



# **Liquid Avatar<sup>®</sup>**

## **TECHNOLOGIES INC.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL MEETING OF SHAREHOLDERS**

**OF**

**LIQUID AVATAR TECHNOLOGIES INC.**

**TO BE HELD ON JUNE 24, 2022**

**May 10, 2022**



## LIQUID AVATAR TECHNOLOGIES INC.

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the annual meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Liquid Avatar Technologies Inc. ("**LQID**" or the "**Company**") will be held virtually on June 24, 2022 at 10:00 am (Toronto time) via live audio webcast online at <https://web.lumiagm.com/296609764> with password "liquid2022" for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company as at and for the year ended December 31, 2021, together with the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at five, subject to permitted increases under the articles of the Company or otherwise;
3. to elect the directors of the Company for the ensuing year, as more particularly described under the heading "Particulars of Matters to be Acted Upon – Election of Directors" in the Company's management information circular dated May 10, 2022 (the "**Circular**");
4. to appoint RSM Canada LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year, and to authorize the directors to fix their remuneration; and
5. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

#### **Your vote is important.**

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast, where all shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Company and management as well as other shareholders. Shareholders will not be able to attend the Meeting in person. As a shareholder of the Company, it is very important that you read the management information circular of the Company dated May 10, 2022 (the "**Circular**") and other Meeting materials carefully. They contain important information with respect to voting your Shares and attending and participating at the Meeting.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/296609764>. Beneficial shareholders (being shareholders who hold their Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast but not be able to participate or vote at the Meeting.

The Company will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Notice and Access**") for the delivery of the Circular and other related materials of the Meeting (the "**Meeting Materials**") to Shareholders. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Company will mail paper copies of the Meeting Materials to those Registered Shareholders and Non-Registered Shareholders (as defined below) who have previously elected to receive paper copies of the Meeting Materials. The Meeting Materials will be available at <https://odysseytrust.com/client/liquidavatar/> on or about May 25, 2022 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-833-394-7716, or can be accessed online on SEDAR at [www.sedar.com](http://www.sedar.com) on or about May 11, 2022.

If you hold your Shares directly (a "**Registered Shareholder**"), complete, date, sign and return the accompanying form of proxy in the enclosed envelope to Odyssey Trust Company, 702, 67 Yonge St. Toronto, ON M5E 1J8. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting held in virtual-only format or may be represented by proxy. Proxy appointment information can be sent via email to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com). Shareholders do not need to complete or return their form of proxy if they are planning to vote at the Meeting. Registered Shareholders who are unable to attend the Meeting held in virtual-only format are requested to complete, date and sign the form of proxy and send it by facsimile to 800-517-4553 or by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) or by mail to the address of Odyssey Trust Company indicated above. Electronic voting is also available for this

Meeting through <https://login.odysseytrust.com/pxlogin> Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy.

If you do not hold your Shares directly (a "**Non-Registered Shareholder**"), complete, date and sign the voting instruction form that has been provided by your broker, bank or other nominee and return it in the enclosed envelope in accordance with the instructions provided by your broker, bank or other nominee.

A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Shares, including if you are a nonregistered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders MUST send an email to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) and provide Odyssey Trust Company ("**Odyssey**") with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.

The board of directors of the Company has, by resolution, fixed the close of business on May 10, 2022 as the record date for the determination of the Registered Shareholders entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof. The board of directors of the Company has, by resolution, fixed 10:00 a.m. (Toronto time) on Wednesday, June 22, 2022 or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment or postponement thereof must be deposited with the Company's transfer agent, Odyssey Trust Company.

**DATED** at Toronto, Ontario, this 10<sup>th</sup> day of May, 2022.

**BY ORDER OF THE BOARD**

*"David Lucatch"*

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Chief Executive Officer

## MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") has been prepared in connection with the solicitation of proxies by or on behalf of the management of Liquid Avatar Technologies Inc. ("**LQID**" or the "**Company**") for use at the annual and special meeting (the "**Meeting**") of holders (collectively, the "**Shareholders**", or individually, a "**Shareholder**") of common shares of LQID (the "**Common Shares**") to be held on June 24, 2022, at the time and place and for the purposes set forth in the accompanying notice of Meeting (the "**Notice**") and any adjournment or postponement thereof. References in this Circular to the Meeting include any adjournment or postponement thereof.

Unless otherwise stated, the information contained in this Circular is given as of May 10, 2022. Unless otherwise indicated herein, references to "\$" are to Canadian dollars.

### **Overview of the Business and Corporate Structure**

The Company was incorporated under the laws of the province of British Columbia on September 10, 2014 as Torino Ventures Inc. The Company changed its name to Torino Power Solutions on November 13, 2016. The Company changed its name to KABN Systems NA Holdings Corp. on June 4, 2020 and on March 1, 2021 the Company changed its name to Liquid Avatar Technologies Inc. and its ticker symbol on the Canadian Securities Exchange from KABN to LQID. The Company wholly owns Liquid Avatar Operations Inc. (formerly KABN Systems North America Inc.) The Company wholly owns Oasis Digital Studios Limited ("**Oasis**"). Oasis holds a 50% controlling interest in Aftermath Islands Metaverse Barbados Limited, with the other 50% held by an arm's length individual.

On January 13, 2020, the Company entered into a Business Combination Agreement with KABN Systems North America Inc, an arm's length private company, providing for a transaction (the "**RTO Transaction**") whereby the Company would acquire all of the issued and outstanding shares of KABN Systems North America Inc. in exchange for issuance of common shares of the Company following the Consolidation. Immediately prior to the completion of the RTO Transaction, the Company completed a 1-for-10 share consolidation (the "**Consolidation**"). The RTO Transaction closed on June 4, 2020 and resulted in the business of KABN Systems North America Inc. becoming the business of the Company, and the Company wholly owning Liquid Avatar Operations Inc. (formerly, KABN Systems North America Inc.) ("**LAO**").

### **Notice and Access**

The Company will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Notice and Access**") for the delivery of the Circular and other related materials of the Meeting (the "**Meeting Materials**") to Shareholders. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Company will mail paper copies of the Meeting Materials to those Registered Shareholders and Non-Registered Shareholders (as defined below) who have previously elected to receive paper copies of the Meeting Materials. The Meeting Materials will be available at <https://odysseytrust.com/client/liquidavatar/> on or about May 13, 2022 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-833-361-5163, or can be accessed online on SEDAR on or about May 13, 2022.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

**The enclosed proxy is being solicited by the management of the Company for use at the Meeting.** Proxies may be solicited by mail, telephone, email, facsimile or other electronic means. Proxies may be solicited personally by directors or regular employees of the Company. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of solicitation of proxies will be paid by the Company.

### Appointment of a Third Party as Proxy

*The following applies to shareholders who wish to appoint a person (a "third party proxyholder") other than the management nominees set forth in the form of proxy or voting instruction form as proxyholder, including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.*

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

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

**Step 2: Register your proxyholder:** To register a proxyholder, shareholders **MUST** send an email to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) by 10:00am (ET) on June 23, 2022 and provide Odyssey with the required proxyholder contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

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

The persons named in the form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the matters and resolutions described below. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the

Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

A proxy will not be valid unless it is signed by the Registered Shareholder, or by the Registered Shareholder's attorney with proof that they are authorized to sign. If you represent a Registered Shareholder that is a corporation, your proxy should have the seal of the corporation, if applicable, and must be executed by an officer or an attorney, authorized in writing. If you execute a proxy as an attorney for an individual registered Shareholder, or as an officer or attorney of a Registered Shareholder that is a corporation, you must include the original or notarized copy of the written authorization for the officer or attorney with your proxy form.

### **Legal Proxy – US Beneficial Shareholders**

If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey. Requests for registration from beneficial shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) and received by 10:00am (ET) on June 23, 2022.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing to Odyssey Trust at [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) at any time up to and including the last business day preceding the day of the Meeting.

### **Voting at the Meeting**

The board of directors of the Company (the "**Board**") has, by resolution, fixed the close of business on May 10, 2022 (the "**Record Date**") as the record date for the determination of the registered Shareholders entitled to notice of, and to vote at, the Meeting and any adjournment(s) or postponement(s) thereof. The Board has, by resolution, fixed 10:00 a.m. (Toronto time) on Wednesday, June 22, 2022, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment(s) or postponement(s) thereof must be deposited with Odyssey Trust by mail at Odyssey Trust Company, 702, 67 Yonge St. Toronto, ON M5E 1J8, facsimile at 800-517-4553 or by email at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com).

### **Registered Shareholders**

Shareholders of record ("**Registered Shareholders**") at the close of business on the Record Date will be entitled to vote in person (as described herein) or by proxy at the Meeting or at any adjournment or postponement thereof (subject, in the case of voting by proxy, to the timely deposit of a properly completed, signed and dated proxy with Odyssey Trust as specified herein and in the Notice).

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/296609764>. Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting. In order to attend, participate or

vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

The control number located on the form of proxy is the Username. The Password to the Meeting is "liquid2022" (case sensitive). If as a Registered Shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cutoff.

Electronic voting is also available for this Meeting through <https://login.odysseytrust.com/pxlogin>. Votes cast electronically are in all respects equivalent to and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy. The Chairman of the Meeting may extend or waive the proxy deadline without notice.

### ***Non-Registered Shareholders***

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares are beneficially owned by a Shareholder are registered either: (i) in the name of an intermediary with whom the Non-Registered Shareholder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans (an "**Intermediary**"); or (ii) in the name of a clearing agency (such as CDS & Co., of which the Intermediary is a participant) (a "**Non-Registered Shareholder**"). Non-Registered Shareholders will be given, in substitution for the proxy otherwise contained in the proxy-related materials, a request for voting instructions (the "**Voting Instruction Form**") which, when properly completed and, if applicable, signed by the Non-Registered Shareholder and returned to the Intermediary or the Company, as applicable, will constitute voting instructions which the Intermediary or the Company, as applicable, must follow. The purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives the Voting Instruction Form wish to vote at the Meeting in person (or have another person attend the vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should so indicate in the place provided for that purpose in the Voting Instruction Form and a form of legal proxy will be sent to the Non-Registered Shareholder. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. If you have any questions respecting the voting of Common Shares held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

### **Quorum**

A quorum of Shareholders is required to transact business at the Meeting. Pursuant to the by-laws of the Company, the quorum requirement for the Meeting will be satisfied and the Meeting will be properly constituted where there are at least two persons, present in person or represented by proxy, at the Meeting, each of whom is entitled to vote at the Meeting and who hold in the aggregate at least 5% of the issued and outstanding Common Shares entitled to be voted at the Meeting.

### **Voting Securities and Principal Holders Thereof**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of May 10, 2022, the Record Date, the Company had 143,678,473 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at May 10, 2022, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Common Shares.



**Interest of Certain Persons or Companies in Matters to be Acted Upon**

No (a) director or executive officer of the Company who has held such position at any time since January 1, 2021; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Presentation of Financial Statements

The audited consolidated financial statements of the Company as at and for the year ended December 31, 2021, together with the report of the auditors thereon, will be presented at the Meeting. No vote of the Shareholders is required with respect to this item of business.

### Election of Directors

The Board, which presently consists of five directors, has fixed the number of directors for election at the Meeting at five. The Board has nominated five individuals to stand for election as directors. All five of the nominees are currently directors of the Company. Each elected director will hold office until the next annual meeting of Shareholders, or any postponement(s) or adjournment(s) thereof, unless his or her office is earlier vacated or until his or her successor is elected or appointed. Each of the nominees has confirmed his or her willingness to serve on the Board for the next year.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

**Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the election of the five director nominees.**

The following table sets forth information about each director nominee, including (i) his or her province or state and country of residence; (ii) the period during which each has served as a director; (iii) membership on committees of the Board; (iv) principal occupation, business or employment over the past five years; and (v) the number of Common Shares beneficially owned, controlled or directed, directly or indirectly by each nominee. In addition, below are the biographies of each nominee.

Information regarding the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees not being within the knowledge of the Company, is based upon information furnished by the respective nominee and is as at the date hereof.

Name and Residence	Position with the Company and Period Served as a Director	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
David Lucatch Ontario, Canada	Chief Executive Officer  Director Since June 4, 2020	Chief Executive Officer, June 1, 2020 – present  Chief Executive Officer, KABN (Gibraltar) Ltd., Oct 1, 2019 – May 31, 2020  Chief Executive Officer, Pegasus Fintech Canada Inc., Jan 1, 2018 – Sept 30, 2019  President Imagination 7 Ventures LLC, May 1, 2016 – Dec 31, 2017	13,775,000 Common Shares  925,000 Common Shares directly held  12,850,000 Common Shares indirectly held through KABN GibCan Inc.

Name and Residence	Position with the Company and Period Served as a Director	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Ralph J. Reiser III Texas, USA	Chief Business Development Officer since July 27, 2020 Director Since October 20, 2020	Chief Business Development Officer, July 2020 – Present Chief Business Development Officer, KABN (Gibraltar) Ltd., Feb 2020 – May 2020 Polymath Technologies Inc. Chief Revenue Officer, July 2018 – Jan 2020	580,000 Common Shares
Andra Enescu Ontario, Canada	Director Since May 2, 2022	Founder & CEO, Champagne Capital Advisory Inc., 2018 – Present Legal Counsel, Blackshire Capital Corp., 2017 - 2018	29,600 Common Shares
J. Patrick Mesina Ontario, Canada	Director Since June 4, 2018	Director of Originations, Courtland Credit Group Inc., Jan 2019 - Present Independent Consultant for Vive Crop Protection Inc. and Northern Lights Partners Inc., Dec 2017 – Dec 2018 Vice President of AIP Private Capital Inc., March 2013 – Nov 2017	802,500 Common Shares
Steven Hollerbach Texas, USA	Director since May 3, 2022	Vice President, Pilot Corporation, 2017 - Present	1,333,333 Common Shares

**Director Nominee Biographies**

**David Lucatch** has more than 30 years of experience in inventing technology and business solutions in the international marketing arena and over 20 years of experience in developing and taking to market internet and mobile based platforms. Mr. Lucatch has held senior management posts and directorships at both private and public media and technology firms and is currently Chief Executive Officer and Chairman of the Board. Mr. Lucatch has a Bachelor of Arts degree with a double major in commerce and economics from the University of Toronto.

**Ralph J Reiser III** serves as Chief Business Development Officer of Liquid Avatar. His career has been focused on startups in the tech field of CAD, voice recognition, risk management, artificial intelligence and blockchain. He has contributed to many successful exits to Fortune 500 companies. He is a member of the ToIP Steering Committee, co-chair of the ToIP Ecosystem Foundry Working Group, and is a member of the Board. He is a creative thinker and dynamic executive who brings new ideas to expand business and drive results.

**Andra Enescu** is a securities lawyer and leadership executive who specializes in authentically building, creating and driving value for organizations with the ability to take them from seed to sale. She is a highly adept and versatile forward thinker who takes a holistic and strategic approach to structuring and developing scalable frameworks in emerging industries. As founder and CEO of Champagne Capital, Andra is an accomplished change agent with international experience in facilitating M&A transactions, skilled in

capital raising, management and corporate development. Andra is currently the Founder and CEO of Champagne Capital Advisory Inc.

**J. Patrick Mesina** is also a director with a Canadian based institutional investment firm, Cortland Credit Group Inc. Mr. Mesina had served as Vice President with a Toronto based institutional investment firm AIP Private Capital Inc. from March 2012 to September 2017. Since September 2017 he has been a consultant for several companies, including Vive Crop Protection Inc. and Northern Lights Partners Inc. Mr. Mesina has an Honour's Bachelor of Arts degree in economics and political science from the University of Toronto.

**Steven Hollerbach** is the Vice President of Trading and Optimization at Pilot Corporation. Steve has thirty-two years of experience in various roles in the energy industry at UOP, Tosco, ConocoPhillips, Noble Americas and most recently, Pilot. He has held a variety of different positions on the production side of the energy business including technical services, process engineering, research and development and project engineering but has spent the last twenty years of his career on the commercial trading side. While at Noble Americas and Pilot Corporation, Steve started up two international commodity trading offices in Houston. Steve earned a BS in Chemical Engineering from the University of Notre Dame and an MBA Finance from Villanova University.

### ***Corporate Cease Trade Orders***

No proposed director of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (i) 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
- (ii) 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 and Other Proceedings***

No proposed director of the Company is, as at the date hereof, or has been within 10 years prior to the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

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

### ***Penalties and Sanctions***

No proposed director of the Company has been subject to:

- (i) 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
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

RSM Canada LLP, are the current auditors of the Company and were first appointed as auditors of the Company by the Board with effect from June 4, 2020.

**Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the appointment of RSM Canada LLP, Chartered Professional Accountants as auditors of the Company until the close of the next annual meeting of Shareholders and to authorize the Board to fix their remuneration.**

## **CORPORATE GOVERNANCE**

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its stakeholders, particularly Shareholders. The Company's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through the Audit Committee at regularly scheduled meetings or as required. The directors are kept informed regarding the Company's operations at regular meetings, or as otherwise required and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks that the Company faces.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below, in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

### **The Board of Directors**

Pursuant to National Instrument 52-110 – *Audit Committees ("NI 52-110")*, a director is considered independent if he or she has no direct or indirect material relationship with the Company that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Company.

The Board is currently comprised of five directors, three of whom are independent within the meaning of NI 52-110. Messrs. Hollerbach and Mesina and Ms. Enescu are independent directors. Mr. Lucatch presently is CEO and President of the Company and is not considered independent. Mr. Reiser presently is Chief Business Development Officer of the Company and is not considered independent.

## **Other Public Company Directorships**

None.

## **Independence of the Board**

The independent directors did not hold any separate regularly scheduled meetings during the fiscal year ended December 31, 2021, at which non-independent directors and members of management were not in attendance. The Board also regularly holds "in-camera" sessions after each board meeting. To facilitate open and candid discussion among the independent directors and enhance its ability to act independently of management, the Board will in the future meet in the absence of non-independent directors and members of management or may continue to excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

## **Orientation and Continuing Education**

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Company has developed an orientation program for new directors but not a formal continuing education program for existing directors. Nevertheless, through discussions and meetings with other directors, officers and employees, new directors will be provided with a thorough description of the Company's business, properties, assets, operations and strategic plans and objectives. Orientation activities continue to be tailored to the particular needs and experience of each director and the overall needs of the Board.

## **Ethical Business Conduct**

As part of its responsibility for the stewardship of the Company, the Board seeks to foster a culture of ethical conduct by requiring the Company to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to employees, consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of honesty, integrity and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or an employee or consultant of the Company has a material interest, which include ensuring that such individuals are familiar with rules concerning reporting conflicts of interest and obtaining direction from the Board or a member of senior management of the Company regarding any potential conflicts of interest.

## **Nomination of Directors**

In order to facilitate the process for the nomination of directors and identification of new candidates for appointment to the Board, the Board has established a nominating and corporate governance committee (the "**Nominating and Corporate Governance Committee**").

In collaboration with the Board, the Nominating and Corporate Governance Committee is responsible for the nomination of directors and identifying new candidates for appointment to the Board. In that regard, the Nominating and Corporate Governance Committee is also responsible for identifying the competencies and skills required for nominees to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making. In collaboration with the Board, the Nominating and Corporate Governance Committee may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

The Nominating and Corporate Governance Committee considers its size each year when it determines the number of directors to be nominated for election. The criteria for selecting new directors reflects the requirements of the listing standards of the Canadian Securities Exchange ("**CSE**") with respect to independence and the following factors:

- (i) the appropriate size of the Board;
- (ii) the needs of the Company with respect to the particular talents and experience of its directors;
- (iii) the personal and professional integrity of the candidate;
- (iv) the level of education and/or business experience of the candidate;
- (v) the broad-based business acumen of the candidate;
- (vi) the level of the candidate's understanding of the Company's business and the industry in which it operates and other industries relevant to the Company's business;
- (vii) the ability and willingness of the candidate to commit adequate time to the Board and committee matters;
- (viii) the fit of the individual's skills and personality with those of other directors and potential directors so that the Board is effective, collegial and responsive to the needs of LQID;
- (ix) the candidate's ability to think strategically and a willingness to share ideas; and
- (x) the diversity of experiences, expertise and background of the Board as a whole.

The Nominating and Corporate Governance Committee is presently comprised of Andra Enescu, Jeff Mesina and David Lucatch. See "Board Committees" below.

### **Compensation**

In order to facilitate the process for the determining the compensation of directors and executive officers of the Company, the Board has established a compensation committee (the "**Compensation Committee**").

In collaboration with the Board, the Compensation Committee is responsible for determining the compensation of directors and the Chief Executive Officer, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other executive officers of the Company. The Compensation Committee generally reviews compensation paid to directors and chief executive officers of companies of a similar size and stage of development and in the same or similar industries as the Company operates in and determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and executive officers of the Company while taking into account the financial and other resources of the Company. No formal benchmarking has been established given the size and stage of the Company. In setting the compensation of the Chief Executive Officer, the Compensation Committee, in collaboration with the Board, will annually review the performance of the Chief Executive Officer and consider other factors which may have impacted the success of the Company in achieving its objectives. See "Statement of Director and Named Executive Officer Compensation - Oversight and Description of Director and Named Executive Officer Compensation – Compensation of Directors" for a discussion of compensation provided to the directors.

The Compensation Committee is presently comprised of Jeff Mesina, David Lucatch, Andra Enescu and Steven Hollerbach.

For further details regarding the compensation of directors, as well as details regarding the Company's approach to the compensation of the Chief Executive Officer and other executive officers, see "Board Committees" and "Statement of Director and Named Executive Officer Compensation" below.

## **Board Committees**

The Board has established the Audit Committee to assist it in carrying out its mandate. The Audit Committee is currently comprised of Andra Enescu, Jeff Mesina and David Lucatch.

The Compensation Committee makes recommendations to the Board regarding the determination of the compensation of the directors and the Chief Executive Officer of the Company, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other executive officers of the Company. In addition, the Compensation Committee oversees all of the Company's compensation programs, pay administration, including reviewing and approving compensation adjustments for the CEO and executive officers and ensuring competitiveness of executive compensation, and other functions including oversight of executive and director stock ownership guidelines and director compensation. The Compensation Committee is currently comprised of Jeff Mesina, David Lucatch, Andra Enescu and Steven Hollerbach.

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending Board candidates, evaluating Board structure and organization and reviewing and monitoring corporate governance policies and procedures. The Nominating and Corporate Governance Committee is currently comprised of Jeff Mesina, David Lucatch and Andra Enescu.

## **Assessments**

The Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

## **AUDIT COMMITTEE**

### **The Audit Committee's Charter**

A copy of the Charter of the Audit Committee of the Company is attached as Schedule "A" to this Circular.

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

The Audit Committee is currently comprised of Andra Enescu, Jeff Mesina and David Lucatch. The Audit Committee's Charter requires that each member of the Audit Committee be considered financially literate and that a majority of the Audit Committee be independent as defined under NI 52-110.

### **Relevant Education and Experience**

A general description of the education and experience of each Audit Committee member which is relevant to the performance of their responsibilities as an Audit Committee member is contained in their respective biographies set out under "Particulars of Matters to be Acted Upon – Election of Directors".

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment or compensation of the Company's external auditors not been adopted by the Board.



### **Reliance on Certain Exemptions**

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

### **Exemption for Venture Issuers**

Pursuant to Section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

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

Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

### **External Auditor Service Fees**

The aggregate fees billed by the Company's external auditor during the years ended December 31, 2021 and 2020 are set out in the table below.

<b>Audit Fee Category</b>	<b>Year Ended December 31, 2021</b>	<b>Year Ended December 31, 2020</b>
Audit Fees <sup>(1)</sup>	\$38,520	\$39,055
Audit-Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>		\$2,000
All Other Fees <sup>(4)</sup>	\$30,000	-
<b>TOTAL</b>	<b>\$68,520</b>	<b>\$41,055</b>

**Notes:**

- <sup>(1)</sup> "Audit Fees" refers to the aggregate fees billed by the Company's external auditor for audit fees.
- <sup>(2)</sup> "Audit-Related Fees" refers to the aggregate fees billed for services related to the Company's external audit by a third party other than the Company's external auditor.
- <sup>(3)</sup> "Tax Fees" refers to the aggregate fees billed for professional services rendered for tax compliance, tax advice, and tax planning and assistance with tax matters or specific transactions.
- <sup>(4)</sup> "All Other Fees" refers to the aggregate fees billed for products and services provided, other than the services reported under the other three items relates to interim reviews performed by RSM Canada for the Company's Q1 and Q2 Financial Statements.

## STATEMENT OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following section provides details of all compensation paid to each of the directors and named executive officers ("**Named Executive Officers**") of the Company for each of the two most recently completed financial years.

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**"), and provides details of all compensation for each of the directors and Named Executive Officers of the Company for the year ended December 31, 2021.

For the purposes of this Circular, a Named Executive Officer of the Company means each of the following individuals:

- (a) each chief executive officer of the Company ("**CEO**") during the year ended December 31, 2021;
- (b) each chief financial officer of the Company ("**CFO**") during the year ended December 31, 2021;
- (c) the Company's most highly compensated executive officer, other than the CEO and CFO, at the end of the Company's most recently completed fiscal year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that fiscal year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that fiscal year.

The Company had 6 Named Executive Officers during the year ended December 31, 2021, namely:

- *David Lucatch (CEO)*. Mr. Lucatch is the current CEO. He was appointed on September 15, 2020.
- *David Carter (CFO)*. Mr. Carter was the CFO throughout 2021. He was appointed on October 20, 2020 and resigned effective May 2, 2022. Mr. Craig McCannell was appointed CFO on May 3, 2022 and is now the current CFO.
- *Lynn Marie Cumiskey, Michael Konikoff, Rob Bartlett and Ralph Reiser III*, each of whom earned the same total compensation in excess of \$150,000.

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

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each current and former Named Executive Officer and director, in any capacity, for the last two years ended December 31, 2021 and 2020.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
David Lucatch <i>CEO, President and Chairman</i>	2021	\$251,200	Nil	Nil	Nil	Nil	\$251,200
	2020	\$77,500	Nil	Nil	Nil	Nil	\$77,500
David Carter <i>CFO</i>	2021	\$198,600	Nil	Nil	Nil	Nil	\$198,600
	2020	\$17,045	Nil	Nil	Nil	Nil	\$17,045

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Lynn Marie Cumiskey <i>Chief Compliance Officer</i>	2021	\$198,600	Nil	Nil	Nil	Nil	\$198,600
	2020	\$60,000	Nil	Nil	Nil	Nil	\$60,000
Michael Konikoff <i>Chief Revenue Officer</i>	2021	\$198,600	Nil	Nil	Nil	Nil	\$198,600
	2020	\$60,000	Nil	Nil	Nil	Nil	\$60,000
Rob Bartlett <i>Chief Product and Technology Officer</i>	2021	\$198,600	Nil	Nil	Nil	Nil	198,600
	2020	\$60,000	\$27,000	Nil	Nil	Nil	\$87,000
Ralph Reiser III <sup>(1)</sup> <i>Chief Business Development Officer and Director</i>	2021	\$198,600	Nil	Nil	Nil	Nil	\$198,600
	2020	\$60,000	\$27,000	Nil	Nil	Nil	\$87,000
Houssam (Sam) Kawtharani <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
J. Patrick Mesina <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Appointed on July 27, 2020 as Chief Business Development Officer and October 20, 2020 as Director. Consulting commenced July 1, 2020. Compensation includes amounts paid in his capacity as Chief Business Development Officer.

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

The following table provides information regarding all compensation securities granted or issued to each Named Executive Officer and Director by the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries during the year ended December 31, 2021.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion, or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end <sup>(1)</sup>	Expiry date
David Lucatch <i>CEO, President and Director</i>	Options	850,000	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
	Options	700,000 1,550,000 Total (8.98%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023
Lynn Marie Cumiskey <i>Chief Compliance Officer</i>	Options	400,000	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
	Options	300,000 700,000 Total (4.05%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023
Michael Konikoff <i>Chief Revenue Officer</i>	Options	400,000	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
	Options	300,000 1,550,000 Total (4.05%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023
David Carter <i>CFO</i>	Options	550,000	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
	Options	350,000 900,000 Total (5.21%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023
Rob Bartlett <i>Chief Product and Technology Officer</i>	Options	400,000 (2.32%)	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
Ralph Reiser III <i>Chief Business Development Officer and Director</i>	Options	650,000	February 15, 2021	\$0.45	\$0.345	\$0.20	February 15, 2023
	Options	550,000 1,200,000 Total (6.95%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023
Houssam (Sam) Kawtharani <i>Director</i>	Options	250,000	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
	Options	250,000 Total 500,000 (2.90%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023
J. Patrick Mesina <i>Director</i>	Options	400,000	February 15, 2021	\$0.345	\$0.345	\$0.20	February 15, 2023
	Options	250,000 Total 650,000 (3.76%)	November 15, 2021	\$0.215	\$0.205	\$0.20	November 15, 2023

Notes:

(1) Closing price of the Common Shares on the Canadian Securities Exchange as at December 31, 2021.

## ***Exercise of Compensation Securities by Directors and NEOs***

No compensation securities were exercised by Named Executive Officers and directors during the year ended December 31, 2021.

### **Option Plan**

Pursuant to the Company's option plan (the "**Option Plan**"), the Board may from time to time grant to directors, officers, employees and consultants, or investor relations person (as defined in CSE policies) of the Company (collectively, "**Eligible Persons**"), non-transferable and non-assignable options to purchase Common Shares, exercisable for a period of up to 10 years from the date of grant, provided that the number of Common Shares reserved for issuance under the Option Plan does not exceed 15% of the then issued and outstanding Common Shares. If, and so long as, the Company is listed on the CSE, the aggregate number of Common Shares issued or issuable to persons providing investor relations activities as compensation within a 12-month period will not exceed one percent (1%) of the number of issued and outstanding Common Shares.

If any optionee ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, such optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such optionee, if earlier) from the date of ceasing to be an Eligible Person to exercise the options of such optionee, to the extent they were exercisable on the date of ceasing to be an Eligible Person, subject to extension by the Board to a maximum of one year with approval from the stock exchange on which the Common Shares trade, where required and if permitted. Upon the expiration of such 90-day (or up to one year) period all unexercised options of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of option granted to such optionee under the Option Plan.

If an optionee ceases to be an Eligible Person as a result of having been dismissed from any such position for cause, all unexercised options of that optionee under the Option Plan shall immediately terminate and shall lapse, notwithstanding the original term of the option granted to such optionee under the Option Plan.

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall vest and be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the Board with approval from the stock exchange on which the Common Shares trade where required and if permitted) or until the normal expiry date of the option rights of such optionee, if earlier.

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

The material terms of each agreement under which compensation was provided during the year ended December 31, 2021 or is payable in respect of services provided to the Company by each Named Executive Officer or director, is set out below.

David Lucatch has an employment agreement with the Company commencing January 1, 2021 which provided for an annual salary of \$200,000 that increased as per the agreement, to \$240,000 per annum effective July 1, 2021. There were no bonus or stock options issued under the employment agreement other than the Board approved February 15, 2021 and November 15, 2021 stock option grants.

David Carter had an employment agreement with the Company commencing January 1, 2021 which provided for an annual salary of \$162,000 that increases as per the agreement, to \$204,000 per annum effective July 1, 2021. There were no bonus or stock options issued under the employment agreement other than the Board approved February 15, 2021 and November 15, 2021 stock option grants. Mr. Carter resigned effective May 2, 2022.

Michael Konikoff had an employment agreement with the Company commencing January 1, 2021 which provided for an annual salary of \$162,000 that increases as per the agreement, to \$204,000 per annum

effective July 1, 2021. There were no bonus or stock options issued under the employment agreement other than the Board approved February 15, 2021 and November 15, 2021 stock option grants.

Rob Bartlett had an employment agreement with the Company commencing January 1, 2021 which provided for an annual salary of \$162,000 that increases as per the agreement, to \$204,000 per annum effective July 1, 2021. There were no bonus or stock options issued under the employment agreement other than the Board approved February 15, 2021 and November 15, 2021 stock option grants. Mr. Bartlett resigned effective December 31, 2021.

Lynn Marie Cumiskey had an employment agreement with the Company commencing January 1, 2021 which provided for an annual salary of \$162,000 that increases as per the agreement, to \$204,000 per annum effective July 1, 2021. There were no bonus or stock options issued under the employment agreement other than the Board approved February 15, 2021 and November 15, 2021 stock option grants.

Ralph Reiser III has a consulting agreement with the company that commenced January 1, 2021 which provides for \$14,800 per month and was increased to \$18,300 per month effective July 1, 2021. There were no bonus or stock option issued under the consulting agreement other than the Board approved February 15, 2021 and November 15, 2021 stock option grants.

### **Oversight and Description of Director and Named Executive Officer Compensation**

LQID's executive compensation program during the most recently completed financial year end December 31, 2021 was administered by the Board. The Board was solely responsible for determining the compensation to be paid to LQID's executive officers and evaluating their performance. The Board has further determined that on a go-forward basis, compensation for executive officer will be determined at the discretion of the Chief Executive Officer in conjunction with the Chief Financial Officer, with the exception of compensation for the Chief Executive Officer and the Chief Financial Officer, which requires approval by the Compensation Committee..

LQID's "Named Executive Officers" are the Chief Executive Officer, the Chief Financial Officer and 4 other officers.

#### ***Significant Elements***

The significant elements of compensation for the Named Executive Officers includes cash compensation and stock options. Other than the Option Plan, the Company does not have any other long-term incentive plan for its Named Executive Officers. There is no policy or target regarding allocation between cash and non-cash elements of LQID's compensation program. The Board expects to annually review the total compensation package of the Chief Executive Officer and the Chief Financial Officer.

#### ***Cash Salary***

LQID's compensation payable to the Named Executive Officers, is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of LQID.

#### ***Stock Options***

The Option Plan is intended to emphasize management's commitment to the growth of the Company. The grant of stock options, as a key component of the executive compensation package, is intended to enable LQID to attract and retain qualified executives. Stock option grants are based on the total number of stock options available under the Option Plan. In granting stock options, the Board will review the total of stock options available under the Option Plan and recommend grants to newly retained executive officers at the time of their appointment, and consider recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding stock options held by an executive are taken into account when determining whether and how new stock option grants should be made to the executive. The exercise periods are to be set at the date of grant. The stock option grants may contain vesting provisions in accordance with the Option Plan.

**Pension Disclosure**

The Company does not have a pension plan and does not provide any pension plan benefits.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2021.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans<sup>(2)</sup></b>
Equity compensation plans approved by securityholders	17,268,900	0.247	3,907,871
Equity compensation plans not approved by security holders	None	N/A	N/A
<b>Total</b>	<b>17,268,900</b>	<b>0.247</b>	<b>3,907,871</b>

Notes:

- (1) Represents the number of Common Shares reserved for issuance upon exercise of the denoted outstanding options granted in accordance with the Option Plan as at December 31, 2021.
- (2) Based on the maximum aggregate number of Common Shares that were available for issuance under the Option Plan as at December 31, 2021 and based on 15% of the number of Common Shares issued and outstanding as of December 31, 2020. The maximum number of Common Shares reserved for issuance under the Option Plan at any time is 15% of the Company's issued and outstanding Common Shares at that time, less any Common Shares reserved for issuance under other share compensation arrangements.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to the Company, or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, a proposed nominee for election as a director of the Company or any associate of any one of the foregoing persons is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries. In addition, neither the Company nor any of its subsidiaries has provided a guarantee, support agreement, letter of credit or other similar arrangement for any indebtedness of any of these individuals to any other entity.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Company is not aware of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, who has had a material interest, direct or indirect, in any transaction involving the Company since January 1, 2020 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or its subsidiaries.



## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information relating to the Company is provided in the Company's audited consolidated financial statements and the management's discussion and analysis ("**MD&A**") for the year ended December 31, 2021. Shareholders may obtain the financial statements and MD&A under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Company directly to request copies of the financial statements and MD&A by mail to 7030 Woodbine Avenue, Suite 500, Markham, ON, L3R 6G2.

The Board has approved the contents of this Circular and the sending thereof to the Company's Shareholders.

### **ON BEHALF OF THE BOARD**

*"David Lucatch"*

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Chief Executive Officer  
May 10, 2022

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

#### TORINO POWER SOLUTIONS INC. (the "Company")

(Adopted as of December 14, 2015)

#### 1. PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee (the "**Committee**") is a standing committee of the Board of Directors (the "**Board**") of the Company. The role of the Committee is to:

- (a) assist the Board in its oversight responsibilities by reviewing: (i) the Company's financial statements, the financial and internal controls and the accounting, audit and reporting activities, (ii) the Company's compliance with legal and regulatory requirements, (iii) the external auditors' qualifications and independence, and (iv) the scope, results and findings of the Company's external auditors' audit and non-audit services;
- (b) prepare any report of the Committee required to be included in the Company's annual report or proxy material;
- (c) report to the Board in respect of the Company's financial statements prior to the Board approving such statements; and
- (d) take such other actions within the scope of this Charter as the Board may assign to the Committee from time to time or as the Committee deems necessary or appropriate.

#### 2. COMPOSITION, OPERATIONS AND AUTHORITY

##### **Composition**

The Committee shall be composed of a minimum of three members of the Board. Unless exempted by applicable securities laws and applicable stock exchange policies, all members of the Committee shall be independent as determined by the Board in accordance with the applicable requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities (collectively, the "**Applicable Law**"). Each member of the Committee shall be "financially literate" as such term is defined by the Applicable Law.

Members of the Committee shall be appointed by the Board and continue to be members until their successors are elected and qualified or until their earlier death, retirement, resignation or removal. Any member of the Committee may be removed by the Board in its discretion. However, a member of the Committee shall automatically cease to be a member of the Committee upon either ceasing to be a director of the Board or, if applicable, ceasing to be independent as required in this Section 2 of this Charter. Vacancies on the Committee will be filled by the Board.

##### **Authority**

The authority of the Committee is subject to the provisions of this Charter, the constating documents of the Company, such limitations as may be imposed by the Board from time to time and Applicable Law.

The Committee shall have the authority to: (i) retain (at the Company's expense) its own legal counsel and other advisors and experts that the Committee believes, in its sole discretion, are needed to carry out its duties and responsibilities; (ii) conduct investigations that it believes, in its sole discretion, are necessary to carry out its responsibilities; and (iii) take whatever actions that it deems appropriate to foster an internal culture that is committed to maintaining quality financial reporting, sound business risk practices and ethical behavior within the Company. In addition, the Committee shall have the authority to request any officer, director or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, such as members of the Company's management or the Company's outside legal counsel and external auditors, to meet with the Committee or any of its advisors and to respond to their inquiries. The

Committee shall have full access to the books, records and facilities of the Company in carrying out its responsibilities.

The Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Committee with respect to any of the matters referred to in this Charter.

### **Operations**

The Board may appoint one member of the Committee to serve as chair of the Committee (the “**Chair**”), but if it fails to do so, the members of the Committee shall designate a Chair by majority vote of the full Committee to serve at the pleasure of the majority of the full Committee. If the Chair of the Committee is not present at any meeting of the Committee, an acting Chair for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Chair shall refer the matter to the Board. The Committee may appoint a secretary who need not be a member of the Board or Committee. A secretary who is not a member of the Committee shall not have the rights of a member of the Committee.

The Chair shall preside at each meeting of the Committee and set the agendas for the Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company's constating documents or this Charter.

The Committee shall meet (in person or by telephonic meeting) at least quarterly or more frequently as circumstances dictate. As a part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements, the Committee shall meet in a separate session with the external auditors and, if desired, with management and/or the internal auditor. In addition, the Committee or the Chair shall meet with management quarterly to review the Company's financial statements and the Committee or a designated member of the Committee shall meet with the external auditors to review the Company's financial statements on a regular basis as the Committee may deem appropriate. The Committee shall maintain written minutes or other records of its meetings and activities, which shall be duly filed in the Company's records.

Except as otherwise required by the Company's constating documents, a majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.

The Chair of the Committee shall report to the Board following meetings of the Committee and as otherwise requested by the Board.

### **3. RESPONSIBILITIES AND DUTIES**

The Committee's primary responsibilities are to:

#### **General**

- (a) review and assess the adequacy of this Charter on an annual basis and, where necessary or desirable, recommend changes to the Board;
- (b) report to the Board regularly at such times as the Chair may determine to be appropriate but not less frequently than four times per year;
- (c) follow the process established for all committees of the Board for assessing the Committee's performance;

#### **Review of Financial Statements, MD&A and other Documents**

- (d) review the Company's financial statements and related management's discussion and analysis and any other annual reports or other financial information to be submitted to any governmental body or the public, including any certification, report, opinion or review

rendered by the external auditors before they are approved by the Board and publicly disclosed;

- (e) report to the Board in respect of the Company's financial statements prior to the Board approving such statements;
- (f) review with the Company's management and, if applicable, the external auditors, the Company's quarterly financial statements and related management's discussion and analysis, before they are released;
- (g) ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements other than the disclosure referred to in the two immediately preceding paragraphs and periodically assess the adequacy of such procedures;
- (h) review the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- (i) review with the Company's management any press release of the Company which contains financial information;
- (j) review analyses prepared by management and/or the external auditors setting forth significant reporting issues and judgments made in connection with the preparation of the Company's financial statements;

#### ***External Auditors***

- (k) recommend external auditors' nominations to the Board to be put before the shareholders for appointment and, as necessary, the removal of any external auditors in office from time to time;
- (l) approve the fees and other compensation to be paid to the external auditors;
- (m) pre-approve all significant non-audit engagements to be provided to the Company with the external auditors;
- (n) require the external auditors to submit to the Committee, on a regular basis (at least annually), a formal written statement delineating all relationships between the external auditors and the Company and discuss with the external auditors any relationships that might affect the external auditors' objectivity and independence;
- (o) recommend to the Board any action required to ensure the independence of the external auditors;
- (p) advise the external auditors of their ultimate accountability to the Board and the Committee;
- (q) oversee the work of the external auditors engaged for the purpose of preparing an audit report or performing other audit, review and attest services for the Company;
- (r) evaluate the qualifications, performance and independence of the external auditors which are to report directly to the Committee, including (i) reviewing and evaluating the lead partner on the external auditors' engagement with the Company, (ii) considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, (iii) determine the rotation of the lead audit partner and the audit firm, and (iv) take into account the opinions of management and the internal audit function in assessing the external auditors' qualifications, independence and performance;
- (s) present the Committee's conclusions with respect to its evaluation of external auditors to the Board and take such additional action to satisfy itself of the qualifications, performance

and independence of external auditors and make further recommendations to the Board as it considers necessary;

- (t) obtain and review a report from the external auditors at least annually regarding the external auditors' internal quality-control procedures; material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more external audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the external auditors and the Company;
- (u) establish policies for the Company's hiring of employees or former employees of the external auditors;
- (v) monitor the relationship between management and the external auditors including reviewing any management letters or other reports of the external auditors and discussing any material differences of opinion between management and the external auditors;

### ***Financial Reporting Process***

- (w) periodically discuss the integrity, completeness and accuracy of the Company's internal controls and the financial statements with the external auditors in the absence of the Company's management;
- (x) in consultation with the external auditors, review the integrity of the Company's financial internal and external reporting processes;
- (y) consider the external auditors' assessment of the appropriateness of the Company's auditing and accounting principles as applied in its financial reporting;
- (z) review and discuss with management and the external auditors at least annually and approve, if appropriate, any material changes to the Company's auditing and accounting principles and practices suggested by the external auditors, internal audit personnel or management;
- (aa) review and discuss with the Chief Executive Officer ("CEO") and the Chief Financial Officer (the "CFO") the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the interim and annual filings with applicable securities regulatory authorities;
- (bb) review disclosures made by the CEO and CFO during their certification process for the annual and interim filings with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees who have a significant role in the Company's internal controls;
- (cc) establish regular and separate systems of reporting to the Committee by management and the external auditors of any significant decision made in management's preparation of the financial statements, including the reporting of the view of management and the external auditors as to the appropriateness of such decisions;
- (dd) discuss during the annual audit, and review separately with each of management and the external auditors, any significant matters arising from the course of any audit, including any restrictions on the scope of work or access to required information; whether raised by management, the head of internal audit or the external auditors;
- (ee) resolve any disagreements between management and the external auditors regarding financial reporting;
- (ff) review with the external auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have

been implemented at an appropriate time subsequent to the implementation of such changes or improvements;

- (gg) retain and determine the compensation of any independent counsel, accountants or other advisors to assist in its oversight responsibilities (the Committee shall not be required to obtain the approval of the Board for such purposes);
- (hh) discuss any management or internal control letters or proposals to be issued by the external auditors of the Company;

#### ***Corporate Controls and Procedures***

- (ii) receive confirmation from the CEO and CFO that reports to be filed with Canadian Securities commissions and any other applicable regulatory agency: (a) have been prepared in accordance with the Company's disclosure controls and procedures; and (b) contain no material misrepresentations or omissions and fairly presents, in all material respects, the financial condition, results of operations and cash flow as of and for the period covered by such reports;
- (jj) receive confirmation from the CEO and CFO that they have concluded that the disclosure controls and procedures are effective as of the end of the period covered by such reports;
- (kk) discuss with the CEO and CFO any reasons for which any of the confirmations referred to in the two preceding paragraphs cannot be given by the CEO and CFO;

#### ***Code of Conduct and Ethics***

- (ll) review and discuss the Company's Code of Business Conduct and Ethics and the actions taken to monitor and enforce compliance with the Code;
- (mm) establish procedures for: i) the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and ii) the confidential, anonymous submission of concerns regarding questionable accounting, internal control and auditing matters;

#### ***Legal Compliance***

- (nn) confirm that the Company's management has the proper review system in place to ensure that the Company's financial statements, reports, press releases and other financial information satisfy Applicable Law;
- (oo) review legal compliance matters with the Company's legal counsel;
- (pp) review with the Company's legal counsel any legal matter that the Committee understands could have a significant impact on the Company's financial statements;
- (qq) conduct or authorize investigations into matters within the Committee's scope of responsibilities;
- (rr) perform any other activities in accordance with the Charter, the Company's constituting documents and Applicable Law the Committee or the Board deems necessary or appropriate;
- (ss) maintain minutes and other records of meetings and activities of the Committee;

#### ***Related Party Transactions***

- (tt) review the financial reporting of any transaction between the Company and any officer, director or other "related party" (including any shareholder holding an interest greater than 5% in the Company) or any entity in which any such person has a financial interest;

- (uu) review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures;

***Reporting and Powers***

- (vv) report to the Board following each meeting of the Committee and at such other times as the Board may consider appropriate; and
- (ww) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

**4. LIMITATION OF RESPONSIBILITY**

While the Committee has the responsibilities and powers provided by this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management (with respect to whom the Committee performs an oversight function) and the external auditors.

