

**TRUTRACE TECHNOLOGIES INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON FEBRUARY 23, 2022**

**AND**

**INFORMATION CIRCULAR**

**JANUARY 19, 2022**

*This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this notice and information circular, you should immediately contact your advisor.*

**TRUTRACE TECHNOLOGIES INC.**  
61 Regal Road, Toronto, Ontario M6H 2J6  
Telephone: 844.656.3629

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "**Meeting**") of shareholders of TruTrace Technologies Inc. (the "**Company**") will be held via ZOOM, on February 23, 2022, at the hour of 2:00 p.m. (Toronto time) for the following purposes:

- (1) to receive the audited financial statements of the Company for the fiscal year ended April 30, 2021, and the accompanying report of the auditors;
- (2) to consider and, if thought fit, pass with or without variation, an ordinary resolution (the "**Director Election Resolution**") to set the number of directors of the Company at a minimum of three (3), to elect the directors of the Company to take office immediately following the Meeting;
- (3) to consider and, if through fit, pass with or without variation, an ordinary resolution (the "**Auditor Resolution**") to re-appoint Dale Matheson Carr-Hilton LaBonte LLP as the auditor of the Company for the ensuing year, to authorize the directors to fix the remuneration to be paid to the auditor for the fiscal year ending April 30, 2022;
- (4) to consider and, if thought fit, pass, with or without variation, a special resolution (the "**Consolidation Resolution**") approving the consolidation (the "**Consolidation**") of the issued and outstanding common shares of the Company on a ratio of (10) ten for (1) one or such other ratio to be determined by the board;
- (5) to consider and, if thought fit, pass, with or without variation, an ordinary resolution (the "**Omnibus Plan Resolution**") approving the new omnibus equity incentive plan (the "**Omnibus Plan**") of the Company, all as more particularly described in the accompanying Information Circular; and
- (6) to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The board of directors of the Company has fixed January 19, 2022 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please vote by proxy by following the instructions provided in the form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

In view of the current and rapidly evolving COVID-19 outbreak, the Company will not be providing a physical location for shareholders to attend the Meeting in person. As always, the Company encourages

shareholders to vote prior to the Meeting. Shareholders are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by teleconference.

To access the Meeting by ZOOM, please join via the following link: <https://us02web.zoom.us/j/82955212919>, or by dialing +1 (778) 907-2071 in Canada or +1 (669) 900-6833 in the United States; Meeting ID: 82955212919#.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, or a trustee or administrator of a retirement savings plan, retirement income fund, education savings plan or other similar savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (each, an “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Toronto, Ontario, this 19<sup>th</sup> day of January, 2022.

By Order of the Board of Directors of

**TRUTRACE TECHNOLOGIES INC.**

“Robert Galarza”

Robert Galarza

Chief Executive Officer, Director

**PLEASE VOTE. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING BY TELECONFERENCE, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED FORM OF PROXY AND PROMPTLY RETURN IT IN THE ENVELOPE PROVIDED.**

**TRUTRACE TECHNOLOGIES INC.**  
61 Regal Road, Toronto, Ontario M6H 2J6  
Telephone: 844.656.3629

**INFORMATION CIRCULAR**  
**January 19, 2022**

**INTRODUCTION**

This information circular (the “**Information Circular**”) accompanies the notice of annual general meeting of shareholders (the “**Notice**”) of TruTrace Technologies Inc. (the “**Company**” or “**TruTrace**”) and is furnished to shareholders (each, a “**Shareholder**”) holding common shares (the “**Shares**”) of the Company in connection with the solicitation by the management of the Company of proxies to be voted at the annual general meeting (the “**Meeting**”) of the Shareholders to be held at 2:00 p.m. EST on Wednesday, February 23, 2022 via ZOOM. To access the Meeting by ZOOM, please join via the following link: <https://us02web.zoom.us/j/82955212919>, or by dialing +1 (778) 907-2071 in Canada or +1 (669) 900-6833 in the United States; Meeting ID: 82955212919#, or at any adjournment or postponement thereof.

**Covid-19**

In view of the current and rapidly evolving COVID-19 outbreak, the Company will not be providing a physical location for shareholders to attend the Meeting in person. As always, the Company encourages shareholders to vote prior to the Meeting. Shareholders are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by teleconference. To access the Meeting by ZOOM, To access the Meeting by ZOOM, please join via the following link: <https://us02web.zoom.us/j/82955212919>, or by dialing +1 (778) 907-2071 in Canada or +1 (669) 900-6833 in the United States; Meeting ID: 82955212919#.

**Date and Currency**

The date of this Information Circular is January 19, 2022. Unless otherwise stated, all amounts herein are in Canadian dollars.

**PROXIES AND VOTING RIGHTS**

**Management Solicitation**

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation to any of the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers who are NOBOs (as defined below), and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in

which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

**The Board of Directors of TruTrace unanimously recommends that TruTrace Shareholders vote "FOR" the Auditor Resolution, the Director Election Resolution, Consolidation Resolution and the Omnibus Plan Resolution.**

### **Appointment of Proxy**

Registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each common share that such Shareholder holds on the record date of January 19, 2022 on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the "Designated Persons") in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING.**

**A SHAREHOLDER MAY EXERCISE THIS RIGHT BY INSERTING THE NAME OF SUCH OTHER PERSON IN THE BLANK SPACE PROVIDED ON THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

The Shareholder may vote by mail, by telephone or via the Internet by following instructions provided in the form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. The Chairman of the Meeting, in his sole discretion, may accept completed forms of proxy on the day of the Meeting or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

### **Revocation of Proxies**

A Shareholder who has given a proxy may revoke it at anytime before it is exercised by an instrument in writing: (a) executed by that Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

#### **Voting of Shares and Proxies and Exercise of Discretion by Designated Persons**

A Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space on the proxy. **The Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Shares of a Shareholder on any matter, the Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

#### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set out in this section is of significant importance to those Shareholders who do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting.** If Shares are listed in an account statement provided by a broker, then in almost all cases those Shares will not be registered in the Beneficial Shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the Beneficial Shareholder's broker or an agent of that broker. In the United States, the vast majority of such 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). **Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person well in advance of the Meeting.**

The Company does not have access to the names of all Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by his, her or its broker (or the agent of the broker) is similar to the form of proxy provided to registered Shareholders by the Company. However, its purpose is limited to instructing the

registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of Shares to be voted at the Meeting. If Beneficial Shareholders receive the voting instruction forms from Broadridge, they are requested to complete and return the voting instruction forms to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number and access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form as a proxy to vote Shares directly at the Meeting - the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the applicable Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his, her or its broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, a Beneficial Shareholder may request in writing that his, her or its broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his, her or its Shares.

Beneficial Shareholders consist of non-objecting beneficial owners and objecting beneficial owners. A non-objecting beneficial owner is a beneficial owner of securities that has provided instructions to an intermediary holding the securities in an account on behalf of the beneficial owner that the beneficial owner does not object, for that account, to the intermediary disclosing ownership information about the beneficial owner under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators. An objecting beneficial owner means a beneficial owner of securities that has provided instructions to an intermediary holding the securities in an account on behalf of the beneficial owner that the beneficial owner objects, for that account, to the intermediary disclosing ownership information about the beneficial owner under NI 54-101.

The Company is sending proxy-related materials directly to non-objecting beneficial owners of the Shares. The Company will not pay for the delivery of proxy-related materials to objecting beneficial owners of the Shares under NI 54-101 and Form 54-107F1 - *Request for Voting Instructions Made by Intermediary*. The objecting beneficial owners of the Shares will not receive the materials unless their intermediary assumes the costs of delivery.

All references to Shareholders in this Information Circular are to registered Shareholders, unless specifically stated otherwise.

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

The Company is authorized to issue an unlimited number of Shares without par value. As of the record date, determined by the board of directors of the Company (the "**Board**") to be the close of business on

January 19, 2022, a total of 152,693,781 Shares were issued and outstanding. Each Share carries the right to one vote at the Meeting.

Only registered Shareholders as of the record date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the directors and executive officers of the Company, only the following beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company:

Name of Shareholder	Number of Shares	Percentage of Issued and Outstanding
Thomas Stephenson	19,700,000 <sup>(1)</sup>	12.90%

<sup>(1)</sup> Mr. Stephenson holds 9,500,000 Shares directly; 2,500,000 Shares are owned by Ember Technology Partners Inc., a private company owned by Mr. Stephenson; and 7,700,000 Shares are owned by OrionOne Global Inc., a private company owned by Mr. Stephenson. The total does not include 975,000 stock options convertible into Shares held by Mr. Stephenson.

#### FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended April 30, 2021, together with the auditor's report thereon, will be presented to the Shareholders at the Meeting. The Company's financial statements and management discussion and analysis are available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be asked to pass an ordinary resolution to appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants as auditors of the Company for the fiscal year ending April 30, 2022, and to authorize the directors of the Company to fix the remuneration to be paid to the auditors for the fiscal year ending April 30, 2022. An ordinary resolution needs to be passed by a simple majority of the votes cast by the Shareholders present in person or represented by proxy and entitled to vote at the Meeting.

**Management of the Company recommends that Shareholders vote for the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the Company's auditors for the Company's fiscal year ending April 30, 2022 and to authorize the directors of the Company to fix the remuneration to be paid to the auditors for the fiscal year ending April 30, 2022.**

#### NUMBER OF DIRECTORS

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the minimum number of directors of the Company at three (3). An ordinary resolution needs to be passed by a simple majority of the votes cast by the Shareholders present in person or represented by proxy and entitled to vote at the Meeting.

**Management of the Company recommends the approval of setting the minimum number of directors of the Company at three (3).**



## ELECTION OF DIRECTORS

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal.

Management of the Company proposes to nominate the following, as set out in the table below, for election by the shareholders as directors of the Company. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Director Since	Number of Shares Owned <sup>(1)</sup>
Robert Galarza <sup>(3)(5)</sup> California, United States  <i>Chief Executive Officer and Director</i>	Mr. Galarza has served as the Chief Executive Officer and Director of the Company since May 17, 2018. He was a co-founder and chief executive officer of a technology startup in 2016 and has served as Senior Vice-President of Business Development for Heated Details from September 2015 to Present. He was a self-employed attorney from January 2011 until September 2015.	May 17, 2018	2,500,000 <sup>(5)</sup>
Allan O'Dette <sup>(2)(4)</sup> Ontario, Canada  <i>Director</i>	Mr. O'Dette is the Chief Executive Officer of the Ontario Medical Association (OMA) and is appointed to the chief executive officer role of the Ontario Medical Association Insurance Company. Prior to joining the OMA, Mr. O'Dette was appointed the first chief investment officer for the Province of Ontario, Canada and prior to that served as the president and CEO of the Ontario Chamber of Commerce.	November 6, 2020	1,000,000
Cesare Fazari <sup>(2)(4)</sup> Ontario, Canada  <i>Director</i>	Mr. Fazari is a founding partner of Northwood Developments and has been active in the company for over 30 years. He specializes in commercial retail rollout, having completed thousands of turnkey projects for major commercial franchises such as Shoppers Drug Mart, Marshalls, Trade Secrets and Public Mobile to name a few.  Mr. Fazari has been the seed Venture Capital investor in many successful public companies such as Hydropharmacy Corp., Ianthus, Drone Delivery Services and others, and is the current chief executive officer of RYU Apparel, Inc., a Canada-based urban athletic apparel company listed on the TSXV, since 2014.	March 9, 2020	4,373,160 <sup>(6)</sup>

(1) Information has been furnished by the respective nominees individually.

(2) Member of the Audit Committee.

(3) Member of Corporate Governance and Nominating Committee.

(4) Member of Compensation Committee.

(5) This number includes 2,000,000 Shares held indirectly through Ignite Holdings Ltd. Does not include options to acquire: (i) 800,000 common shares exercisable at a price of \$0.30 per share until May 18, 2023 and 175,000 options to acquire common shares which are exercisable at a price of \$0.25 per common share until July 30, 2024.

<sup>(6)</sup> This number includes 4,273,160 Shares held indirectly through CESF JS Holdings Inc.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Shares represented by proxies for the election of any other persons as directors.

**Management recommends the election of each of the nominees listed above as a director of the Company.**

#### *Orders*

Except as set forth below, to the best of management's knowledge, no proposed director of the Company is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

#### *Bankruptcies*

No proposed director of the Company is, or within ten (10) years before the date of this Information Circular, has been, a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the 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 made a proposal under any legislation relating to bankruptcies or insolvency.

#### *Penalties and Sanctions*

To the best of management's knowledge, no proposed director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **General**

For the purpose of this Statement of Executive Compensation:

“**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 (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

“**NEO**” or “**named executive officer**” means:

- (a) each individual who served as chief executive officer (“**CEO**”) of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,
- (b) each individual who served as chief financial officer (“**CFO**”) of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than 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, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year, and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries (if any), nor acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, 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.

#### **Director and Named Executive Officer Compensation, Excluding Compensation Securities**

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or any subsidiary thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof for each of the two most recently completed financial years of the Company, other than stock options and other compensation securities:

<b>Name and Position</b>	<b>Year</b>	<b>Salary, Consulting Fee, Retainer or Commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or Meeting Fees (\$)</b>	<b>Value of Perquisites<sup>(1)</sup> (\$)</b>	<b>Value of All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
Robert Galarza <sup>(2)</sup>	2021	150,000	Nil	Nil	Nil	Nil	150,000
<i>CEO, interim</i>	2020	150,000	Nil	Nil	Nil	35,000	185,000

<i>CFO and Director</i>							
Thomas Stephenson <sup>(3)</sup> <i>Chief Technology Officer</i>	2021 2020	150,000 150,000	Nil Nil	Nil Nil	Nil Nil	Nil 35,000	150,000 195,000
Swapan Kakumanu <sup>(4)</sup> <i>Former Chief Financial Officer and Director</i>	2021 2020	Nil 5,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 5,000
Cesare Fazari <sup>(5)</sup> <i>Director</i>	2021 2020	18,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	18,000 Nil
Cameron Chell <sup>(6)</sup> <i>Director</i>	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 20,000	Nil 20,000
Michael Kraft <sup>(7)</sup> <i>Director</i>	2021 2020	18,000 18,000	Nil Nil	Nil Nil	Nil Nil	Nil 20,000	18,000 38,000
James Carter <sup>(8)</sup> <i>Director</i>	2021 2020	9,300 15,000	Nil Nil	Nil Nil	Nil Nil	Nil 20,000	9,300 35,000
Allan O'Dette <sup>(9)</sup> <i>Director</i>	2021 2020	8,700 Nil	Nil Nil	Nil Nil	Nil Nil	91,800 Nil	100,500 Nil
Pradeep Sood <sup>(10)</sup> <i>Director</i>	2021 2020	8,700 Nil	Nil Nil	Nil Nil	Nil Nil	91,800 Nil	100,500 Nil

- (1) "Perquisites" include perquisites provided to a NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.
- (2) Robert Galarza has been the CEO and a director of the Company May 17, 2018 and the interim CFO from March 27, 2020 until June 15, 2021.
- (3) Thomas Stephenson has been the CTO of the Company since May 17, 2018.
- (4) Swapan Kakumanu was the CFO of the Company from September 28, 2018 until March 27, 2020 and a director of the Company from September 28, 2018 until March 9, 2020.
- (5) Cesare Fazari has been a director of the Company since March 9, 2020.
- (6) Cameron Chell was a director of the Company from May 17, 2018 until February 19, 2021.
- (7) Michael Kraft has been a director of the Company since May 17, 2018 until October 29, 2021.
- (8) James Carter was a director of the Company from July 12, 2018 until November 6, 2020.
- (9) Allan O'Dette has been a director of the Company since November 6, 2020.

- (10) Pradeep Sood was a director of the Company from November 6, 2020 through until September 10, 2021.

### **Stock Options and Other Compensation Securities**

There were no compensation securities granted or issued to any director or NEO by the Company or any subsidiary thereof in the year ended April 30, 2021 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

As at April 30, 2021:

- (a) Robert Galarza, the CEO, former interim CFO and director of the Company, owns an aggregate of 975,000 compensation securities of which 58,333 remain unvested. The compensation securities are comprised solely of stock options, each of which is exercisable into one common share. Of these, 800,000 are exercisable at a price of \$0.30 per share until May 18, 2023 and 175,000 are exercisable at a price of \$0.25 per common share until July 30, 2024;
- (b) Thomas Stephenson, the CTO and director of the Company, owns an aggregate of 975,000 compensation securities of which 58,333 remain unvested. The compensation securities are comprised solely of stock options, each of which is exercisable into one common share. Of these, 800,000 are exercisable at a price of \$0.30 per Share until May 18, 2023 and 175,000 are exercisable at a price of \$0.25 per Share until July 30, 2024;
- (c) Cameron Chell, a former director of the Company, owned an aggregate of 866,667 compensation securities, comprised solely of stock options, each of which is exercisable into one common share. Of these, 800,000 are exercisable at a price of \$0.30 per common share until February 18, 2022 and 66,667 are exercisable at a price of \$0.25 per common share until May 22, 2021;
- (d) Michael Kraft, a director of the Company, owns an aggregate of 900,000 compensation securities of which 33,333 remain unvested. The compensation securities are comprised solely of stock options, each of which is exercisable into one Share. Of these, 800,000 are exercisable at a price of \$0.30 per common share until January 27, 2022 and 100,000 are exercisable at a price of \$0.25 per Share until January 27, 2022;
- (e) Allan O'Dette, a director of the Company, owns an aggregate of 600,000 compensation securities of which 75,000 remain unvested. The compensation securities are comprised solely of stock options, each of which is exercisable into one Share. All of these are exercisable at a price of \$0.155 per Share until February 18, 2026; and
- (f) Pradeep Sood, a director of the Company, owned an aggregate of 400,000 compensation securities, comprised solely of stock options, each of which was exercisable into one common share. Subsequent to April 30, 2021, all of these have been voluntarily returned to the Company and cancelled.

## **Share Consolidation Resolution**

### **Background**

The Board of Directors approved an option for the Corporation to complete up to a 10 to 1 share consolidation or such other such other ratio that the Board may deem adequate.

### **Purpose of the Share Consolidation**

The Board believes the Consolidation, if implemented, will enhance the marketability of the Corporation's common shares as an investment and facilitate additional financings, enable TruTrace's strategic initiatives and to fund operations in the future.

### **Ratification & Approval of the Share Consolidation**

If the Consolidation is ratified and approved by the shareholders at the Meeting, it will be subject to final approval by the Board of Directors as otherwise determined by the Board of Directors to be in the best interests of the Corporation and its shareholders.

### **Risks Associated with the Consolidation**

There can be no assurance that any increase in the market price per Common Share resulting from the Consolidation will be sustainable or that it will equal or exceed the direct arithmetical result of the Consolidation since there are numerous factors and contingencies which could affect such price, including the status of the market for the Common Shares at the time, the Corporation's reported results or operation in future periods and general economic, geopolitical, stock market and industry conditions.

Accordingly, the total market capitalization of the Common Shares after the Consolidation may be lower than the total market capitalization before the Consolidation and, in the future, the market price of the Shares may not exceed or remain higher than the market price prior to the Consolidation

The board of directors recommends that shareholders vote FOR the following resolution:

“RESOLVED, as a special resolution, that:

1. TruTrace Technologies Inc's authorized share structure be altered by consolidating all of the 152,693,781 fully paid and issued common shares without par value in the capital of the Corporation (or such other number of fully paid and issued common shares that are outstanding on the effective date of the Share Consolidation) on the basis of ten (10) old common shares of the Corporation for one (1) new common share of the Corporation into approximately 15,269,378 common shares, or such or other consolidation ratio as the board of directors and management of the Company may deem appropriate, subject to the consent and approval of the Canadian Securities Exchange;
2. any fractional shares of the Company arising from the Consolidation be rounded down to the nearest whole share of the Company;
3. the directors of the Company, in their sole and complete discretion, may act upon this resolution to effect the Consolidation or if deemed appropriate and without any further approval from the shareholders of the Corporation, may choose not to act upon this resolution notwithstanding shareholder approval of the Consolidation;
4. should the directors of the Company choose to act upon this resolution to effect the Share Consolidation and subject to the deposit of this resolution at the Company's records office, any

one director or officer of the Company is authorized and directed to electronically file or cause to be filed, articles of amendment of the Company; and

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

### **Omnibus Plan Resolution**

At the Meeting, Shareholders will be asked to consider and, if thought fit, pass, with or without variation, an ordinary resolution (the "**Omnibus Plan Resolution**") approving the new omnibus equity incentive plan (the "**Omnibus Plan**") of the Company. A full copy of the Omnibus Plan is attached as Appendix A "Omnibus Plan" to this Information Circular.

The incentive compensation plan (the "**Omnibus Plan**") to be known as the "Omnibus Equity Incentive Compensation Plan Omnibus Plan" of the Company in the form set out in Appendix A - "Omnibus Plan" to the Information Circular.

An ordinary resolution needs to be passed by a simple majority of the votes cast by the Shareholders present in person or represented by proxy and entitled to vote at the Meeting.

The number of Shares reserved for issuance under the Omnibus Plan and all other security-based compensation arrangements will be no more than 10% of the Issuer's issued and outstanding share capital from time to time.

The Company is hereby authorized and directed to issue such Shares pursuant to the Omnibus Plan as fully paid and non-assessable Shares.

The board of directors is hereby authorized and empowered to make any changes to the Omnibus Plan as may be required by the Canadian Securities Exchange.

Any one director or officer of the Company is hereby authorized and directed for and on behalf of the Resulting Issuer to execute or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

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

Other than as set forth below, the Company is not party to any formal, written employment, consulting or management agreements with any NEO or director.

#### *Executive Employment Agreement with Robert Galarza*

Pursuant to an executive employment agreement dated May 17, 2018, between Robert Galarza and the Company, Mr. Galarza serves as the CEO of the Company for a: (i) base salary of \$150,000 per annum

(the “**Base Salary**”) and a signing bonus of \$32,000 payable on the effective date of the agreement. Under the agreement, the Company may pay Mr. Galarza an annual discretionary performance bonus, in the sole discretion of the Board, based on the achievement of the Company’s annual short-term and long-term performance goals and objectives as set by the Board for each fiscal year. Mr. Galarza was granted 800,000 stock options exercisable at a price of \$0.30 per Share until May 18, 2023 and 175,000 stock options exercisable at a price of \$0.25 per Share until July 30, 2024. Mr. Galarza may also be eligible to receive additional stock option grants or awards under other equity based incentive plans from time to time. The agreement is for a period of one year and is automatically renewable on each one year anniversary unless earlier terminated. If Mr. Galarza terminates his employment for any reason other than for just cause, the Company will pay Mr. Galarza any unpaid base salary earned but unpaid. If the Company terminates Mr. Galarza’s employment for any reason other than for just cause, the Company will pay Mr. Galarza a one-time lump sum payment (the “**Severance Payment**”) to be paid as follows:

- (i) where Mr. Galarza has completed less than two years of continuous services with the Company, an amount equal to six months of the Base Salary at such time, plus any earned annual bonus and earned entitlement under any bonus programs (“**AIP**”) or long-term incentive plan (“**LTIP**”) offered by the Company, and granted to Mr. Galarza prior to the date of termination which have not been paid, plus any accrued but unpaid vacation;
- (ii) where Mr. Galarza has completed two years of continuous service with the Company but less than five years of service with the Company, an amount equal to 12 months of the Base Salary at such time, plus any earned annual bonus and earned entitlement under any AIP or other LTIP and granted to Mr. Galarza prior to the date of termination which have not been paid, plus any accrued but unpaid vacation, plus a payment in lieu of further AIP and LTIP payments in an amount which shall be equal to one times Mr. Galarza’s average annual target AIP and LTIP payment for the year immediately preceding the year in which the date of termination occurs;
- (iii) where Mr. Galarza has completed five years of continuous service or in excess of five years of service with the Company, an amount equal to 24 months of the Base Salary at such time, plus any earned annual bonus and earned AIP or LTIP entitlements ) and granted to Mr. Galarza prior to the date of termination which have not been paid, plus any accrued but unpaid vacation, plus a payment in lieu of further AIP and LTIP payments in an amount which shall be equal to two times Mr. Galarza’s average annual target AIP and LTIP payment for the year immediately preceding the year in which the date of termination occurs; and
- (iv) reimbursement of expenses incurred up to the date of termination in accordance with the Company’s Expense Policy.

*Independent Consulting Agreement with Thomas Stephenson*

Pursuant to an independent consulting agreement dated May 17, 2018, between Thomas Stephenson and the Company, Mr. Stephenson serves as the chief technology officer of the Company for a: (i) signing bonus of \$32,000 payable on the effective date of the agreement and (ii) a cash compensation of \$12,500 per month (the “**Monthly Fee**”), payable within 15 days of the end of each calendar month. Mr. Stephenson was granted 800,000 stock options exercisable at a price of \$0.30 per Share until May 18, 2023 and 175,000 stock options exercisable at a price of \$0.25 per Share until July 30, 2024. Mr. Stephenson may also be eligible to receive additional stock option grants or awards under other equity based incentive plans from time to time. The agreement is for a period of one year and is automatically renewable on each one year anniversary unless earlier terminated. If Mr. Stephenson terminates his



employment for any reason other than for just cause, the Company will pay Mr. Stephenson any unpaid base salary earned but unpaid. If the Company terminates Mr. Stephenson's employment for any reason other than for just cause, the Company will pay Mr. Stephenson a one-time lump sum to be paid as follows:

- (i) where Mr. Stephenson has completed less than two years, an amount equal to six months of the Monthly Fee at such time, plus any earned compensation as determined by the Board (or the Compensation Committee thereof), and granted to Mr. Stephenson prior to the date of termination which has not been paid;
- (ii) where Mr. Stephenson has completed two years of continuous service with the Company but less than five years of service with the Company, an amount equal to 12 months of the Monthly Fee at such time, plus any earned compensation as determined by the Board (or the Compensation Committee thereof), and granted to Mr. Stephenson prior to the date of termination which has not been paid;
- (iii) where Mr. Stephenson has completed five years of continuous service or in excess of five years of service with the Company, an amount equal to 24 months of the Monthly Fee at such time, plus any earned compensation as determined by the Board (or the Compensation Committee thereof) and granted to Mr. Stephenson prior to the date of termination; and
- (iv) reimbursement of expenses incurred up to the date of termination in accordance with the Company's Expense Policy.

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

The Board appointed a compensation committee (the "**Compensation Committee**") consisting of Allan O'Dette (Chair) and Cesare Fazari. All tasks related to developing and monitoring the Company's approach to the compensation of the Company's NEOs and directors are performed by the Compensation Committee in consultation with the Board. The compensation of the NEOs, directors and the Company's employees or consultants, if any, is reviewed, recommended and approved by the Compensation Committee in consultation with the Board.

The overall objective of the Company's compensation strategy is to offer short, medium and long-term compensation components to ensure that the Company has in place programs to attract, retain and develop management of the highest calibre and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the chief executive officer, if any, in this regard.

Executive officers' compensation is currently composed of two major components: a short term compensation component, which includes the payment of management fees to certain NEOs, and a long-term compensation component, which includes the grant of stock options under the Plan. Management fees primarily reward recent performance and incentive stock options encourage NEOs and directors to continue to deliver results over a longer period of time and serve as a retention tool. The Company intends to further develop these compensation components.

The management fee for each NEO, as applicable, is determined by the Board based on the level of responsibility and experience of the individual, the relative importance of the position to the Company, the professional qualifications of the individual and the performance of the individual over time.

The second component of the executive officers' compensation is equity as further set out in the Omnibus Plan. The objectives of the Company's compensation policies and procedures are to align the interests of the Company's employees with the interests of the shareholders of the Company. Therefore, a significant portion of total compensation granted by the Company, being the grant of equity, is based upon overall corporate performance.

Although it has not to date, the Board may in the future consider, on an annual basis, an award of bonuses to key executives and senior management. The amount and award of such bonuses is expected to be discretionary, depending on, among other factors, the financial performance of the Company and the performance of the executive. The Board considers that the payment of such discretionary annual cash bonuses may satisfy the medium-term compensation component.

The Company relies on Board discussion, without formal objectives, criteria and analysis, when determining executive compensation. There are currently no formal performance goals or similar conditions that must be satisfied in connection with the payment of executive compensation.

The NEOs' performances and salaries or fees are to be reviewed periodically. Increases in management fees are to be evaluated on an individual basis and are performance and market-based. The Company does not use a "peer group" to determine compensation.

#### **Pension Plan Benefits**

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

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

The following table sets forth details of the Omnibus Plan, to be the Company's only equity compensation plan.

<b>Plan Category</b>	<b>Number of shares to be issued upon exercise of outstanding options <sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by shareholders	8,350,000	\$0.28	6,919,378
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
<b>Total</b>	<b>8,350,000</b>	<b>\$0.25</b>	<b>6,919,378</b>

<sup>(1)</sup> The Company only has options outstanding under its equity compensation plan(s). The numbers reflected in the table above are pre share consolidation.

## AUDIT COMMITTEE DISCLOSURE

Under National Instrument 52-110 *Audit Committees* (“NI 52-110”), a reporting issuer is required to provide disclosure annually with respect to its audit committee, including the text of its audit committee charter, information regarding the composition of the audit committee, and information regarding fees paid to its external auditor. The Company provides the following disclosure with respect to its audit committee (the “**Audit Committee**”):

### **The Audit Committee Charter**

The full text of the Company’s audit committee charter (the “**Audit Committee Charter**”) is attached as Schedule “A” to the Company’s information circular dated November 14, 2017 filed under the Company’s profile on SEDAR on November 17, 2017 at [www.sedar.com](http://www.sedar.com).

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

The Company’s Audit Committee is comprised of two directors consisting of Cesare Fazari (Chair) and Allan O’Dette. As defined in NI 52-110, Messrs. Fazari and O’Dette are independent. The Company will appoint a new member to the audit committee after the Meeting. All of the Audit Committee members are “financially literate”, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right, at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The Audit Committee members meet periodically with management and annually with the external auditors.

### **Relevant Education and Experience**

The following sets out the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member and that provides each member with: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) 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 Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting:

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions in Sections 2.4, 6.1.1(4), 6.1.1(5), or 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 (*De Minimis Non-Audit Services*) which provide an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Sections 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), 6.1.1(5) (*Events Outside Control of Member*) and 6.1.1(6) (*Death, Incapacity or Resignation*) provide exemptions from the requirement that a majority of the members of the Company's Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company. Part 8 (*Exemptions*) permits a company to apply to a securities regulatory authority or regulator for an exemption from the requirements of NI 52-110 in whole or in part.

### Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board and the Audit Committee, on a case-by-case basis, as applicable.

### External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the last two fiscal years by category, are as follows:

Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2021	\$37,198	Nil	Nil	Nil
2020	\$24,170	Nil	Nil	Nil

## **Exemption**

The Company is relying on the exemption provided by section 6.1 of National Instrument 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of National Instrument 52-110.

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

No current or former director, executive officer, proposed nominee for election to the Board, or associate of such persons is, or at any time since the beginning of the Company's most recently completed financial year has been, indebted to the Company or any of its subsidiaries.

No indebtedness of current or former director, executive officer, proposed nominee for election to the Board, or associate of such person is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

Except as otherwise disclosed herein and below, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, Shares or who exercises control or direction of Shares, or a combination of both, carrying more than ten percent of the voting rights attached to the Shares outstanding (each, an "**Insider**"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with an interest arising from the ownership of Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of Shares.

The Company signed a software license agreement with OrionOne Global, Inc. ("**OrionOne**") of 2110 Hewitt Avenue, Suite 300, Everett, WA 98201, a company controlled by Tommy Stephenson, an officer of the Company. Under the License Agreement, the Company issued 7,700,000 Shares at a deemed price of \$0.05 per Share to OrionOne. In addition, the Company agreed to pay OrionOne a fee of US\$25,000 within 30 days of the closing of the Company's next equity financing, or six months from the date of the License Agreement, whichever was sooner. The Company also agreed to pay OrionOne an annual license fee.

## **MANAGEMENT CONTRACTS**

There were no management functions of the Company, which were, to any substantial degree, performed by a person other than the directors or executive officers of the Company, except as otherwise described in this Information Circular.

## **CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices as follows:

## Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Allan O'Dette and Cesare Fazari are "independent" in that each are independent and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from being Shareholders. Robert Galarza is the CEO of the Company.

## Directorships

Certain directors of the Company are currently also directors of other reporting issuers, as described in the table below:

Name	Name of Reporting Issuer	Trading Market
Cesare Fazari	RYU Apparel Inc.	TSXV

## Orientation and Continuing Education

The Board briefs all new directors with respect to the policies of the Board and other relevant corporate and business information. The Board does not provide any continuing education.

## Ethical Business Conduct

The Board has not adopted a written ethical business code of conduct for directors, officers and employees. However, 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 have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## Nomination of Directors

The Board created the corporate governance and nominating committee on September 28, 2018 (the "Governance Committee"). The members of the Governance Committee are Robert Galarza (Chair) and Allan O'Dette. The Governance Committee is responsible for developing governance principles and guidelines for the Company, identifying and recommending candidates for election or appointment to the Board, reviewing the Company's process for orientation, and assessing the Board, its committees and the directors. On September 28, 2018, the Board adopted a formal charter which sets out the duties and responsibilities of the Governance Committee. Shareholders may contact the Company by mail at its office at, 61 Regal Road, Toronto, Ontario M6H 2J6, to request a copy.

## Compensation

The Company has a Compensation Committee. All tasks related to developing and monitoring the Company's approach to the compensation of the Company's NEOs and directors are performed by the Compensation Committee in consultation with the Board. The compensation of the NEOs, directors and the Company's employees or consultants, if any, is reviewed, recommended and approved by the Compensation Committee in consultation with the Board.

### **Other Board Committees**

The Company has no other committees other than the Audit Committee, the Governance Committee and the Compensation Committee.

### **Assessments**

The Board regularly monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees.

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

Except as disclosed elsewhere in this Information Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company, nor any associate or affiliates of any such directors, officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of Shares or other securities in the Company or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

### **ADDITIONAL INFORMATION**

Shareholders may contact the Company at its office by mail at, 61 Regal Road, Toronto, Ontario M6H 2J6 to request copies of the Company's financial statements and related Management's Discussion and Analysis (the "MD&A"). Financial information is provided in the Company's audited financial statements and MD&A for the most recently completed financial year and in the financial statements and MD&A for subsequent financial periods, which are available on SEDAR.

### **OTHER MATTERS**

Other than the above, management of the Company know of no other matters to come before the Meeting other than those referred to in the Notice. If any other matters that are not currently known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the Designated Persons named therein to vote on such matters in accordance with their best judgment.

### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved, and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized, by the Board.

Dated at Toronto, Ontario this 19<sup>th</sup> day of January, 2022.

**ON BEHALF OF THE BOARD OF DIRECTORS OF**

**TRUTRACE TECHNOLOGIES INC.**

*"Robert Galarza"*

\_\_\_\_\_  
Robert Galarza

Chief Executive Officer, Director

## Appendix A

### OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN

#### ARTICLE 1 ESTABLISHMENT, PURPOSE AND DURATION

##### 1.1 Establishment of the Plan.

**TruTrace Technologies Inc.**, a corporation incorporated under the federal laws of Canada (the "Company"), hereby establishes an incentive compensation plan to be known as the Omnibus Equity Incentive Compensation Plan (the "**Plan**"). The Plan permits the grant of Options, Restricted Shares, Restricted Share Units, Deferred Share Units, Performance Shares, Performance Units and Share-Based Awards. The Plan shall be adopted and become effective on the date approved by the Board (the "**Effective Date**").

##### 1.2 Purpose of the Plan.

The purposes of the Plan are: (i) to promote a significant alignment between officers and employees of the Company and its Affiliates (as defined below) and the growth objectives of the Company; (ii) to associate a portion of participating employees' compensation with the performance of the Company over the long term; and (iii) to attract, motivate and retain the critical employees to drive the business success of the Company.

##### 1.3 Duration of the Plan.

The Plan shall commence as of the Effective Date, as described in Section 1.1 herein, and shall remain in effect until terminated by the Board (as defined below) pursuant to Article 14 hereof.

#### ARTICLE 2 DEFINITIONS

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

"**Affiliate**" means any corporation, partnership or other entity (i) in which the Company, directly or indirectly, has majority ownership interest or (ii) which the Company controls. For the purposes of this definition, the Company is deemed to "control" such corporation, partnership or other entity if the Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

"**Award**" means, individually or collectively, a grant under this Plan of Options, Deferred Share Units, Restricted Shares, Restricted Share Units, Performance Shares, Performance Units or Share-Based Awards, in each case subject to the terms of this Plan.



**"Award Agreement"** means either (i) a written agreement entered into by the Company or an Affiliate of the Company and a Participant setting forth the terms and provisions applicable to Awards granted under this Plan; or (ii) a written statement issued by the Company or an Affiliate of the Company to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan. An Award Agreement need not be identical to other Award Agreements either in form or substance.

**"Blackout Period"** means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Company in respect of insider trading.

**"Board"** or **"Board of Directors"** means the Board of Directors of the Company.

**"Cause"** means any of:

- (a) dishonesty of the Participant as it relates to the performance of his duties in the course of his employment by, or as an officer or director of, the Company or an Affiliate;
- (b) fraud committed by the Participant;
- (c) willful disclosure of confidential or private information regarding the Company or an Affiliate by the Participant;
- (d) the Participant aiding a competitor of the Company or an Affiliate;
- (e) misappropriation of a business opportunity of the Company or an Affiliate by the Participant;
- (f) willful misconduct or gross negligence in the performance of the Participant's duties under his or her employment agreement;
- (g) a breach by the Participant of a material provision of his or her employment agreement or the Code of Business Conduct and Ethics adopted by the Company from time to time;
- (h) the willful and continued failure on the part of the Participant to substantially perform duties in the course of his employment by, or as an officer of, the Company or an Affiliate, unless such failure results from an incapacity due to mental or physical illness;
- (i) willfully engaging in conduct that is demonstrably and materially injurious to the Company or an Affiliate, monetarily or otherwise; or
- (j) any other act or omission by the Participant which would amount to just cause for termination at common law.

**"Change of Control"** shall occur if any of the following events occur:

- (a) the acquisition, directly or indirectly and by any means whatsoever, by any person, or by a group of persons acting jointly or in concert, of beneficial ownership or control or direction over that number of Voting Securities which is greater than 50% of the total issued and outstanding Voting Securities immediately after such acquisition, unless such acquisition arose as a result of or pursuant to:

- (i) an acquisition or redemption by the Company of Voting Securities which, by reducing the number of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by such person to 50% or more of the Voting Securities then outstanding;
- (ii) acquisitions of Voting Securities which were made pursuant to a dividend reinvestment plan of the Company;
- (iii) the receipt or exercise of rights issued by the Company to all the holders of Voting Securities to subscribe for or purchase Voting Securities or securities convertible into Voting Securities, provided that such rights are acquired directly from the Company and not from any other person;
- (iv) a distribution by the Company of Voting Securities or securities convertible into Voting Securities for cash consideration made pursuant to a public offering or by way of a private placement by the Company ("**Exempt Acquisitions**");
- (v) a stock-dividend, a stock split or other event pursuant to which such person receives or acquires Voting Securities or securities convertible into Voting Securities on the same pro rata basis as all other holders of securities of the same class ("**Pro-Rata Acquisitions**"); or
- (vi) the exercise of securities convertible into Voting Securities received by such person pursuant to an Exempt Acquisition or a Pro-Rata Acquisition ("**Convertible Security Acquisitions**");
- (vii) provided, however, that if a person shall acquire 50% or more of the total issued and outstanding Voting Securities by reason of any one or a combination of (1) acquisitions or redemptions of Voting Securities by the Company, (2) Exempt Acquisitions, (3) Pro-Rata Acquisitions, or (4) Convertible Security Acquisitions and, after such share acquisitions or redemptions by the Company or Exempt Acquisitions or Pro-Rata Acquisitions or Convertible Security Acquisitions, acquires additional Voting Securities exceeding one per cent of the Voting Securities outstanding at the date of such acquisition other than pursuant to any one or a combination of Exempt Acquisitions, Convertible Security Acquisitions or Pro-Rata Acquisitions, then as of the date of such acquisitions such acquisition shall be deemed to be a "**Change of Control**";
- (viii) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board of Directors, unless such election or appointment is approved by 50% or more of the Board of Directors in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened; and
- (ix) any transaction or series of transactions, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, whereby all or substantially all of the shares or assets of the Company become the property of any other person (the "Successor Entity"), (other than a subsidiary of the Company) unless:

(x) individuals who were holders of Voting Securities immediately prior to such transaction hold, as a result of such transaction, in the aggregate, more than 50% of the voting securities of the Successor Entity;

(xi) a majority of the members of the board of directors of the Successor Entity is comprised of individuals who were members of the Board of Directors immediately prior to such transaction; and

(xii) after such transaction, no person or group of persons acting jointly or in concert, holds more than 50% of the voting securities of the Successor Entity unless such person or group of persons held securities of the Company in the same proportion prior to such transaction.

**"Change of Control Price"** means (i) the highest price per Share offered in conjunction with any transaction resulting in a Change of Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash), or (ii) in the case of a Change of Control occurring solely by reason of a change in the composition of the Board, the highest Fair Market Value of the Shares on any of the thirty (30) trading days immediately preceding the date on which a Change of Control occurs, except if the relevant participant is subject to taxation under the ITA such Change of Control price shall be deemed to be a price determined by the Committee based on the closing price of a Share on the Exchange on the trading day preceding the Change of Control date or based on the volume weighted average trading price of the Shares on the Exchange for the five trading days immediately preceding the Change of Control date.

**"Code"** means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

**"Committee"** means the Board of Directors or if so delegated in whole or in part by the Board, or any duly authorized committee of the Board appointed by the Board to administer the Plan.

**"Company"** means TruTrace Technologies, Inc., a corporation incorporated under the provincial laws of British Columbia, and any successor thereto as provided in Article 16 herein.

**"Consultant"** means a Person that:

- (a) is engaged to provide services to the Company or an Affiliate other than services provided in relation to a distribution of securities of the Company or an Affiliate;
- (b) provides the services under a written contract with the Company or an Affiliate; and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; provided that with respect to Consultants who are U.S. Persons, such Consultants shall be granted Awards under this Plan only if:
  - (i) they are natural persons;
  - (ii) they provide bona fide services to the Company or its majority-owned subsidiaries; and
  - (iii) such services 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.

"**CSE**" means the Canadian Securities Exchange;

"**Deferred Share Unit**" means an Award denominated in units that provides the holder thereof with a right to receive Shares upon settlement of the Award, granted under Article 8 herein and subject to the terms of this Plan.

"**Director**" means any individual who is a member of the Board of Directors or is a senior officer of the Company or any of the Company's subsidiaries.

"**Disability**" means the Participant's inability to substantially fulfil his or her duties on behalf of the Company or an Affiliate for a continuous period of six (6) months or more or the Participant's inability to substantially fulfil his or her duties on behalf of the Company or an Affiliate for an aggregate period of six (6) months or more during any consecutive twelve (12) month period; and if there is any disagreement between the Company or an Affiliate and the Participant as to the Participant's Disability or as to the date any such Disability began or ended, the same shall be determined by a physician mutually acceptable to the Company and the Participant whose determination shall be conclusive evidence of any such Disability and of the date any such Disability began or ended.

"**Dividend Equivalent**" means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to such terms and conditions set forth in the Award Agreement as the Committee shall determine.

"**Employee**" means any employee of the Company or an Affiliate. Directors who are not otherwise employed by the Company or an Affiliate shall not be considered Employees under this Plan.

"**Exchange**" means the CSE or, if at any time the Shares are not listed and posted for trading on the CSE, shall be deemed to mean such other stock exchange or trading platform upon which the Shares trade and which has been designated by the Committee.

"**Fair Market Value**" or "**FMV**" means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Company's desired accounting for Awards or by the rules of the Exchange, a price that is determined by the Committee, provided that such price cannot be less than the greater of (i) the volume weighted average trading price of the Shares on the Exchange for the five trading days immediately prior to the grant date, (ii) the closing price of the Shares on the Exchange on the trading day immediately prior to the grant date or (iii) the closing price of the Shares on the Exchange on the grant date.

"**Fiscal Year**" means the Company's fiscal year commencing on May 1st and ending on April 30th or such other fiscal year as approved by the Board.

"**Insider**" shall have the meaning ascribed thereto in Section 1(1) of the OSA.

"**ITA**" means the *Income Tax Act* (Canada).

"**Non-Employee Director**" means a Director who is not an Employee.

"**Notice Period**" means any period of contractual notice or reasonable notice that the Company or the Affiliate may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Company or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant's employment contract provides for

an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

"**Option**" means the conditional right to purchase Shares at a stated Option Price for a specified period of time subject to the terms of this Plan.

"**Option Price**" means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

"**OSA**" means the *Securities Act* (Ontario), as may be amended from time to time.

"**Participant**" means an Employee, Non-Employee Director or Consultant who has been selected to receive an Award, or who has an outstanding Award granted under the Plan.

"**Performance Goal**" means a performance criterion selected by the Committee for a given Award.

"**Performance Period**" means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.

"**Performance Share**" means an Award granted under Article 9 herein and subject to the terms of this Plan, denominated in Shares, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

"**Performance Unit**" means an Award granted under Article 9 herein and subject to the terms of this Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

"**Period of Restriction**" means the period when an Award of Restricted Share or Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.

"**Person**" shall have the meaning ascribed to such term in Section 1(1) of the OSA.

"**Restricted Share**" means an Award of Shares subject to a Period of Restriction, granted under Article 7 herein and subject to the terms of this Plan.

"**Restricted Share Unit**" means an Award denominated in units subject to a Period of Restriction, with a right to receive Shares upon settlement of the Award, granted under Article 7 herein and subject to the terms of this Plan.

"**Retirement**" or "**Retire**" means a Participant's permanent withdrawal from employment or office with the Company or Affiliate on terms and conditions accepted and determined by the Board.

"**Shares**" means common shares in the capital of the Company.

"**Share-Based Award**" means an equity-based or equity-related Award granted under Article 10 herein and subject to the terms of this Plan, and not otherwise described by the terms of this Plan.

"**Successor Entity**" has the meaning ascribed thereto under subsection (c) of the definition of Change of Control. "**Total Share Authorization**" has the meaning ascribed thereto under Section 4.1.

"TSX-V" means the TSX Venture Exchange.

"**Voting Securities**" shall mean any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

### **ARTICLE 3 ADMINISTRATION**

#### **3.1 General.**

The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Company, and all other interested parties.

#### **3.2 Authority of the Committee.**

The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price and vesting terms, determining Performance Goals applicable to Awards and whether such Performance Goals have been achieved, making adjustments under Section 4.2 and, subject to Article 14, adopting modifications and amendments, or subplans to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and Affiliates operate.

#### **3.3 Delegation.**

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

## ARTICLE 4 SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS

### 4.1 Number of Shares Available for Awards.

Subject to adjustment as provided in Section 4.2 herein, the number of Shares hereby reserved for issuance to Participants under the Plan, together with Shares reserved for issue under any other share compensation arrangements of the Company is unlimited, provided that the aggregate number of Shares issuable under the Plan or under any other share compensation arrangements of the Company, shall not exceed 10% of the total number of Shares issued and outstanding from time to time (calculated on a non-diluted basis) (the "**Total Share Authorization**").

The number of securities issuable to insiders, at any time, under all security-based compensation arrangements cannot exceed 10% of the issued and outstanding Shares of the Company. Within any one-year period, the number of Shares issued to Insiders pursuant to this Plan and all other share compensation arrangements of the Company shall not exceed 10% of the aggregate outstanding Shares of the Company.

### 4.2 Adjustments in Authorized Shares.

Subject to the approval of the Exchange, where applicable, in the event of any corporate event or transaction (collectively, a "**Corporate Reorganization**") (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, arrangement or amalgamation that does not constitute a Change of Control under Article 13, or a consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Company, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the Total Share Authorization, the limit on issuing Awards other than Options granted with an Option Price equal to at least the FMV of a Share on the date of grant with a Grant Price equal to at least the FMV of a Share on the date of grant, and any other value determinations applicable to outstanding Awards or to this Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such Corporate Reorganization. In connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in this Plan) and the holder will then accept on the exercise of such Option, in lieu of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall

be conclusive and binding on Participants under the Plan, provided that any such adjustments must comply with Section 409A of the Code with respect to any U.S. Participants and the rules of any stock exchange or market upon which such Shares are listed or traded.

Subject to the provisions of Article 12 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Awards under this Plan in connection with any such corporate event or transaction, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

## **ARTICLE 5 ELIGIBILITY AND PARTICIPATION**

### **5.1 Eligibility.**

Individuals eligible to participate in the Plan include all Employees, Non-Employee Directors and Consultants.

### **5.2 Actual Participation.**

Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Employees, Non-Employee Directors and Consultants, those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award.

## **ARTICLE 6 STOCK OPTIONS**

### **6.1 Grant of Options.**

Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion, provided: (a) the aggregate number of Options granted to any one person (and companies wholly owned by that person) in a 12 month period must not exceed 5% of the issued and outstanding shares of the Company, calculated on the date an option is granted to the person (unless the Company has obtained the requisite disinterested shareholder approval); (b) the aggregate number of Options granted to any one Consultant in a 12 month period must not exceed 2% of the issued and outstanding shares of the Company, calculated on the date an option is granted to the Consultant; (c) the aggregate number of Options granted to all persons retained to provide Investor Relations Activities (as such term is defined by the CSE) must not exceed 1% of the issued and outstanding shares of the Company in any 12 month period, calculated at the date that an option is granted to any such person; and (d) for Options granted to Employees, Consultants or Management Company Employees (as such term is defined by the CSE), the Company and the person granted the Option are responsible for ensuring and confirming that the person granted the Option is a bona fide Employee, Consultant or Management Company Employee (as such term is defined by the CSE), as the case may be.

### **6.2 Award Agreement.**

Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an



Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.

### **6.3 Option Price.**

The Option Price for each grant of an Option under this Plan shall be determined by the Committee and shall be specified in the Award Agreement. The Option Price for an Option shall be not less than the FMV of the Shares on the date of grant. Disinterested shareholder approval will be obtained for any reduction in the Option Price if the person granted the Option is an Insider of the Company at the time of the proposed amendment.

### **6.4 Duration of Options.**

Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, that no Option shall be exercisable later than the fifth (5th) anniversary date of its grant. Notwithstanding the foregoing, the expiry date of any Option shall be extended to the tenth business day following the last day of a Blackout Period if the expiry date would otherwise occur in a Blackout Period or within five days of the end of the Blackout Period.

### **6.5 Exercise of Options.**

Options granted under this Article 6 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

### **6.6 Payment.**

Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares. The Option Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash, certified cheque or wire transfer; or (b) by any other method approved or accepted by the Committee in its sole discretion subject to the rules of the Exchange and such rules and regulations as the Committee may establish. Subject to Section 6.7 and any governing rules or regulations, as soon as practicable after receipt of a notification of exercise and full payment for the Shares, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable shares of the Company. As of the business day the Company receives such notice and such payment, the Participant (or the person claiming through him, as the case may be) shall be entitled to be entered on the share register of the Company as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter a certificate or evidence of book entry representing the said number of Shares. The Company shall cause to be delivered to or to the direction of the Participant Share certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s), but in any event, on or before the 15th day of the third month of the year following the year in which the Option was exercised.

### **6.7 Restrictions on Share Transferability.**

The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted pursuant to this Plan as it may deem advisable, including, without limitation, requiring the Participant to hold the Shares acquired pursuant to exercise for a specified period of time, or

restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed and/or traded.

#### **6.8 Death, Retirement and Termination of Employment.**

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:
  - (i) the executor or administrator of the Participant's estate may exercise Options of the Participant equal to the number of Options that were exercisable at the Termination Date (as defined at Section 6.8(d) below);
  - (ii) the right to exercise such Options terminates on the earlier of: (i) the date that is 12 months after the Termination Date; and (ii) the date on which the exercise period of the particular Option expires. Any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Company on the Termination Date; and
  - (iii) such Participant's eligibility to receive further grants of Options under the Plan ceases as of the Termination Date.
  
- (b) Retirement: If a Participant voluntarily Retires then:
  - (i) any Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of:
    - (A) the date that is six months after the Termination Date; and
    - (B) the date on which the exercise period of the particular Option expires.
  - (ii) Any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Company on the Termination Date,
  - (iii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Company or an Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date, and
  - (iv) notwithstanding 6.8(b)(i) and 6.8(b)(ii) above, unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment arrangement within or among the Company or an Affiliate for so long as the Participant continues to be an employee of the Company or an Affiliate.
  
- (c) Termination of Employment: Except as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates (for any reason other than death or voluntary Retirement (whether such termination occurs with or

without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice)), then:

- (i) any Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of:
    - (A) the date that is three months after the Termination Date; and
    - (B) the date on which the exercise period of the particular Option expires,
  - (ii) Any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Company on the Termination Date,
  - (iii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Company or an Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date, and
  - (iv) notwithstanding 6.8(c)(i) and 6.8(c)(ii) above, unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment arrangement within or among the Company or an Affiliate for so long as the Participant continues to be an employee of the Company or an Affiliate.
- (d) For purposes of section 6.8, the term, "Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Company or an Affiliate terminates:
- (i) by reason of the Participant's death, the date of death;
  - (ii) for any reason whatsoever other than death, the date of the Participant's last day actively at work for or actively engaged by the Company or the Affiliate, as the case may be; and for greater certainty "Termination Date" in any such case specifically does not mean the date on which any period of contractual notice or reasonable notice that the Company or the Affiliate, as the case may be, may be required at law to provide to a Participant would expire; and
  - (iii) the resignation of a director shall be considered to be a Retirement whereas the expiry of a director's term on the Board without re-election (or nomination for election) shall be considered to be a termination of his or her term of office.

#### **6.9 Non-transferability of Options.**

Except as otherwise provided in a Participant's Award Agreement at the time of grant or thereafter by the Committee, an Option granted under this Article 6 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement at the time of grant or thereafter by the Committee, all Options granted to a Participant under this Article 6 shall be exercisable during such Participant's lifetime only by such Participant.

**ARTICLE 7**  
**RESTRICTED SHARE AND RESTRICTED SHARE UNITS**

**7.1 Grant of Restricted Shares or Restricted Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Shares and/or Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

**7.2 Restricted Share or Restricted Share Unit Agreement.**

Each Restricted Share and/or Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Shares or the number of Restricted Share Units granted, the settlement date for Restricted Share Units, and any such other provisions as the Committee shall determine, provided that unless otherwise determined by the Committee or as set out in any Award Agreement, no Restricted Share Unit shall vest later than three years after the date of grant.

**7.3 Non-transferability of Restricted Share and Restricted Share Units.**

Except as otherwise provided in this Plan or the Award Agreement, the Restricted Shares and/or Restricted Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of the applicable Period of Restriction specified in the Award Agreement (and in the case of Restricted Share Units until the date of settlement through delivery or other payment), or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement at the time of grant or thereafter by the Committee. All rights with respect to the Restricted Shares and/or Restricted Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant, except as otherwise provided in the Award Agreement at the time of grant or thereafter by the Committee.

**7.4 Other Restrictions.**

The Committee shall impose, in the Award Agreement at the time of grant or anytime thereafter, such other conditions and/or restrictions on any Restricted Shares or Restricted Share Units granted pursuant to this Plan as it may deem advisable, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Restricted Share or each Restricted Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions on vesting following the attainment of the performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Shares or Restricted Share Units.

To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Restricted Shares, or Shares delivered in settlement of Restricted Share Units, in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse. Except as otherwise provided in this Article 7, Restricted Shares covered by each Restricted Share Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse, and Restricted Share Units shall be settled through payment in Shares. **7.5 Certificate Legend.**

In addition to any legends placed on certificates pursuant to Section 7.4 herein, each certificate representing Restricted Shares granted pursuant to the Plan may bear a legend such as the following:

"The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary or by operation of law, is subject to certain restrictions on transfer as set forth in the Omnibus Equity Incentive Compensation Plan and in the associated Award Agreement. A copy of the Plan and such Award Agreement may be obtained from the Chief Financial Officer of TruTrace Technologies, Inc."

#### **7.6 Voting Rights.**

To the extent required by law, Participants holding Restricted Shares granted hereunder shall have the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Share Units granted hereunder.

#### **7.7 Dividends and Other Distributions.**

During the Period of Restriction, Participants holding Restricted Shares or Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares, Restricted Shares or Restricted Share Units.

#### **7.8 Death, Retirement and other Termination of Employment.**

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:
  - (i) any Restricted Share or Restricted Share Units held by the Participant that have not vested as at the Termination Date (as defined at Section 7.8(e) below) shall vest immediately;
  - (ii) any Restricted Shares and Restricted Share Units held by the Participant that have vested (including Restricted Shares and Restricted Share Units vested in accordance with Section 7.8(a)(i)) as at the Termination Date (as defined at Section 7.8(e) below), shall be paid to the Participant's estate in accordance with the terms of the Plan and Award Agreement; and
  - (iii) such Participant's eligibility to receive further grants of Restricted Share Units or Restricted Shares under the Plan ceases as of the Termination Date.
- (b) Disability: If a Participant suffers a Disability while an Employee, Director of, or Consultant to, the Company or an Affiliate and, as a result, his or her employment or engagement with the Company or an Affiliate is terminated:
  - (i) the number of Restricted Shares or Restricted Share Units held by the Participant and that have not vested (collectively referred to in this Section 7.8 as the "**Unvested Awards**") shall be reduced to be equal to the product of (A) the number of Unvested Awards; and (B) the fraction obtained when dividing (x) the number of calendar days from the date of the award of the Unvested Awards to the Termination Date (as defined at Section 7.8(e) below) and (x) the number of

calendar days from the date of the award of the Unvested Awards to the original vesting date set out in the Award Agreement;

- (ii) the number of Unvested Awards, as calculated pursuant to Section 7.8(b)(i), shall continue to vest in accordance with the terms of the Plan and Award Agreement; and
- (iii) such Participant's eligibility to receive further grants of Restricted Share Units or Restricted Shares under the Plan ceases as of the Termination Date.

(c) Retirement: If a Participant voluntarily Retires then:

(i) any Restricted Share Units held by the Participant that have vested before the Termination Date (as defined at Section 7.8(e) below) shall be paid to the Participant;

(ii) any Unvested Awards held by the Participant at the Termination Date (as defined at Section 7.8(e) below) shall continue to vest in accordance with the terms of the Plan and Award Agreement following the Termination Date (as defined at Section 7.8(e) below) until the earlier of: (i) the date determined by the Committee, in its sole discretion; and (ii) the date on which the Restricted Share Units vest pursuant to the original Award Agreement in respect of such Unvested Awards; and (iii) such Participant's eligibility to receive further grants of Restricted Share Units or Restricted Shares under the Plan ceases as of the Termination Date.

(d) Termination other than Death, Disability or Retirement: Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates for any reason other than death, Disability or Retirement (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then:

- (i) any Restricted Share Units held by the Participant that have vested before the Termination Date (as defined at Section 7.8(e) below) shall be paid to the Participant. Any Restricted Share Units or Restricted Shares held by the Participant that are not yet vested at the Termination Date (as defined at Section 7.8(e) below) will be immediately cancelled and forfeited to the Company on the Termination Date;
- (ii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Company or an Affiliate provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date; and
- (iii) notwithstanding Section 7.8(d)(i), unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Restricted Share Units and Restricted Shares are not affected by a change of employment arrangement

within or among the Company or an Affiliate for so long as the Participant continues to be an employee of the Company or an Affiliate.

- (e) For purposes of Section 7.8, the term, "Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Company or an Affiliate terminates:
  - (i) by reason of the Participant's death, the date of death;
  - (ii) by reason of termination for Cause, resignation by the Participant or Retirement, the Participant's last day actively at work for or actively engaged by the Company or an Affiliate;
  - (iii) by reason of Disability, the date of the Participant's last day actively at work for or actively engaged by the Company or an Affiliate;
  - (iv) for any reason whatsoever other than death, termination for Cause, Retirement or termination by reason of Disability, the later of the (A) date of the Participant's last day actively at work for or actively engaged by the Company or the Affiliate, and (B) the last date of the Notice Period; and
  - (v) the resignation of a director and the expiry of a director's term on the Board without re-election (or nomination for election) shall each be considered to be a termination of his or her term of office.
- (f) Change of Control: The occurrence of a Change of Control will not result in the vesting of Unvested Awards, provided that: (i) such Unvested Awards will continue to vest in accordance with the Plan and Award Agreement; and (ii) any Successor Entity agrees to assume the obligations of the Company in respect of such Unvested Awards.
- (g) Termination Following a Change of Control: Where a Participant's employment or term of office or engagement is terminated for any reason, other than for Cause, during the 24 months following a Change of Control, any Unvested Awards as at the date of such termination shall be deemed to have vested as at the date of such termination and shall become payable as at the date of termination.

#### **7.9 Payment in Settlement of Restricted Share Units.**

When and if Restricted Share Units become payable, the Participant issued such units shall be entitled to receive payment from the Company in settlement of such units, Shares (issued from treasury) of equivalent value (based on the FMV, as defined in the Award Agreement at the time of grant or thereafter by the Committee).

### **ARTICLE 8 DEFERRED SHARES UNITS**

#### **8.1 Grant of Deferred Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

## **8.2 Deferred Share Unit Agreement.**

Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which the Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Deferred Share Units.

## **8.3 Non-transferability of Deferred Share Units.**

Except as otherwise provided in this Plan or the Award Agreement, the Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant, except as otherwise provided in the Award Agreement at the time of grant or thereafter by the Committee.

## **8.4 Termination of Employment, Consultancy or Directorship**

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Company or Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

# **ARTICLE 9 PERFORMANCE SHARES AND PERFORMANCE UNITS**

## **9.1 Grant of Performance Shares and Performance Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Shares and/or Performance Units to Participants in such amounts and upon such terms as the Committee shall determine.

## **9.2 Value of Performance Shares and Performance Units.**

Each Performance Share and Performance Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Share or Performance Unit that will be paid to the Participant.

## **9.3 Earning of Performance Shares and Performance Units.**

Subject to the terms of this Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Shares/Performance Units shall be entitled to receive payout on the value and number of Performance Shares/Performance Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the



foregoing, the Company shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

#### **9.4 Form and Timing of Payment of Performance Shares and Performance Units.**

Payment of earned Performance Shares/Performance Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee will pay earned Performance Shares/Performance Units in the form of Shares issued from treasury equal to the value of the earned Performance Shares/Performance Units at the end of the applicable Performance Period. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee.

#### **9.5 Dividends and Other Distributions.**

The Committee shall determine whether Participants holding Performance Shares will receive Dividend Equivalents with respect to dividends declared with respect to the Shares. Dividends or Dividend Equivalents may be subject to accrual, forfeiture or payout restrictions as determined by the Committee in its sole discretion.

#### **9.6 Death and other Termination of Employment.**

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:
  - (i) the number of Performance Shares or Performance Units held by the Participant that have not vested (collectively referred to in this Section 9.6 as "**Unvested Awards**") shall be adjusted as set out in the applicable Award Agreement (collectively referred to in this Section 9.6 as "**Deemed Awards**");
  - (ii) any Deemed Awards shall vest immediately;
  - (iii) any Performance Shares and Performance Units held by the Participant that have vested (including Deemed Awards vested in accordance with Section 9.6(a)(ii)) shall be paid to the Participant's estate in accordance with the terms of the Plan and Award Agreement; and
  - (iv) such Participant's eligibility to receive further grants of Performance Shares or Performance Units under the Plan ceases as of the Termination Date (as defined at Section 9.6(e) below).
- (b) Disability: If a Participant suffers a Disability while an Employee, officer or director of or Consultant to the Company or an Affiliate and as a result his or her employment with the company or Affiliate is terminated:
  - (i) Unvested Awards shall be reduced to be equal to the product of (A) the number of Unvested Awards; and (B) the fraction obtained when dividing (x) the number of calendar days from the date of the award of the Unvested Awards to the Termination Date (as defined at Section 9.6(e) below) and (x) the number of calendar days from the date of the award of the Unvested Awards to the original vesting date set out in the Award Agreement;

- (ii) the number of Unvested Awards, as calculated pursuant to Section 9.6(b)(i), shall continue to vest in accordance with the terms of its Plan and Award Agreement; and
  - (iii) such Participant's eligibility to receive further grants of Performance Units or Performance Shares under the Plan ceases as of the Termination Date.
- (c) Retirement: If a Participant voluntarily Retires then:
- (i) any Performance Shares or Performance Units held by the Participant that have vested before the Termination Date shall be paid to the Participant;
  - (ii) any Unvested Awards held by the Participant at the Termination Date (as defined at Section 9.6(e) below) shall continue to vest in accordance with the terms of the Plan and Award Agreement following the Termination Date until the earlier of: (i) the date determined by the Committee, in its sole discretion; and (ii) the date on which the Performance Units vest pursuant to the original Award Agreement in respect of such Unvested Awards; and (iii) such Participant's eligibility to receive further grants of Performance Shares or Performance Units under the Plan ceases as of the Termination Date.
- (d) Termination other than Death, Disability or Retirement: Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then:
- (i) any Performance Units or Performance Shares held by the Participant that have vested before the Termination Date shall be paid to the Participant in accordance with the terms of the Plan and Award Agreement. Any Performance Units or Performance Shares held by the Participant that are not yet vested at the Termination Date will be immediately cancelled and forfeited to the Company on the Termination Date;
  - (ii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Company or an Affiliate provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date; and
  - (iii) notwithstanding Sections 9.6(c)(i) and (ii)9.6(c)(ii) above, unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Performance Units or Performance Shares are not affected by a change of employment arrangement within or among the Company or an Affiliate for so long as the Participant continues to be an employee of the Company or an Affiliate.
- (e) For purposes of this Section 9.6, the term, "Termination Date" has the meaning set out in Section 7.8(e).

- (f) Change of Control: The occurrence of a Change of Control will not result in the vesting of Unvested Awards, provided that:
  - (i) such Unvested Awards will continue to vest in accordance with the Plan and the Award Agreement;
  - (ii) the level of achievement of Performance Goals for Fiscal Years completed prior to the date of the Change of Control shall be based on the actual performance achieved to the date of the Change of Control and the level of achievement of Performance Goals for Fiscal Years completed following the date of the Change of Control shall be based on the assumed achievement of 100% of the Performance Goals; and
  - (iii) any Successor Entity agrees to assume the obligations of the Company in respect of such Unvested Awards.
  
- (g) Termination following Change of Control: For the period of 24 months following a Change of Control, where a Participant's employment or term of office or engagement is terminated for any reason, other than for Cause:
  - (i) any Unvested Awards as at the date of such termination shall be deemed to have vested as at the date of such termination and shall become payable as at the date of termination; and
  - (ii) the level of achievement of Performance Goals for any Unvested Awards that are deemed to have vested pursuant to (i) above, shall be based on the actual performance achieved at the end of the Fiscal Year immediately prior to the date of termination.

#### **9.7 Non-transferability of Performance Shares and Performance Units.**

Except as otherwise provided in a Participant's Award Agreement at the time of grant or thereafter by the Committee, Performance Shares/Performance Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement or otherwise by the Committee at any time, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

### **ARTICLE 10 FULL VALUE SHARE-BASED AWARDS**

#### **10.1 Share-Based Awards.**

The Committee may, to the extent permitted by the Exchange, grant other types of equity-based or equity related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares and issuance of unrestricted Shares in satisfaction of compensation (including salary, bonus or other incentive)) in such amounts and subject to such terms and conditions, including, but not limited to, being subject to performance criteria, or in satisfaction of such obligations, as the Committee shall determine; provided that the maximum number of Share-Based Awards issued in any calendar year shall not, when combined with any other Awards under any share compensation arrangement of the

Company exceed 10% of the total number of Shares issued and outstanding from time to time (calculated on a non-diluted basis).

**10.2 Termination of Employment.**

Each Award Agreement shall set forth the extent to which the Participant shall have the right to receive Share-Based Awards following termination of the Participant's employment or other relationship with the Company or Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Share-Based Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

**10.3 Non-transferability of Share-Based Awards.**

Except as otherwise provided in a Participant's Award Agreement at the time of grant or thereafter by the Committee, Share-Based Awards may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement at the time of grant or thereafter by the Committee, a Participant's rights under the Plan shall be exercisable during such Participant's lifetime only by such Participant.

**ARTICLE 11  
BENEFICIARY DESIGNATION**

**11.1 Beneficiary.**

A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

**11.2 Discretion of the Committee.**

Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 11, or both, in favor of another method of determining beneficiaries.

**ARTICLE 12  
RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE**

**12.1 Employment.**

Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or an Affiliate to terminate any Participant's employment, consulting or other service relationship with the Company or an Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or an Affiliate.

Neither an Award nor any benefits arising under this Plan shall constitute part of an employment or service contract with the Company or an Affiliate, and, accordingly, subject to the terms of this Plan, this Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Company or an Affiliate for severance payments or otherwise, except as provided in this Plan.

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

### **12.2 Participation.**

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

### **12.3 Rights as a Shareholder.**

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

## **ARTICLE 13 CHANGE OF CONTROL**

### **13.1 Accelerated Vesting and Payment.**

Subject to the provisions of Section 13.2 or as otherwise provided in the Plan or the Award Agreement, in the event of a Change of Control, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled upon a Change of Control, and that the value of such Awards, as determined by the Committee in accordance with the terms of the Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change of Control Price within a reasonable time subsequent to the Change of Control, subject to the approval of the Exchange.

### **13.2 Alternative Awards.**

Notwithstanding Section 13.1, no cancellation, acceleration of vesting, lapsing of restrictions or payment of an Award shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change of Control that such Award shall be honored or assumed, or new rights substituted therefor (with such honored, assumed or substituted Award hereinafter referred to as an "**Alternative Award**") by any successor to the Company or an Affiliate as described in Article 15; provided, however, that any such Alternative Award must:

- (a) be based on stock which is traded on the CSE, TSX-V and/or the Toronto Stock Exchange;
- (b) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but

not limited to, an identical or better exercise or vesting schedule (including vesting upon termination of employment) and identical or better timing and methods of payment;

- (c) recognize, for the purpose of vesting provisions, the time that the Award has been held prior to the Change of Control; and
- (d) have substantially equivalent economic value to such Award (determined prior to the time of the Change of Control).

#### **ARTICLE 14 AMENDMENT, MODIFICATION, SUSPENSION AND TERMINATION**

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

- (a) Except as set out in clauses (b) and (c) below, and as otherwise provided by law, or Exchange rules, the Committee or Board may, at any time and from time to time, alter, amend, modify, suspend or terminate the Plan or any Award in whole or in part without notice to, or approval from, shareholders, including, but not limited to for the purposes of:
  - (i) making any amendments to the general vesting provisions of any Award;
  - (ii) making any amendments to the general term of any Award provided that no Award held by an Insider may be extended beyond its original expiry date;
  - (iii) making any amendments to add covenants or obligations of the Company for the protection of Participants;
  - (iv) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, it may be expedient to make, including amendments that are desirable as a result of changes in law or as a "housekeeping" matter; or
  - (v) making such changes or corrections which are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.
- (b) Other than as expressly provided in an Award Agreement or as set out in Section 13.2 hereof or with respect to a Change of Control, the Committee shall not alter or impair any rights or increase any obligations with respect to an Award previously granted under the Plan without the consent of the Participant.
- (c) The following amendments to the Plan shall require the prior approval of the Company's shareholders, other than, in respect of the amendments contemplated under Sections 14.1(c)(i)-(iii) below, those carried out pursuant to Section 4.2 hereof:
  - (i) A reduction in the Option Price of a previously granted Option benefitting an Insider of the Company or one of its Affiliates.
  - (ii) Any amendment or modification which would increase the total number of Shares available for issuance under the Plan.

- (iii) An increase to the limit on the number of Shares issued or issuable under the Plan to Insiders of the Company;
- (iv) An extension of the expiry date of an Option other than as otherwise permitted hereunder in relation to a Blackout Period or otherwise; or
- (v) Any amendment to the amendment provisions of the Plan under this Section 14.1.

#### **14.2 Adjustment of Awards Upon the Occurrence of Unusual or Non-recurring Events.**

Subject to the approval of the Exchange, the Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or non-recurring events in addition to the events described in Section 4.2 hereof affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

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

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

### **ARTICLE 15 WITHHOLDING**

#### **15.1 Withholding.**

The Company or any Affiliate shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or any Affiliate, an amount sufficient to satisfy federal, state and local taxes or provincial, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising or as a result of this Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Company withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.

#### **15.2 Acknowledgement.**

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

## ARTICLE 16 SUCCESSORS

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

## ARTICLE 17 GENERAL PROVISIONS

### 17.1 Forfeiture Events.

Without limiting in any way the generality of the Committee's power to specify any terms and conditions of an Award consistent with law, and for greater clarity, the Participant's rights, payments and benefits with respect to an Award shall, at the sole discretion of the Committee, be subject to reduction, cancellation, forfeiture of any vested and unvested Awards or recoupment of any payments or settlements made in the current Fiscal Year or immediately prior Fiscal Year (provided such determination is made within 45 days of the end of that Fiscal Year) upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award.

Such specified events shall include, but shall not be limited to, any of: (a) the Participant's failure to accept the terms of the Award Agreement, violation of material Company and Affiliate policies, breach of non-competition, confidentiality, non-solicitation, non-interference, corporate property protection or other agreements that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company and Affiliates; (b) the Participant's misconduct, fraud, gross negligence; and (c) the restatement of the financial statements of the Company that resulted in Awards which should not have vested, settled, or been paid had the original financial statements been properly stated. Except as expressly otherwise provided in this Plan or an Award Agreement, the termination and the expiry of the period within which an Award will vest and may be exercised by a Participant shall be based upon the last day of actual service by the Participant to the Company and specifically does not include any period of notice that the Company may be required to provide to the Participant under applicable employment law.

### 17.2 Legend.

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

### 17.3 Delivery of Title.

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

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



#### **17.4 Investment Representations.**

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

#### **17.5 Uncertificated Shares.**

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

#### **17.6 Unfunded Plan.**

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

#### **17.7 No Fractional Shares.**

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

#### **17.8 Other Compensation and Benefit Plans.**

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

#### **17.9 No Constraint on Corporate Action.**

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

### **17.10 Compliance with Canadian Securities Laws.**

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

## **ARTICLE 18 LEGAL CONSTRUCTION**

### **18.1 Gender and Number.**

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

### **18.2 Severability.**

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

### **18.3 Requirements of Law.**

The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate shall receive the consideration required by law for the issuance of Awards under the Plan. The inability of the Company or an Affiliate to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or an Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company or Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

### **18.4 Governing Law.**

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

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

- (a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that this Plan and any Awards made hereunder shall not provide for the payment of "deferred compensation" within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. This Plan and any Awards made hereunder shall be administrated and interpreted in a manner consistent with this intent.
- (b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan or any Award

Agreement by reason of the occurrence of a Change of Control or the Participant's disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of "change in control event," "disability," or "separation from service," as the case may be, in Section 409A of the Code and applicable proposed or final treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under this Plan or any Award Agreement.

- (c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Article 18.5 will apply to a Participant who is subject to taxation under the ITA.

