY ORDER OF THE BOARD**

*/s/ "Lynn Mueller"*

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

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

**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

(vii) 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;

(viii) 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;

(ix) 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

(x) 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;

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

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

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

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

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

(d) Reporting

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

(xvii) 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.

**SCHEDULE "B"**  
**10% "ROLLING" STOCK OPTION PLAN**

**SHARC INTERNATIONAL SYSTEMS INC.**

**STOCK OPTION PLAN**

**Approved by the board of directors on August 7, 2020, and amended by the board of  
directors on August 10, 2023**

## TABLE OF CONTENTS

SECTION 1 DEFINITIONS AND INTERPRETATION .....	1
1.1    DEFINITIONS.....	1
1.2    CHOICE OF LAW .....	6
1.3    HEADINGS .....	6
SECTION 2 GRANT OF OPTIONS.....	6
2.1    GRANT OF OPTIONS.....	6
2.2    RECORD OF OPTION GRANTS.....	7
2.3    EFFECT OF PLAN.....	7
2.4    HOLD PERIOD.....	7
SECTION 3 PURPOSE AND PARTICIPATION .....	7
3.1    PURPOSE OF PLAN .....	7
3.2    PARTICIPATION IN PLAN.....	8
3.3    NOTIFICATION OF GRANT .....	8
3.4    COPY OF PLAN .....	8
3.5    LIMITATION ON SERVICE.....	8
3.6    NO OBLIGATION TO EXERCISE .....	8
3.7    AGREEMENT.....	8
3.8    NOTICE.....	8
3.9    REPRESENTATION.....	9
SECTION 4 NUMBER OF SHARES UNDER PLAN .....	9
4.1    COMMITTEE TO APPROVE ISSUANCE OF SHARES .....	9
4.2    NUMBER OF SHARES .....	9
4.3    FRACTIONAL SHARES .....	9
4.4    OPTIONS GRANTED UNDER THE PREVIOUS SHARE OPTION PLANS .....	9
SECTION 5 TERMS AND CONDITIONS OF OPTIONS .....	10
5.1    EXERCISE PERIOD OF OPTION.....	10
5.2    NUMBER OF SHARES UNDER OPTION .....	10
5.3    EXERCISE PRICE OF OPTION .....	10
5.4    TERMINATION OF OPTION.....	11
5.5    VESTING OF OPTION AND ACCELERATION.....	12
5.6    ADDITIONAL TERMS.....	12
SECTION 6 TRANSFERABILITY OF OPTIONS .....	12
6.1    NON-TRANSFERABLE.....	12
6.2    DEATH OF OPTION HOLDER .....	12
6.3    DISABILITY OF OPTION HOLDER .....	12
6.4    DISABILITY AND DEATH OF OPTION HOLDER.....	13
6.5    VESTING.....	13
6.6    DEEMED NON-INTERRUPTION OF ENGAGEMENT .....	13
SECTION 7 EXERCISE OF OPTION.....	13

7.1	EXERCISE OF OPTION .....	13
7.2	BLACK OUT PERIOD .....	13
7.3	ISSUE OF SHARE CERTIFICATES .....	14
7.4	NO RIGHTS AS SHAREHOLDER.....	14
7.5	TAX WITHHOLDING AND PROCEDURES .....	14
SECTION 8 ADMINISTRATION .....		15
8.1	BOARD OR COMMITTEE.....	15
8.2	POWERS OF COMMITTEE.....	15
8.3	ADMINISTRATION BY COMMITTEE .....	16
8.4	INTERPRETATION.....	16
SECTION 9 APPROVALS AND AMENDMENT .....		16
9.1	SHAREHOLDER APPROVAL OF PLAN.....	16
9.2	AMENDMENT OF OPTION OR PLAN .....	16
SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES ....		17
10.1	COMPLIANCE WITH LAWS .....	17
10.2	REGULATORY APPROVALS .....	17
10.3	INABILITY TO OBTAIN REGULATORY APPROVALS.....	17
SECTION 11 ADJUSTMENTS AND TERMINATION.....		17
11.1	TERMINATION OF PLAN .....	17
11.2	NO GRANT DURING SUSPENSION OF PLAN .....	17
11.3	ALTERATION IN CAPITAL STRUCTURE.....	18
11.4	TRIGGERING EVENTS.....	18
11.5	NOTICE OF TERMINATION BY TRIGGERING EVENT .....	19
11.6	DETERMINATIONS TO BE MADE BY COMMITTEE.....	19
SECTION 12 U.S. SECURITIES LAWS MATTERS .....		19
12.1	NO U.S. SECURITIES ACT REGISTRATION .....	19



## STOCK OPTION PLAN

### SECTION 1 DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

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

- (a) “**Administrator**” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “**Associate**” means, where used to indicate a relationship with any person:
  - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
  - (ii) any partner, other than a limited partner, of that person;
  - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
  - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) “**Black-Out**” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) “**Board**” means the board of directors of the Company.
- (e) “**Change of Control**” means:
  - (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons or Entities acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);
  - (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders

of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity;

- (iii) the completion of a sale whereby all or substantially all of the Company's undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale; or
  - (iv) an occurrence when a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (f) “**Committee**” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.
- (g) “**Company**” means Sharc International Systems Inc.
- (h) “**Consultant**” means an individual who:
- (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the Securities Act);
  - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
  - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,
- and includes:
- (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “Consultant Entity”); or

- (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary;

and *provided that*, if the consultant is a U.S. Person (as defined below), the consultant is a natural person and is not providing services in connection with the offer or sale of securities in a capital-raising transaction, and does not directly or indirectly promote or maintain a market for the Company's securities;

- (i) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment which cannot be accommodated under applicable human rights laws without imposing undue hardship on the Company or any Subsidiary employing or engaging the Person, that the Committee, acting reasonably, determines constitutes a disability.

- (j) “**Employee**” means:

- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
- (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (iii) a corporation wholly-owned by such individual; and
  - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (k) “**Exchange**” means the Canadian Securities Exchange or if the Common Shares are not listed on the Canadian Securities Exchange, any stock exchange on which the Common Shares are listed or traded, as determined by the Board;
  - (l) “**Executive**” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
    - (i) a corporation wholly-owned by such individual; and
    - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.

- (m) “**Exercise Notice**” means the written notice of the exercise of an Option, in the form set out as Appendix I to Schedule A hereto, duly executed by the Option Holder.
- (n) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (o) “**Exercise Price**” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (p) “**Expiry Date**” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (q) “**Expiry Time**” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (r) “**Grant Date**” means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (s) “**Insider**” means an insider as that term is defined in the Securities Act.
- (t) “**Market Value**” means the market value of the Shares as determined in accordance with section 5.3.
- (u) “**Option**” means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (v) “**Option Certificate**” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (w) “**Option Holder**” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (x) “**Outstanding Issue**” means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (y) “**Person or Entity**” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.

- (z) **“Personal Representative”** means:
- (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (aa) **“Plan”** means this stock option plan as from time to time amended.
- (bb) **“Pre-Existing Options”** has the meaning ascribed thereto in section 4.1.
- (cc) **“Regulatory Approvals”** means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (dd) **“Regulatory Authorities”** means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (ee) **“Regulatory Rules”** means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities or of the Exchange.
- (ff) **“Securities Act”** means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (gg) **“Share”** or **“Shares”** means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (hh) **“Subsidiary”** means a wholly-owned or controlled subsidiary corporation of the Company.
- (ii) **“Triggering Event”** means:
- (i) the proposed dissolution, liquidation or wind-up of the Company;
  - (ii) a proposed Change of Control of the Company; or
  - (iii) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.

- (jj) **“U.S. Option Holder”** means any Option Holder who is a U.S. Person or who is holding or exercising Options in the United States.
- (kk) **“U.S. Person”** has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act. Without limiting the foregoing, but for greater clarity, a U.S. Person includes, subject to the exclusions set forth in Regulation S: (a) any natural person resident in the United States; (b) any partnership, limited liability company or corporation organized or incorporated under the laws of the United States; (c) any estate or trust of which any executor, administrator or trustee is a U.S. Person; (d) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (e) any partnership or corporation organized or incorporated under the laws of any non-U.S. jurisdiction which is formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by U.S. Accredited Investors who are not natural persons, estates or trusts.
- (ll) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended.
- (mm) **“Vest”** or **“Vesting”** means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

## 1.2 **Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

## 1.3 **Headings**

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

# SECTION 2 GRANT OF OPTIONS

## 2.1 **Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

## 2.2 **Record of Option Grants**

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

## 2.3 **Effect of Plan**

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. In the case of a dispute with regard to any matter in respect thereof, the provisions of the Option Certificate shall prevail over the terms and conditions in the Plan.

## 2.4 **Hold Period**

Pursuant to the policies of the Exchange and applicable securities law, where a hold period is applicable, the Option Certificate will include a legend stipulating that the Option is and the Shares upon the exercise of the Option are subject to a four-month hold period commencing on the date of distribution of the Option.

If the Option Holder is a U.S. Option Holder, then additional restrictions apply under the U.S. Securities Act, which is set out in the form of Option Certificate attached hereto as Schedule A.

# **SECTION 3 PURPOSE AND PARTICIPATION**

## 3.1 **Purpose of Plan**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

### 3.2 **Participation in Plan**

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

### 3.3 **Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

### 3.4 **Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### 3.5 **Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

### 3.6 **No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options.

### 3.7 **Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

### 3.8 **Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home



address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

### 3.9 **Representation**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a bona fide Executive, Employee or Consultant of the Company or any Subsidiary.

## **SECTION 4 NUMBER OF SHARES UNDER PLAN**

### 4.1 **Committee to Approve Issuance of Shares**

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

### 4.2 **Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, will not exceed 10% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

### 4.3 **Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

### 4.4 **Options Granted under the Previous Share Option Plans**

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

**SECTION 5**  
**TERMS AND CONDITIONS OF OPTIONS**

**5.1 Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option.

**5.2 Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option and may not exceed ten years from the Grant Date.

**5.3 Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum

prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

#### 5.4 **Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
- (i) termination for cause;
  - (ii) resigning his or her position; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

#### 5.5 **Vesting of Option and Acceleration**

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

#### 5.6 **Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. In the case of a dispute with regard to any matter in respect thereof, the provisions of the Option Certificate shall prevail over the terms and conditions in the Plan.

### **SECTION 6 TRANSFERABILITY OF OPTIONS**

#### 6.1 **Non-transferable**

Except as provided otherwise in this section 6, Options are non-assignable and non-transferable.

#### 6.2 **Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

#### 6.3 **Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date

which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

#### 6.4 **Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

#### 6.5 **Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

#### 6.6 **Deemed Non-Interruption of Engagement**

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

## **SECTION 7 EXERCISE OF OPTION**

#### 7.1 **Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

#### 7.2 **Black Out Period**

If an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.4(a)(i), (ii) or (iii) or section 5.4(b)(i), (ii) or (iii) above) 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 by this section 7.2 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.

### 7.3 **Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the notice of exercise as described in section 7.1 and payment in full for the Optioned Shares being acquired, the Administrator will direct its transfer agent to issue to the Option Holder the appropriate number of Shares in either certificate form or at the election of the Option Holder, on an uncertificated basis pursuant to the instructions given by the Option Holder to the Administrator. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Shares.

### 7.4 **No Rights as Shareholder**

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the Shares, the decision of the Committee shall be final, conclusive and binding.

### 7.5 **Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

## **SECTION 8 ADMINISTRATION**

### **8.1 Board or Committee**

The Plan shall be administered by the Administrator with oversight by the Committee.

### **8.2 Powers of Committee**

The Committee shall have the authority to do the following:

- (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;
- (g) do the following with respect to the granting of Options:
  - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (ii) 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);
  - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
  - (iv) determine when Options shall be granted; and
  - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted; and

- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

### 8.3 **Administration by Committee**

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

### 8.4 **Interpretation**

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **SECTION 9 APPROVALS AND AMENDMENT**

### 9.1 **Shareholder Approval of Plan**

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

### 9.2 **Amendment of Option or Plan**

Subject to any required Regulatory Approvals, the Committee 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 Committee 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.



## **SECTION 10**

### **CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES**

#### **10.1 Compliance with Laws**

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates for the Shares or the written notice in the case of uncertificated Shares representing such Shares accordingly.

#### **10.2 Regulatory Approvals**

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

#### **10.3 Inability to Obtain Regulatory Approvals**

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

## **SECTION 11**

### **ADJUSTMENTS AND TERMINATION**

#### **11.1 Termination of Plan**

The Committee may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.

#### **11.2 No Grant During Suspension of Plan**

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

### 11.3 **Alteration in Capital Structure**

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (a) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (b) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

### 11.4 **Triggering Events**

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

### 11.5 **Notice of Termination by Triggering Event**

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject. Furthermore, if any of the Options granted under this Plan are cancelled prior to their Expiry Date, the Company shall not grant new Options to the same Persons or Entities until 30 days have lapsed from the date of cancellation.

### 11.6 **Determinations to be Made By Committee**

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

## **SECTION 12 U.S. SECURITIES LAWS MATTERS**

### 12.1 **No U.S. Securities Act Registration**

Neither the Options nor the Shares which may be acquired pursuant to the exercise of the Options have been registered under the U.S. Securities Act or under any securities law of any state of the United States and are considered “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Option Certificate. The Options may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Options or the Shares underlying the Options, which could result in such U.S. Option Holder not being able to dispose of any Shares issued on exercise of Options for a considerable length of time.

## SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

### SHARC INTERNATIONAL SYSTEMS INC.

#### STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of Sharc International Systems Inc. (the “**Company**”) and evidences that ● [Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ● common shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$ ● per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ●, 20●.

To exercise this Option, the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, or written notice in the case of uncertificated Shares, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

If the Company determines that under the requirements of applicable taxation laws it is obliged to withhold for remittance to a taxing authority any amount as a condition of the issuance of any Shares pursuant to the Option, the Company may, prior to and as a condition of issuing the Shares, require the Option Holder to pay to the Company such amount as the Company is obliged to remit to such taxing authority in respect of the issuance of the Shares.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

[Include legends on the certificate or the written notice in the case of uncertificated shares prescribed by Regulatory Authorities, if required.]

If the Option Holder is a U.S. Person (as defined in Rule 902(k) of Regulation S promulgated under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”)) or a person in the United States, or executes or delivers this Option Certificate in the United States, then the Option Holder acknowledges and agrees as follows:

- (a) the Option and the Shares (collectively, the “**Securities**”) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States, and the Option is being granted to the Option Holder in reliance on an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws;
- (b) the Option may not be exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and any applicable state securities laws;
- (c) the Securities will be “restricted securities”, as defined in Rule 144 under the U.S. Securities Act, and the rules of the United States Securities and Exchange Commission provide in substance that the Option Holder may dispose of the Securities only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom, and the Company has no obligation to register any of the Securities or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder, if available);
- (d) if the Option Holder decides to offer, sell or otherwise transfer any of the Shares, the Option Holder will not offer, sell or otherwise transfer the Option directly or indirectly, unless:
  - (i) the sale is to the Company;
  - (ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
  - (iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
  - (iv) the Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities,

and, in the case of each of (iii) and (iv) it has prior to such sale furnished to the Company an opinion of counsel reasonably satisfactory to the Company stating that such transaction is exempt from registration under applicable securities laws;

- (e) the certificate(s) representing the Shares will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE “ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF SHARC INTERNATIONAL SYSTEMS INC. (THE “COMPANY”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

provided, that if the Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act (“**Regulation S**”) and the Company continues to qualify as a “foreign issuer” at the time the Shares are issued, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of the Company in the form annexed hereto as Appendix II (or such other form as the Company may prescribe from time to time) and, if requested by the Company or the transfer agent, an opinion of counsel of recognized standing in form and substance satisfactory to the Company and the transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Shares are being sold otherwise than in accordance with Regulation S and other than to the Company, the legend may be removed by delivery to the registrar and transfer agent and the Company of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;

- (a) Rule 905 of Regulation S provides in substance that any “restricted securities” that are equity securities of a “domestic issuer” (including an issuer that no longer qualifies as a “foreign issuer”) will continue to be deemed to be restricted securities notwithstanding that they were acquired in a resale transaction pursuant to Rule 901 or 904 of Regulation S; Rule 905 of Regulation S will apply in respect of Shares if

the Company is not a “foreign issuer” at the time of exercise of the related Option, and that the Company is not obligated to remain a “foreign issuer”;

- (b) “**domestic issuer**”, “**foreign issuer**”, “**United States**” and “**U.S. person**” are as defined in Regulation S;
- (c) if the Option Holder is resident in the State of California on the effective date of the grant of the Option, then the following provisions shall apply in addition to the terms and conditions contained in the Plan and in this Certificate:
  - (i) The Option Holder acknowledges that the Company, as a reporting issuer under the securities legislation in the Provinces of Alberta, British Columbia and Ontario, is required to publicly file with the securities regulators in those jurisdictions continuous disclosure documents, including audited annual financial statements and unaudited quarterly financial statements (collectively, the “**Financial Statements**”). Such filings are available on [www.sedarplus.ca](http://www.sedarplus.ca) (SEDAR+), and documents filed on SEDAR+ may be viewed under the Company’s profile at the following website address: [www.sedarplus.ca](http://www.sedarplus.ca); and
  - (ii) The Company will make available to the Option Holder, free of charge, copies of such Financial Statements as the Option Holder may request.

*[Signature page follows]*

**SHARC INTERNATIONAL SYSTEMS INC.**

by its authorized signatory:

\_\_\_\_\_

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

**Signature of Option Holder:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date signed:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_



## OPTION CERTIFICATE – SCHEDULE

**[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]**

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

1. The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:
  - (a) ● Shares (●%) will vest and be exercisable on or after the Grant Date;
  - (b) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
  - (c) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
  - (d) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.4(a) or 5.4(b) of the Plan, the Expiry Date of the Option shall be ● **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

**APPENDIX I**

**SHARC INTERNATIONAL SYSTEMS INC.**

**STOCK OPTION PLAN**

**NOTICE OF EXERCISE OF OPTION**

TO: **SHARC INTERNATIONAL SYSTEMS INC. (the "Company")**

1443 Spitfire Place, Suite 501

Port Coquitlam, British Columbia, Canada V3C 6L4

(or such other address as the Company may advise)

1. The undersigned (the "**Option Holder**"), being the holder of options to purchase \_\_\_\_\_ common shares of the Company at the exercise price of Cdn.\$\_\_\_\_\_ per share (the "**Exercise Price**"), hereby irrevocably gives notice, pursuant to the stock option plan of the Company (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for \_\_\_\_\_ of such common shares of the Company (the "**Shares**").

2. The Option Holder tenders herewith a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid common shares exercised and directs the Company to issue a share certificate evidencing said Shares in the name of the Option Holder to be mailed to the Option Holder at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

4. The Option Holder is resident in \_\_\_\_\_ [name of state/province].

5. The Option Holder represents, warrants and certifies as follows (please check all of the categories that apply):

- (a)  the undersigned holder at the time of exercise of the Option is not in the United States, is not a "U.S. person" as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and is not exercising the Option on behalf of, or for the account or benefit of a U.S. person or a person in the United States and did not execute or deliver this exercise form in the United States;

- (b)  the undersigned holder is resident in the United States or is a U.S. person who is a resident of the jurisdiction referred to in the address appearing above, and is a U.S. Accredited Investor **and has completed the U.S. Accredited Investor Status Certificate in the form attached to this Exercise Notice;**
- (c)  the undersigned holder is resident in the United States or is a U.S. person who is a resident of the jurisdiction referred to in the address appearing above, and is a natural person who is either: (i) a director, officer or employee of the Company or of a majority-owned subsidiary of the Company (each, an “**Eligible Company Option Holder**”), (ii) a consultant who is providing bona fide services to the Company or a majority-owned subsidiary of the Company that are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities (an “**Eligible Consultant**”), or (iii) a former Eligible Company Option Holder or Eligible Consultant; and/or
- (d)  if the undersigned holder is resident in the United States or is a U.S. person, the undersigned holder has delivered to the Company and the Company's transfer agent an opinion of counsel (which will not be sufficient unless it is in form and substance satisfactory to the Company) or such other evidence satisfactory to the Company to the effect that with respect to the securities to be delivered upon exercise of the Option, the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available;

6. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.

**Note: Certificates representing Shares will not be registered or delivered to an address in the United States unless Box 5(b), (c) or (d) above is checked.**

7. If the undersigned Option Holder has marked Box 5(b), (c) or (d) above, the undersigned Option Holder hereby represents, warrants, acknowledges and agrees that:
- (a) funds representing the exercise price for the Shares which will be advanced by the undersigned to the Company upon exercise of the options will not represent proceeds of crime for the purposes of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the “**PATRIOT Act**”), and the undersigned acknowledges that the Company may in the future be required by law to disclose the undersigned's name and other information relating to this exercise form and the undersigned's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the exercise price to be provided by the undersigned (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and it shall promptly notify the

Company if the undersigned discovers that any of such representations ceases to be true and provide the Company with appropriate information in connection therewith;

- (b) the financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, 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;
  - (c) there may be material tax consequences to the Option Holder of an acquisition or disposition of any of the Shares. The Company gives no opinion and makes no representation with respect to the tax consequences to the Option Holder under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such securities. In particular, no determination has been made whether the Company will be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended; and
  - (d) if the undersigned has marked Box 5(c) above, the Company may rely on the registration exemption in Rule 701 under the U.S. Securities Act and a state registration exemption, but only if such exemptions are available; in the event such exemptions are determined by the Company to be unavailable, the undersigned may be required to provide additional evidence of an available exemption, including, without limitation, the legal opinion contemplated by Box 5(d).
8. If the undersigned Option Holder has marked Box 5(b) above, the undersigned represents and warrants to the Company that:
- (a) the Option Holder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares, and the undersigned is able to bear the economic risk of loss of his or her entire investment;
  - (b) the Company has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Company as he or she has considered necessary or appropriate in connection with his or her investment decision to acquire the Shares;
  - (c) the undersigned is: (i) purchasing the Shares for his or her own account or for the account of one or more U.S. Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; and (ii) is purchasing the Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and
  - (d) the undersigned has not exercised the Option as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or

broadcast over radio, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

9. If the undersigned has indicated that the undersigned is a U.S. Accredited Investor by marking Box 5(b) above, or if the undersigned has marked Box 5(c) above on the basis that the exercise of the option is subject to the registration exemption in Rule 701 under the U.S. Securities Act and an available state registration exemption, the undersigned also acknowledges and agrees that:
- (a) the Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Shares will be issued as “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act) and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws absent an exemption from such registration requirements; and
  - (b) the certificate(s) representing the Shares will be endorsed with a U.S. restrictive legend substantially in the form set forth in the Option Certificate until such time as it is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws.
10. The undersigned Option Holder hereby represents, warrants, acknowledges and agrees that the certificate(s) representing the Shares may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder

## U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

In connection with the exercise of an option to purchase shares of Sharc International Systems Inc. (the “**Company**”) by the Option Holder, the Option Holder hereby represents and warrants to the Company that the Option Holder satisfies one or more of the following categories of Accredited Investor (**please initial each category that applies**):

- \_\_\_\_\_ (1) Any director or executive officer of the Company; or (including an IRA (Individual Retirement Account) owned by such person); provided that, for these purposes: (a) “executive officer” shall mean the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the Company; and (b) executive officers of subsidiaries may be deemed executive officers of the Company if they perform such policy making functions for the Company; or
- \_\_\_\_\_ (2) A natural person (including an IRA (Individual Retirement Account) owned by such person) whose individual net worth, or joint net worth with that person’s spouse or spousal equivalent (being a cohabitant occupying a relationship generally equivalent to that of a spouse), at the time of purchase of the Shares contemplated by the accompanying Exercise Notice, exceeds US\$1,000,000 (**note:** for the purposes of calculating net worth: (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the purchase of the Shares, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time execution of the accompanying Notice of Option Exercise exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); (iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; and (iv) for the purposes of calculating joint net worth of the person and that person’s spouse or spousal equivalent, (A) joint net worth can be the aggregate net worth of the investor and spouse or spousal equivalent, (B) assets need not be held jointly to be included in the calculation, and (C) reliance by the person and that person’s spouse or spousal equivalent on the joint net worth standard does not require that the securities be purchased jointly); or \_\_\_\_\_ (3) A natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
- \_\_\_\_\_ (3) A natural person (including an IRA (Individual Retirement Account) owned by such person) who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse or spousal equivalent in excess of US\$300,000 in each of those years and has

a reasonable expectation of reaching the same income level in the current year; or

- \_\_\_\_\_ (4) An entity in which all of the equity owners meet the requirements of at least one of the above categories (*note: (a) if this alternative is checked, you must identify each equity owner and provide statements signed by each demonstrating how each qualifies as an Accredited Investor; (b) it is permissible to look through various forms of equity ownership to natural persons in determining the Accredited Investor status of entities under this category; and (c) if those natural persons are themselves Accredited Investors, and if all other equity owners of the entity seeking Accredited Investor status are Accredited Investors, then this category will be available*); or
- \_\_\_\_\_ (5) A natural person holding in good standing one or more of the following professional certifications or designations or credentials from an accredited educational institution that the Securities and Exchange Commission has designated as qualifying an individual for accredited investor status, including an IRA (Individual Retirement Account) owned by such person: The General Securities Representative license (Series 7), the Private Securities Offerings Representative license (Series 82), and the Licensed Investment Adviser Representative (Series 65).

APPENDIX II

SHARC INTERNATIONAL SYSTEMS INC.

STOCK OPTION PLAN

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Sharc International Systems Inc. (the "**Company**")

AND TO: Registrar and transfer agent for the common shares of the Company

The undersigned (a) acknowledges that the sale of \_\_\_\_\_ (the "**Securities**") of the Company, represented by certificate number \_\_\_\_\_, to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (b) certifies that (1) the undersigned is not (A) an "affiliate" of the Company (as that term is defined in Rule 405 under the U.S. Securities Act), (B) a "distributor" as defined in Regulation S or (C) an affiliate of a distributor; (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another "designated offshore securities market", and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U. S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U. S. Securities Act. Terms used herein have the meanings given to them by Regulation S.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Signature of individual (if Seller **is** an individual)

\_\_\_\_\_  
Authorized signatory (if Seller is **not** an individual)

\_\_\_\_\_  
Name of Seller (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)



**Affirmation by Seller's Broker-Dealer**  
**(Required for sales pursuant to Section (b)(2)(B) above)**

We have read the foregoing representations of our customer, \_\_\_\_\_ (the "Seller") dated \_\_\_\_\_, with regard to the sale, for such Seller's account, of \_\_\_\_\_ common shares (the "Securities") of the Company represented by certificate number \_\_\_\_\_. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Company shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Dated: \_\_\_\_\_.

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE "C"**  
**PROPOSED AMENDED 10% "ROLLING" RESTRICTED SHARE UNIT PLAN**

---

**SHARC INTERNATIONAL SYSTEMS INC.**

**RESTRICTED SHARE UNIT PLAN**

EFFECTIVE AS OF AUGUST 7, 2020, AS AMENDED ON AUGUST 10, 2023  
AND MAY 29, 2024

---

## TABLE OF CONTENTS

ARTICLE 1 PURPOSE AND INTERPRETATION .....	1
Section 1.1 Purpose .....	1
Section 1.2 Definitions .....	1
Section 1.3 Interpretation.....	5
Section 1.4 Governing Law .....	6
Section 1.5 Severability .....	6
ARTICLE 2 SHARE CAPITAL.....	6
Section 2.1 Shares Reserved.....	6
ARTICLE 3 ADMINISTRATION .....	6
Section 3.1 General.....	6
Section 3.2 Compliance with Legislation .....	8
Section 3.3 Miscellaneous .....	8
ARTICLE 4 RESTRICTED SHARE UNITS .....	9
Section 4.1 Granting of RSUs .....	9
Section 4.2 Dividends.....	9
Section 4.3 Settlement of Restricted Share Units.....	10
Section 4.4 Termination of Service .....	11
Section 4.5 Non-transferability of RSUs.....	12
Section 4.6 Hold Period.....	12
ARTICLE 5 TERMINATION, AMENDMENTS AND ADJUSTMENTS.....	13
Section 5.1 Amendment and Termination .....	13
Section 5.2 Change of Control .....	13
Section 5.3 Adjustments .....	14
ARTICLE 6 GENERAL .....	14
Section 6.1 Effective Date .....	14
Section 6.2 Notice .....	14
Section 6.3 Tax Withholdings .....	14
Section 6.4 Rights of Participants.....	15
Section 6.5 Right to Issue Other Shares. ....	15
Section 6.6 Successors and Assigns .....	15
Section 6.7 Funding of the Plan.....	15

# RESTRICTED SHARE UNIT PLAN

## ARTICLE 1 PURPOSE AND INTERPRETATION

### Section 1.1 Purpose

The purpose of the Plan is to promote and advance the interests of the Company by (i) providing Eligible Persons with additional incentive through an opportunity to receive discretionary bonuses in the form of Common Shares of the Company, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate Eligible Persons.

### Section 1.2 Definitions

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

- (a) “**Account**” means a notional account maintained for each Participant on the books of the Company which will be credited with Restricted Share Units and Dividend RSUs, in accordance with the terms of the Plan;
- (b) “**Affiliate**” means any person that controls or is controlled by the Company or that is controlled by the same person that controls the Company;
- (c) “**Associate**” has the meaning ascribed to that term under the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (d) “**Affiliated Companies**”, “**Controlled Companies**” and “**Subsidiary Companies**” have the meanings ascribed to those terms under the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended from time to time;
- (e) “**Black-Out Period**” means the period during which designated directors, officers, employees and consultants of the Company and, if applicable, any Subsidiary Company, cannot trade Common Shares pursuant to the Company’s insider trading policy which is in effect at that time (which, for certainty, does not include the period during which a cease trade order is in effect to which the Company, or in respect of a Reporting Insider, that Reporting Insider, is subject);
- (f) “**Board**” means the board of directors of the Company or such delegate as referred to by the term in Section 3.1(1);
- (g) “**Business Day**” means any day other than a Saturday, Sunday or a statutory or civic holiday in the City of Vancouver, British Columbia, on which the Stock Exchange is open for trading;

- (h) **“Cause”** means (i) if the Participant has a written agreement with the Company or Subsidiary Companies in which cause is defined, cause as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Company’s reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
- (i) **“Certificate”** has the meaning given to that term in Section 3.1(3);
- (j) **“Change of Control Event”** means:
  - (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons or Entities acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);
  - (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity;
  - (iii) the completion of a sale whereby all or substantially all of the Company’s undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale; or
  - (iv) an occurrence when a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (k) **“Common Shares”** means the common shares in the share capital of the Company;

- (l) **“Company”** means Sharc International Systems Inc.;
- (m) **“Consultant”** means a corporate entity or an individual, other than an employee, executive officer or director of the Company or of an Affiliate, that:
  - (i) is engaged to provide services to the Company or an Affiliate, other than services provided in relation to a distribution of the Company’s securities;
  - (ii) provides the services under a written contract with the Company or an Affiliate; and
  - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate;and includes, for an individual consultant, a Company of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner, and *provided that*, if the consultant is a U.S. Person (as defined below), the consultant is a natural person and is not providing services in connection with the offer or sale of securities in a capital-raising transaction, and does not directly or indirectly promote or maintain a market for the Company’s securities;
- (n) **“Dividend RSUs”** means a bookkeeping entry credited to a Participant’s Account equivalent in value to the dividend, if any, paid on a Common Share in accordance with Section 4.2 of the Plan;
- (o) **“Eligible Person”** means:
  - (i) any director, officer, employee or Consultant of the Company or any of its Subsidiary Companies; and
  - (ii) any Personal Holding Company of any of the persons listed in Section 1.2(o)(i) above;who is designated by the Board as eligible to participate in the Plan;
- (p) **“Expiry Date”** means the expiry date set out by the Board on the date of approval of a grant and as described in the applicable Certificate (which for greater certainty may vary between RSUs granted from time to time), following which an RSU is expired and is thereafter incapable of settlement, and is of no value whatsoever, provided however that in no event shall an Expiry Date be a date that is more than three years from the date of grant;
- (q) **“Market Price”** means, with respect to any particular date, the volume weighted average trading price of the Common Shares as reported on the Stock Exchange for the five (5) trading days immediately preceding that date;

- (r) “**Participant**” means an Eligible Person to whom RSUs have been granted and are outstanding;
- (s) “**Personal Holding Company**” means a personal holding company that is either wholly owned, or controlled by, any director, executive officer, employee or Consultant of the Company or its Affiliates, and the shares of which are held directly or indirectly by any such person or the person’s spouse, minor children and/or minor grandchildren;
- (t) “**Person or Entity**” means an individual, natural person, company, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity;
- (u) “**Plan**” means this Restricted Share Unit plan of the Company, as amended from time to time;
- (v) “**Reporting Insider**” means a reporting insider as defined under National Instrument 55-104 as may be amended from time to time;
- (w) “**Restricted Share Unit**” or “**RSU**” means a bookkeeping entry equivalent in value to a Common Share credited to a Participant’s Account and representing the right of a Participant to whom a grant of such restricted share units is made to receive one Common Share, pursuant and subject to the terms and conditions set forth in this Plan and in the applicable Certificate;
- (x) “**RSU Award**” means the number of RSUs determined by the Board to be awarded to the Participant and credited to a Participant’s Account, as evidenced by a Certificate;
- (y) “**Securities Act**” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as amended from time to time;
- (z) “**Settlement Date**” means the Business Day during the Settlement Period on which a Participant elects to settle an RSU in accordance with Section 4.3;
- (aa) “**Settlement Notice**” has the meaning set out in Section 4.3;
- (bb) “**Settlement Period**” means the period starting on the Vesting Date and ending on the Expiry Date;
- (cc) “**Shareholder**” means a holder of a Common Share in the capital of the Company;
- (dd) “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan, restricted share unit, or any other



compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise including, without limitation, this Plan;

- (ee) “**Stock Exchange**” means the Canadian Securities Exchange or if the Common Shares are not listed on the Canadian Securities Exchange, any stock exchange on which the Common Shares are listed or traded, as determined by the Board;
- (ff) “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person. For greater certainty, in the case of a Participant whose employment or term of office with the Company or any Subsidiary Company terminates in the circumstances set out in Section 4.4(1)(a), Section 4.4(1)(b) or Section 4.4(1)(c), the date that is designated by the Company or any Subsidiary Company, as the last day of the Participant’s employment or term of office with the Company or such Subsidiary Company, provided that in the case of termination of employment or term of office by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not include any period of reasonable notice that the Company or any Subsidiary Company may be required at law to provide to the Participant;
- (gg) “**U.S. Person**” has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act. Without limiting the foregoing, but for greater clarity, a U.S. Person includes, subject to the exclusions set forth in Regulation S: (a) any natural person resident in the United States; (b) any partnership, limited liability company or corporation organized or incorporated under the laws of the United States; (c) any estate or trust of which any executor, administrator or trustee is a U.S. Person; (d) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (e) any partnership or corporation organized or incorporated under the laws of any non-U.S. jurisdiction which is formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by U.S. Accredited Investors who are not natural persons, estates or trusts;
- (hh) “**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended; and
- (ii) “**Vesting Date**” means the date on which an RSU is vested for the purposes of the Plan.

### **Section 1.3 Interpretation**

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

### **Section 1.4 Governing Law**

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

### **Section 1.5 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

## **ARTICLE 2 SHARE CAPITAL**

### **Section 2.1 Shares Reserved**

- (1) Subject to Section 5.3(1), the securities that may be acquired by Participants pursuant to RSUs granted under this Plan shall consist of authorized but unissued Common Shares.
- (2) The Company shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of RSUs granted under this Plan.
- (3) The maximum number of Common Shares made available for issuance pursuant to the 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 Plan.
- (4) The Plan shall be a “rolling plan” and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, the number of Common Shares in respect of such cancelled or terminated RSUs shall again be available for the purpose of granting RSU Awards pursuant to the Plan.

## **ARTICLE 3 ADMINISTR TION**

### **Section 3.1 General**

- (1) This Plan shall be administered by the Board. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Any delegation pursuant to this Section 3.1 shall be documented in a resolution of the Board.
- (2) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, vesting, settlement and method of settlement of RSUs , all on such terms (which

may vary between RSUs granted from time to time) as it shall determine. In addition, the Board shall have the authority to:

- (a) select any directors, officers, employees or Consultants of the Company or Subsidiary Companies of the Company to participate in this Plan; provided that RSUs granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval;
  - (b) construe and interpret this Plan and all agreements entered into hereunder;
  - (c) prescribe, amend and rescind rules and regulations relating to this Plan; and
  - (d) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants and on their legal, personal representatives and beneficiaries.
- (3) An RSU Award shall be evidenced by an RSU agreement certificate (the "Certificate"), signed on behalf of the Company, subject to amendment by the Board from time to time, and which shall specify:
- (a) the number of RSUs subject to the RSU Award to be credited to the Participant's Account;
  - (b) the date of grant of the RSU Award;
  - (c) the Vesting Date or Vesting Dates applicable to the RSUs subject to the RSU Award;
  - (d) the Settlement Period and Expiry Date applicable to an RSU subject to the RSU Award;
  - (e) the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon settlement of the RSU;
  - (f) the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon settlement of an RSU may be forfeited; and
  - (g) such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.
- (4) No member of the Board (or person acting under delegated authority, nor the Company, will be liable for any action or determination taken or made in the administration, interpretation, construction or application of this Plan, any Certificate or any RSU issued pursuant to this Plan, or otherwise in any way in respect of any Participant's participation in this Plan or the holding or settlement of RSUs.

### **Section 3.2 Compliance with Legislation**

- (1) The Plan, the terms of the issue or grant and the settlement of RSUs hereunder and the Company's obligation to sell and deliver Common Shares upon settlement of RSUs shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (2) No RSU shall be granted and no Common Shares issued or sold thereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any RSU or issue or sale of Common Shares hereunder in violation of this provision shall be void.
- (3) The Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the settlement of RSUs may be subject to restrictions or limitations on sale or resale under applicable securities laws.
- (4) If Common Shares cannot be issued to a Participant upon the settlement of an RSU due to legal or regulatory restrictions, the obligation of the Company to issue such Common Shares under the Plan shall terminate, at no cost to the Company nor obligation to otherwise compensate a Participant in any way.

### **Section 3.3 Miscellaneous**

- (1) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approval.
- (2) Nothing contained in the Plan nor in any RSU granted hereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Company or any rights as a Shareholder or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the settlement of any RSU.
- (3) The Plan does not give any Participant or any employee of the Company or any of its Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to continue to serve as a Consultant, director, officer or employee, as the case may be, of the Company or any of its Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its Subsidiary Companies other than as specifically provided for in the Plan.

(4) The existence of any RSUs shall not affect in any way the right or power of the Company or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

(5) No fractional Common Shares shall be issued upon the settlement of RSUs granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the settlement of an RSU, or from an adjustment pursuant to Section 5.3(1) such Participant shall only have the right to receive the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

## **ARTICLE 4 RESTRICTED SHARE UNITS**

### **Section 4.1 Granting of RSUs**

(1) Where the Board determines to grant an RSU Award to an Eligible Person and sets the terms and conditions applicable to such RSU Award, the Company shall deliver to the Eligible Person a Certificate, containing the terms and conditions applicable to such RSU Award.

(2) On the grant of an RSU Award, the Company will credit the Participant's Account with the number of RSUs granted to such Participant under the terms of the RSU Award.

(3) The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's Account one Common Share, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Common Share for each RSU credited to the Participant's Account on the Settlement Date, subject to the conditions set out in the Certificate and in the Plan, and subject to all other terms of this Plan.

(4) An Eligible Person may receive an RSU Award on more than one occasion under the Plan and may receive separate RSU Awards on any one occasion.

(5) RSUs granted under this Plan to an Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or an Affiliate, as the case may be, in the fiscal year ending in, coincident with or before such calendar year, subject to any other determination by the Company.

### **Section 4.2 Dividends**

(1) Unless the Board determines otherwise, additional RSUs ("Dividend RSUs") will be credited to a Participant's Account where the Company declares and pays a dividend 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 been holding such number of Shares equal to the number of RSUs credited to the Participant's Account on the date on which cash dividends are paid on the Shares and the Market Price of the Common Shares on the payment date.

(2) Dividend RSUs credited to a Participant's Account shall vest and be settled in the same manner and on the same date as the RSUs to which they relate.

#### **Section 4.3 Settlement of Restricted Share Units**

(1) Subject to the provisions of the Plan and in particular Section 4.4 and Section 5.2 and any vesting limitations imposed by the Board in its sole unfettered discretion at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the "Settlement Notice") in a form attached to the RSU Grant Letter. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by the Company through the delivery by the Company of such number of Common Shares equal to the number of RSUs then being settled net of applicable taxes and contributions to government sponsored plans, equal to the Market Price at the Settlement Date of one Common Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.

(2) Notwithstanding the foregoing, if the Company elects to issue Common Shares in settlement of RSUs:

- (a) the Company may arrange for such number of the Common Shares to be sold as it deems necessary or advisable to raise an amount at least equal to its determination of such applicable taxes, with such amount being withheld by the Company; or
- (b) the Company may, as a condition of settlement in the form of Common Shares, require the Participant to pay the applicable taxes as determined by the Company or make such other arrangement acceptable to the Company in its discretion (if at all) as it deems necessary or advisable.

(3) Subject to the terms of the Plan, as soon as practicable after receipt of any of the amount, undertaking or election listed in Section 4.3(2), the Company will forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Participant a certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Company, representing in the aggregate Common Shares issued to the Participant.

- (4) Notwithstanding any other provision of the Plan:
- (a) no RSU shall be capable of settlement after the Expiry Date; provided, however, that if the Expiry Date in respect of an RSU falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such RSU due to a Black-Out Period or other trading restriction imposed by the Company, then the Expiry Date of such RSU shall be automatically extended to the tenth (10th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Company is lifted, terminated or removed. The foregoing extension applies to all RSUs regardless of the date of grant and shall not be considered an extension of the term thereof as otherwise referred to in the Plan;
  - (b) the Settlement Period shall be automatically reduced in accordance with Section 4.4 upon the occurrence of any of the events referred to therein; and
  - (c) no RSU in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be settled until such time as such RSU has been so approved.

#### **Section 4.4 Termination of Service**

- (1) Except as otherwise determined by the Board:
- (a) all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service with the Company or any Subsidiary Companies for any reason other than as set forth in paragraph (b) and (c) below;
  - (b) in the case of a termination of the Participant's service by reason of (A) termination by the Company or any Subsidiary Companies other than for Cause, or (B) the Participant's death, the Participant's unvested RSUs shall vest automatically as of such date, and on the earlier of the original Expiry Date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or his or her executor or administrator, or the person or persons to whom the Participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle his vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
  - (c) in the case of a termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the

date of such termination of service (or, if earlier, the Termination Date), the Participant will be eligible to request that the Company settle his vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;

- (d) for greater certainty, where a Participant's employment or term of office terminates by reason of termination by the Company or any Subsidiary Companies for Cause then any RSUs held by the Participant, whether or not vested at the Termination Date, immediately terminate and are cancelled on the Termination Date or at a time as may be determined by the Board, in its sole discretion;
- (e) a Participant's eligibility to receive further grants of RSUs under this Plan ceases as of the earliest of the date the Participant resigns from the Company or any Subsidiary Company and the date that the Company or any Subsidiary Company provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date; and
- (f) for the purposes of the Plan, a Participant shall not be deemed to have terminated service where: (i) the Participant remains in employment or office within or among the Company or any Subsidiary Company or (ii) the Participant is on a leave of absence approved by the Board.

#### **Section 4.5 Non-transferability of RSUs**

RSUs shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

#### **Section 4.6 Hold Period**

Pursuant to Stock Exchange Policies, where a hold period is applicable, the RSU Grant Letter will include a legend stipulating that the RSU Award is subject to a four-month hold period commencing from the date of grant of the RSU Award.

If the Participant is a U.S. Person or a person in the United States, or executes or delivers the Certificate in the United States, then additional restrictions apply under the U.S. Securities Act, which is set out in the form of Certificate attached hereto as Schedule A.



**ARTICLE 5**  
**TERMINATION, AMENDMENTS AND ADJUSTMENTS**

**Section 5.1 Amendment and Termination**

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

**Section 5.2 Change of Control**

- (1) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, 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 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 Plan be final, conclusive and binding.

### **Section 5.3 Adjustments**

(1) If 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 Stock Exchange where necessary, appropriate substitution or adjustment in

- (a) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and
- (b) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the Plan; provided, however, that no substitution or adjustment shall obligate the Company to issue fractional RSUs or Common Shares.

(2) If the Company is reorganized, amalgamated with another Company or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

## **ARTICLE 6 GENERAL**

### **Section 6.1 Effective Date**

The Plan shall be effective upon the approval of the Plan by the Board.

### **Section 6.2 Notice**

Any Notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Company, to the operations office of the Company in Vancouver, British Columbia, Attention: Corporate Secretary; or if to a Participant, to such Participant at his address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

### **Section 6.3 Tax Withholdings**

The Company shall be entitled to withhold such number of Common Shares, either under this Plan or otherwise, or make such other arrangement as are contemplated under Section 4.3(2), as it may deem necessary or advisable so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding or remittance of tax or other relevant amounts. It is the responsibility of the Participant to complete and file any tax returns which may be required within the periods specified under applicable laws as a result of the Participant's participation in the Plan. The Company shall not be responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

#### **Section 6.4 Rights of Participants**

No person entitled to settle any RSU granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any Common Shares issuable upon settlement of such RSU until such Common Shares have been issued to such person.

#### **Section 6.5 Right to Issue Other Shares**

The Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

#### **Section 6.6 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the legal representatives of such Participant or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

#### **Section 6.7 Funding of the Plan**

The Plan shall be unfunded. No funds will be set aside to guarantee the payment of RSUs, which will remain an unfunded liability recorded on the books of the Company.

## SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

[If the Participant is a U.S. Person or a person in the United States, or executes or delivers the Certificate in the United States, then include the following legend: “THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF SHARC INTERNATIONAL SYSTEMS INC. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY: (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT.”]

### SHARC INTERNATIONAL SYSTEMS INC. RESTRICTED SHARE UNIT PLAN

(effective as of August 7, 2020, as amended August 10, 2023)

### RESTRICTED SHARE UNIT AWARD AGREEMENT

This **RESTRICTED SHARE UNIT AWARD AGREEMENT** (the “*Agreement*”) is made this [●] day of [●], 2023 (the “*Effective Date*”), by and between Sharc International Systems Inc., a corporation existing under the laws of the Province of British Columbia (the “*Company*”), and [●], an [employee of] the Company (the “*Participant*”).

#### 1. Award

The Company hereby grants to Participant a restricted stock unit award covering [●] common shares in the capital of the Company (each, a “*Share*”) according to the terms and subject to the conditions set forth herein and in the Company’s Restricted Share Unit Plan (the “*Plan*”). Each restricted stock unit (each, a “*Unit*”) represents the right to receive one Share, subject to the vesting requirements of this Agreement and the terms of the Plan. The Units are granted under Section 4.1 of the Plan. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan. A copy of the Plan will be furnished upon request of Participant.

## 2. Vesting

Except as otherwise provided in this Agreement, the Units shall vest in accordance with the following schedule:

<u>On or after each of the following dates</u>	<u>Number of Units Vested</u>
[●], 2023	[●]
[●], 2024	[●]
[●], 2025	[●]
[●], 2026	[●]

## 3. Restrictions on Transfer

The Units may not be sold, assigned, transferred or pledged, other than by will or the laws of descent and distribution, and any such attempted transfer shall be void.

## 4. Forfeiture; Early Vesting

If Participant ceases to perform services for the Company or any subsidiaries of the Company (each a “*Subsidiary Company*”) for any reason other than as set forth in this Section 4 hereof prior to vesting of the Units pursuant to Section 2 or Section 4 hereof, all of Participant’s rights to all of the unvested Units shall be immediately and irrevocably forfeited. In the case: (i) of the Participant’s service by reason of (A) termination by the Company or any Subsidiary Companies other than for Cause (as defined in the Plan) or (B) the Participant’s death; (ii) within 12 months following a Change in Control (as defined in the Plan), the Company terminates the Participant’s service with the Company for reasons other than for Cause (as defined in the Plan), all Units granted hereunder not already forfeited under operation of this Section 4 shall become fully vested with all restrictions lifted, and be issued pursuant to Section 6(b) hereof. Upon forfeiture, Participant will no longer have any rights relating to the unvested Units.

## 5. Expiry

Except as otherwise provided in this Agreement, the Units shall expire on [●] (the “*Expiry Date*”).

## 6. Miscellaneous

(a) Settlement of Units. The Units awarded under this certificate may be settled by a Participant at any time after the Units have vested but prior to the Expiry Date by delivery to the Company delivery of a notice (the “*Settlement Notice*”) in the form to be provided by the Company to the Participant upon request.

(b) Issuance of Shares. As soon as administratively practicable following the delivery by the Participant of the Settlement Notice, and the Participant's satisfaction of any required tax withholding obligations (but in no event later than 30 days following the delivery of the Settlement Notice), the Company shall cause to be issued and delivered to the Participant a certificate or certificates evidencing Shares registered in the name of the Participant (or in the name of the Participant's legal representatives, beneficiaries or heirs, as the case may be) or to instruct the Company's transfer agent to electronically deliver such shares to the respective Participant. The number of Shares issued shall equal the number of Units vested, reduced as necessary to cover applicable withholding obligations in accordance with Section 6(d) hereof. If it is administratively impracticable to issue Shares within the time frame described above because issuances of Shares are prohibited or restricted pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or stock exchange rules or policies, then such issuance shall be delayed until such prohibitions or restrictions lapse.

(c) Rights as Shareholder. Units are not actual Shares, but rather, represent a right to receive Shares according to the terms and conditions set forth herein and the terms of the Plan. Accordingly, the issuance of a Unit shall not entitle the Participant to any of the rights or benefits generally accorded to stockholders unless and until a Share is actually issued under Section 6(b) hereof.

(d) Taxes. The Participant hereby agrees to make adequate provision for any sums required to satisfy the applicable federal, state, provincial, local or foreign employment, social insurance, payroll, income or other tax withholding obligations (the "*Withholding Obligations*") that arise in connection with this Agreement. The Company may establish procedures to ensure satisfaction of all applicable Withholding Obligations arising in connection with this Agreement, including any means permitted in the Plan. The Participant hereby authorizes the Company, at its sole discretion and subject to any limitations under applicable law, to satisfy any such Tax Obligations by (1) withholding a portion of the Shares otherwise to be issued in payment of the Units having a value equal to the amount of Withholding Obligation in accordance with such rules as the Company may from time to time establish; provided, however, that the amount of the Shares so withheld shall not exceed the amount necessary to satisfy the required Withholding Obligations using applicable minimum statutory withholding rates; (2) withholding from the wages and other cash compensation payable to the Participant or by causing the Participant to tender a cash payment or other Shares to the Company; or (3) selling on the Participant's behalf (using any brokerage firm determined acceptable to the Company for such purpose) a portion of the Shares issued in payment of the Units as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Withholding Obligations. The Participant shall be responsible for all brokerage fees and other costs of sale, and the Participant further agrees to indemnify and hold the Company harmless from any losses, costs, damages or expenses relating to any such sale. The Company may refuse to deliver Shares if the Participant fails to comply with the Participant's obligations in connection with the Withholding Obligations described in this paragraph.

(e) Incorporation of Policies. This Award and all compensation awarded hereunder shall be subject to the terms of any clawback, noncompetition, confidentiality or

nondisclosure policies or agreements as may be in place between the Participant and the Company or any Affiliate from time to time.

(f) Subject to Plan. This Award is subject to the terms and conditions of the Plan, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. In addition, this Award is subject to the rules and regulations promulgated pursuant to the Plan, now or hereafter in effect. A copy of the Plan will be furnished upon request of the Participant.

(g) No Right to Continued Service. This Agreement shall not confer on the Participant any right with respect to continuance of service to the Company, nor will it interfere in any way with the right of the Company to terminate such service at any time.

(h) Additional Agreements and Acknowledgements of U.S. Participant. If the Participant is a U.S. person, or was present in the United States at the time the Participant was offered the Units or at the time the Participant executed and delivered this Agreement, the U.S. Participant Supplement annexed hereto as Appendix I, will be deemed to be incorporated by reference into and form a part of this Agreement. “U.S. person” and “United States” are as defined in Regulation S under the United States Securities Act of 1933, as amended.

(i) Governing Law. The validity, construction and effect of the Plan and the Agreement, and any rules and regulations relating to the Plan and the Agreement, shall be determined in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflict of laws principles.

(j) Severability. If any provision of the Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Agreement under any law deemed applicable by the Board (or Committee if the Board appoints a Committee to administer the Plan) (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 purpose or intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or the Agreement, and the remainder of the Agreement shall remain in full force and effect.

(k) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and Participant or any other person.

(l) Section 409A Provisions. The payment of Shares under this Agreement are intended to be exempt from the application of section 409A of the Internal Revenue Code, as amended (“Section 409A”) by reason of the short-term deferral exemption set forth in Treasury Regulation §1.409A-1(b)(4). Notwithstanding anything in the Plan or this Agreement to the contrary, to the extent that any amount or benefit hereunder that constitutes “deferred compensation” to the Participant under section 409A of the Internal Revenue Code, as amended (“Section 409A”) and applicable guidance thereunder is otherwise payable or distributable to the Participant under the Plan or this Agreement solely by reason of the

occurrence of a Change in Control or due to the Participant's Disability or termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet the definition of a change in ownership or control, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise (including, but not limited to, a payment made pursuant to an involuntary separation arrangement that is exempt from Section 409A under the "short-term deferral" exception). Any payment or distribution that otherwise would be made to a Participant who is a specified employee as defined in Section 409A(a)(2)(B) of the Code on account of separation from service may not be made before the date which is six months after the date of the specified employee's separation from service (or if earlier, upon the specified employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short term deferral exemption or otherwise.

(m) Personal Information. By accepting this Award, the Participant acknowledges that:

- (i) in order to implement, manage and administer the Plan and the Award covered by this Agreement, it is necessary for the Company to collect and process the personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar replacement or supplemental provincial or federal legislation or laws in effect from time to time), which may include the Participant's name, residential address, telephone number, date of birth, social security number (where allowed), or national identification number (where allowed), salary, title(s) or position(s) with the Company, any common shares held by the Participant in the Company, and details of all Awards;
- (ii) the Participant is consenting to:
  - (A) the retention of the personal information by the Company for so long as permitted or required by applicable law or business practices;
  - (B) internal use of the personal information by the Company in connection with the implementation, management and administration of the Plan and the Award covered by this Agreement;
  - (C) the fact that the Company may be required by applicable law, stock exchange rules and/or Investment Industry Regulatory Organization of Canada rules to provide regulatory authorities with



any personal information, including in connection with the preparation and filing of reports of trade and similar regulatory filings;

- (D) disclosure of the personal information to and its use by the Company's transfer agent and registrar;
- (E) use and disclosure of the personal information by the Company for income tax related purposes, including without limitation, where required by law, disclosure to Canada Revenue Agency or United States Internal Revenue Service;
- (F) disclosure of the personal information to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;
- (G) disclosure of the personal information to and its use by professional advisers of the Company in connection with the performance of their professional services;
- (H) disclosure of the personal information to any person where such disclosure is necessary for legitimate business reasons and is made with the Participant's prior written consent;
- (I) disclosure of the personal information to a court in connection with determining the rights of the parties under this Agreement; or
- (J) use and disclosure of the personal information as otherwise required or permitted by law; and

the Participant may contact the Company's Chief Financial Officer, or any other person that the Company may from time to time designate to be responsible for ensuring that the Company complies with applicable privacy and data protection laws in Canada, at the Company's head office, for the purposes of: (i) requesting access to and/or rectifying the Participant's personal information, subject to certain required or permitted exceptions under applicable law; (ii) addressing any questions or complaints, including any questions about the collection, use, disclosure or storage of the Participant's personal information; or (iii) to obtain written information about the Company's policies and practices with respect to the collection and use of personal information generally. The Company's head office is located at 1443 Spitfire Place, Port Coquitlam, British Columbia, Canada, V3C 6L4, and may be reached by telephone at +1-604-475-7710.

(n) Headings. Headings are given to the Sections and subsections of the Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Agreement or any provision thereof.

**IN WITNESS WHEREOF**, the Company and Participant have executed this Agreement on the date set forth in the first paragraph.

**SHARC INTERNATIONAL SYSTEMS INC.**

By: \_\_\_\_\_  
[Name, Title]

**PARTICIPANT**

\_\_\_\_\_  
Print Name: [●]

## Appendix I

### U.S. PARTICIPANT SUPPLEMENT

If the Participant is a U.S. person, or was present in the United States at the time the Participant was offered the Units or at the time the Participant executed and delivered this Agreement, the Participant acknowledges and agrees that:

1. The Units and any Shares that may be issued in respect of vested Units pursuant to the Plan have not been and will not be registered under the United States Securities Act of 1933, as amended (the “*U.S. Securities Act*”), and will constitute “restricted securities” as such term is defined in Rule 144 under the U.S. Securities Act;
2. The certificate(s) representing the Shares will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION, THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

provided, that if the Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act (“*Regulation S*”) and the Shares were issued at a time when the Company is a “foreign issuer” as defined in Regulation S, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of the Company, substantially in the form attached as Exhibit I hereto (or in such other form as the Company may prescribe from time to time) and, if requested by the Company or the transfer agent, an opinion of counsel of recognized standing in form and substance satisfactory to the Company and the transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Shares are being sold

otherwise than in accordance with Regulation S and other than to the Company, the legend may be removed by delivery to the registrar and transfer agent and the Company of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws; and

3. If the undersigned is resident in the State of California on the effective date of the grant of the Units, then, in addition to the terms and conditions contained in the Plan and in this Notice, the undersigned acknowledges that the Company, as a reporting issuer under the securities legislation in certain Provinces of Canada, is required to publicly file with the securities regulators in those jurisdictions continuous disclosure documents, including audited annual financial statements and unaudited quarterly financial statements (collectively, the "*Financial Statements*"). Such filings are available on [www.sedarplus.ca](http://www.sedarplus.ca) (SEDAR+), and documents filed on SEDAR+ may be viewed under the Company's profile at the following website address: [www.sedarplus.ca](http://www.sedarplus.ca). Copies of Financial Statements will be made available to the undersigned by the Company upon the undersigned's request.

**EXHIBIT I**

**FORM OF DECLARATION FOR REMOVAL OF LEGEND**

TO:           Sharc International Systems Inc. (the "**Company**")

AND TO:   Registrar and transfer agent for the common shares of the Company

The undersigned (a) acknowledges that the sale of \_\_\_\_\_  
(the "**Securities**") of the Company, represented by certificate number \_\_\_\_\_, to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (b) certifies that (1) the undersigned is not (A) an "affiliate" of the Company (as that term is defined in Rule 405 under the U.S. Securities Act), (B) a "distributor" as defined in Regulation S or (C) an affiliate of a distributor; (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another "designated offshore securities market", and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U. S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U. S. Securities Act. Terms used herein have the meanings given to them by Regulation S.

Dated \_\_\_\_\_.

**X** \_\_\_\_\_  
Signature of individual (if Seller **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if Seller is **not** an individual)

\_\_\_\_\_  
Name of Seller (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

**Affirmation by Seller's Broker-Dealer**  
**(Required for sales pursuant to Section (b)(2)(B) above)**

We have read the foregoing representations of our customer, \_\_\_\_\_ (the "Seller") dated \_\_\_\_\_, with regard to the sale, for such Seller's account, of \_\_\_\_\_ common shares (the "**Securities**") of the Company represented by certificate number \_\_\_\_\_. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Company shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Dated: \_\_\_\_\_.

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_  
Authorized Officer