

DIRECT COMMUNICATION SOLUTIONS, INC.

INFORMATION CIRCULAR

THIS INFORMATION CIRCULAR CONTAINS INFORMATION AS AT AUGUST 8, 2022.

This Information Circular is furnished in connection with the solicitation of Proxies by the management of the Company for use at the Annual and Special General Meeting (the “Meeting”) of the shareholders of DIRECT COMMUNICATION SOLUTIONS, INC. (the “Company”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment thereof.

“Beneficial Shareholders” means shareholders who do not hold Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the voting shares of common stock in the capital of the Company (the “Shares”) held on a record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. All costs of this solicitation will be borne by the Company.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy are directors, officers or other representatives of the Company. A shareholder entitled to vote at the Meeting has the right to appoint a person or company, who need not be a shareholder, to attend and act for the shareholder on the shareholder's behalf at the Meeting other than either the persons or company designated in the accompanying form of proxy, and may do so either by inserting the name of that other person in the blank space provided in the accompanying form of proxy or by completing and delivering another suitable form of proxy.

Voting by Proxyholder

The persons named in the accompanying form of proxy will vote or withhold from voting the Shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If the shareholder has specified a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. The proxy confers discretionary authority on the nominees named therein with respect to:

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

In respect of a matter for which a choice is not specified in the proxy, the persons named in the accompanying form of proxy will vote the Shares represented by the proxy at their own discretion for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting **via audio conference call at (605) 472-5594; Access Code: 530196**. Registered shareholders electing to submit a proxy must complete, date and sign the enclosed form of proxy and return it to the Company's transfer agent, TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1. You may alternatively fax your proxy to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111 or scan and email to proxyvote@tmx.com.

Registered Shareholders must ensure the proxy is received by TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1 at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof, unless otherwise provided in the instructions accompanying the proxy.

Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders 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, or as set out in the following disclosure, can be recognized and acted upon at the Meeting.

If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the 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).

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

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

The Company is availing itself under National Instrument 54-101 for the Company to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a Voting Instruction Form ("VIF") from our transfer agent, TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1. The VIF is to be completed and returned to the transfer agent in the envelope provided or by facsimile, or a NOBO has the option to submit their proxy vote either by telephone or via the internet in the manner described on the VIF. The transfer agent shall tabulate the results of the voting on the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Shares represented by those VIFs.

These securityholder materials are sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

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

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

The form of proxy supplied to a Beneficial Shareholder by 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 mails a VIF in lieu of the form of proxy provided by the Company. The VIF will name the same persons as the proxy to represent the Beneficial Shareholder at the Meeting, and that person may be the Beneficial Shareholder themselves. A Beneficial Shareholder has the right to appoint a person (who need not be a Beneficial Shareholder of the Company) other than the persons designated in the VIF, to represent the Beneficial Shareholder at the Meeting. To exercise this right, the Beneficial Shareholder should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF from Broadridge cannot use it to vote Shares directly at the Meeting - the VIF must be returned to Broadridge, as the case may be, well in advance of the Meeting in order to have the Shares voted. Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his 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, Beneficial Shareholders may request in writing that their broker send to them a legal proxy which would enable them to attend at the Meeting and vote their Shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law. In addition, a proxy may be revoked by the registered shareholder personally by attending the Meeting and voting the registered shareholder's Shares. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Company (the “Board”) has fixed **August 8, 2022** as the record date (the “Record Date”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

As of **August 8, 2022**, the Company had outstanding **16,135,640** fully paid and non-assessable Shares without par value, each carrying the right to one vote.

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

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares</u>
CDS & Co. ⁽¹⁾	8,135,420	50.4%
Chris Bursey	6,500,000	40.3%

⁽¹⁾ The beneficial shareholders represented by this registered holder(s) are unknown.

The above information was supplied to the Company by the Company's transfer agent.

FINANCIAL STATEMENTS

The comparative audited financial statements of the Company for the year ended December 31, 2021 and the report of the auditor thereof will be placed before the Meeting. The audited financial statements, the report of the auditor, together with the management's discussion and analysis can be found on www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to approve the resolutions described herein, except that the resolution to amend the Company's Certificate of Incorporation requires the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the issued and outstanding shares of capital stock of the Company. A special resolution is a resolution passed by a majority of not less than **two-thirds (2/3rds)** of the votes cast by the shareholders who, being entitled to do so, voted by proxy at the Meeting. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the Delaware General Corporation Law, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at August 8, 2022.

Name, Office Held, Residence and Date First Appointed	Present Occupation and if not elected director Occupation for past 5 years	# of Shares Beneficially Owned, Directly or Indirectly, or Over which Control of Direction is Exercised at the date of this Information Circular
Chris Bursey <i>CEO and Director</i> California, USA June 15, 2008	Mr. Bursey has served as Chairman and CEO of the Company and its Florida predecessor since March 2015. He has had many years of industry experience in M2M and the evolution of IoT, having led sales growth and key business development initiatives at Novatel Wireless, Motorola Module Division – Israel, Wavecom and CalAmp. Mr. Bursey has been part of the development of the original wireless IP standard cellular digital packet data through the evolution of 4G LTE. In 2005 Mr. Bursey created NexAira Inc., the first boutique mobile data distributor that provided mobile internet devices to rural carriers in North America. Mr. Bursey served in the U.S. Navy from 1985 to 1993.	6,500,000 ⁽²⁾
William Espley ⁽¹⁾ <i>Director</i> Vancouver, B.C. February 8, 2018	Mr. Espley has served as a director of the Company since February 2018. He has been a director of Predictive Health Analytics Inc. since October 2017 and was a director of American Bullion Minerals Ltd. from August 2008 to July 2011.	741,350 ⁽²⁾

<p>Mike Zhou <i>Director</i> B.C., Canada June 1, 2021</p>	<p>Mr. Zhou has recently held management positions and director roles in the financial-technology, digital marketing, consulting, and financial sectors. From 2013 to 2015, Mike was with BiYond Corp., serving as Corporate Development Manager. Under his management, the firm successfully launched a multi-million financial technology joint venture and structured the merger and acquisition of a digital marketing corporation. From 2017 to 2018, Mr. Zhou held a position with PI Financial, a privately-owned Canadian brokerage firm, where he worked directly with the Vice President and Managing Director as an Analyst and Associate. From 2019 to present, Mike has served as owner and President of a private investment and consulting firm that is primarily involved with the North American capital markets. Mike holds a Bachelor of Science Degree in Statistics and Economics with Minor in Commerce (Saunders School of Business) from UBC. He also holds the Project Management Professional designation from Project Management Institute (PMI). Mike previously served as a board member for various Canadian public companies, including Explores Resources Inc.</p>	<p>Nil</p>
<p>David Diamond ⁽¹⁾ <i>Director</i> California, USA July 28, 2022</p>	<p>Director, Vaneltix Pharmaceuticals, 2022 - Present Board of Advisors, ScynceLED, 2021 – Present; Lead Independent Director and Audit Committee Chair, RenovoRx, Inc., 2021 - Present Audit Committee Chair and Director, Oncotelic Therapeutics, 2020 - 2021 Director, Kreston International, 2008 — 2016; Director, San Diego Venture Group, 2008 — 2015</p>	<p>Nil</p>
<p>Julie Hajduk ⁽¹⁾ <i>Director</i> Vancouver, B.C. July 28, 2022</p>	<p>Ms. Hajduk is a multifaceted investor relations specialist with over 20 years' experience working in the junior mining sector with Vancouver-based resource companies as well as US based bio-tech pharmaceutical companies. Julie has previously served on the Board for several public companies. Ms. Hajduk has successfully raised seed, non-brokered and brokered capital for her clients using her broad contact base that includes a particular emphasis on the retail market. Today, she is the President and CEO of Li-FT Power, a precious metal exploration company engaged in the acquisition, exploration, and development of mineral properties, specifically lithium pegmatite projects located in Canada.</p>	<p>Nil</p>

(1) Member of Audit Committee David Diamond is the Chair

(2) Shares held directly and indirectly

Unless instructions are given to abstain from voting with respect to the election of directors, the persons named as proxy holders in the enclosed form of proxy intend to vote **FOR** the election of management's nominees. If, for any reason, any of the above proposed nominees are unable or unwilling to stand for election or to serve as directors, the Company may nominate such alternative nominees as it may see fit.

If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be elected.

Other than as set out above, no proposed director (including any personal holding company of a proposed director), is:

- (1) as at the date of the Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), 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 such person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (b) was subject to an order that was issued after such person 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 a director, chief executive officer or chief financial officer;
- (2) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, 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;
- (3) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal 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; or
- (4) has been subject to:
 - (a) any penalties or sanctions imposed by a court relation to securities legislation or by a securities regular authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; 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. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The current members of the audit committee are **David Diamond (Chair), William Espley and Julie Hajduk and**. Further biographical information on these individuals can be found under “Directors and Executive Officers.”

Pursuant to Canadian securities laws, the Board of Directors have determined that the members of the audit committee are financially literate, as all have experience in reviewing and analysing the financial reports and ascertaining the financial position of a corporation.

David Diamond

David is the National Life Sciences and Technology Practice Lead at Mayer Hoffman McCann P.C. a national CPA firm. His record of success is built on 30+ years of experience in both public accounting and industry. He is an active CPA and a former auditor. David is current on FASBs and changes in the accounting industry. David successfully grew two local CPA firms in San Diego and sold them to national CPA firms. He started a Life Science practice in San Diego and grew it into a National Practice. David leads the practice which is currently the second largest Life Sciences practice in San Diego. He has deep experience in the life science industry. He has worked with companies such as Agouron Pharmaceuticals, Invitrogen, NantKwest, Ignyta, Organovo, OncoSec, Aridis, Mustang, Innovate Pharma, Krystal Biotech, Menlo Therapeutics, and a host of other public and privately-backed life sciences companies. He extensively consults with US and international private life science companies on going public with a focus on strategy. David leverages his international contacts to help companies enter international markets. He is a subject matter expert on financial and strategic subjects affecting public companies at events and regularly speaks at industry events including ROTH Capital Conference, Oppenheimer Healthcare Conference, and the OBN Conference in London. David was a Founding Member of UCSD Connect. He is also a Certified Director in Corporate Governance – UCLA Anderson Graduate School of Management and a CPA in USA, Israel and South Africa

William Espley

Mr. Espley has worked in executive roles with a variety of established and startup companies in the US and Canada over the course of his extensive career.

Julie Hajduk

Ms Hajduk is President & Chief Executive Officer at Purple Crown Communications Corp. and Chief Executive Officer & Director at Li-FT Power Ltd. She is also on the board of KR Investment Ltd., Cavenham Gold Corp., and Little Fish Acquisition I Corp.

Julie Hajduk previously occupied the position of Head-Investor Relations for Global Care Capital, Inc., Head-Corporate Communications at Triumph Gold Corp., Head-Corporate Communications at North Arrow Minerals, Inc., Director & Head-Investor Relations at Simba Gold Corp., Secretary at

Cascade Resources Ltd. and President, Chief Executive Officer & Director
at Gravis Energy Corp.

Additionally, all members of the audit committee qualify as “independent” as that term is defined in the relevant Canadian securities laws relating to the composition of the audit committee.

Corporate Governance

Constitution of the Board of Directors

The Board of Directors is responsible for the Company’s stewardship and for the supervision of the management of the Company’s business and affairs. The Board of Directors is currently comprised of **five (5)** directors. The size and composition of the Board reflects backgrounds and experience the Board considers adequate for the effective governance of the Company.

The Board of Directors has determined that four (4) of the five (5) directors are “independent” in accordance with Canadian securities laws. Chris Bursey as the Chief Executive Officer is not considered independent.

The Board of Directors is satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy the mandate established by law to supervise the Company’s business and affairs and that there are sufficient systems and procedures in place to allow the Board to function independently of management.

The Board of Directors intends to adopt a process to evaluate the functioning of the Board, each of the committees and individual directors.

New members of the Board of Directors are provided with the necessary information about the role of the Board, the committees and the Company’s directors and about the Company and its business. In addition, the Board of Directors shall have access to the Company’s legal counsel to receive updates as necessary with respect to applicable regulatory or other requirements relating to the role and responsibilities of directors, the Board of Directors or the relevant committee. The Board of Directors shall also receive presentations from management from time to time relating to specific aspects of its business.

Committees of the Board

The Board of Directors has established an audit committee, which has adopted specific written mandates. Such mandates include a description of the role and responsibilities of the committee, reporting to the Board of Directors with respect to the activities of the committee, and reviewing and assessing the adequacy of its mandate and its effectiveness in fulfilling its mandate.

Audit Committee Charter

The audit committee’s mandate and charter is as follows:

A. Purpose

The overall purpose of the audit committee is to assist the Board of Directors in fulfilling its oversight responsibilities related to the quality and integrity of financial reporting, including ensuring fair presentation of the financial position and results of operations of the Company in accordance with Canadian general accepted accounting principles. The audit committee will also ensure that management has designed and implemented an effective system of internal financial controls and review their compliance with regulatory and statutory requirements as they relate to consolidated financial statements, taxation matters and disclosure of material facts.

B. Composition

1. The audit committee shall consist of at least three members of the Board of Directors, all of whom shall be “independent directors”, as that term is defined in NI 52-110, “Audit Committees”. The Board of Directors shall have appointed an Audit Committee Chair Member on an annual basis.
2. The Board of Directors, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the audit committee for the ensuing year. The Board of Directors at any time remove or replace any member of the audit committee and may fill any vacancy in the audit committee.
3. Each member of the audit committee shall be a member of the Board of Directors, in good standing, and the majority of the members of the audit committee shall be independent in order to serve on this committee.
4. At least one of the members of the audit committee shall be financially literate (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company’s consolidated financial statements).
5. Review the audit committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Directors. Consider changes that are necessary as a result of new laws or regulations.
6. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The audit committee may ask members of the management or others to attend the meetings and provide pertinent information as necessary.
7. The secretary of the audit committee shall be designated from time to time from one of the members of the audit committee, or, failing that, shall be the corporate secretary, unless otherwise determined by the audit committee.
8. The quorum for meeting shall be a majority of the members of the audit committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

C. Core Responsibilities

I. The oversight duties and responsibilities of the audit committee shall be as follows:

1. To assist the Board of Directors in the discharge of its responsibilities relating to accounting principles, reporting practices and internal controls and its approval of the Company’s annual and quarterly consolidated financial statements.
2. To ensure that management has designed, implemented and is maintaining an effective system of internal financial controls.
3. Report regularly to the Board of Directors on the fulfillment of its duties and responsibilities.

II. The duties and responsibilities of the audit committee as they relate to the independent auditors shall, in general, be to oversee the work of the independent auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of

disagreements between management and the independent auditor regarding financial reporting. Specifically, these duties and responsibilities include the following:

1. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the Board of Directors.
2. The audit committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
3. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the Board of Directors any proposed discharge of the independent auditors.
4. Review with the management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
5. Consider, with the management, the rationale for employing accounting firms rather than the principal independent auditors.
6. Inquire of the management and the independent auditors about significant risks or exposures facing the Company; assess the steps the Management has taken or proposes to take to minimize such risks to the Company; and periodically review compliance with such steps.
7. Review with the independent auditor, upon completion of their audit, the following:
 - (a) the audit scope and plan of the independent auditors;
 - (b) the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;
 - (c) content of the report to the audit committee;
 - (d) adequacy of the Company's financial and auditing personnel;
 - (e) co-operation received from the Company's personnel during the audit;
 - (f) significant transactions outside the normal business of the Company;
 - (g) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
 - (h) any significant changes to their audit plan; and
 - (i) any serious difficulties or dispute with management encountered during the audit.
8. Inquire regarding the "quality of earnings" of the Company from a subjective as well as an objective standpoint.
9. Review with the independent auditors any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.

10. Review with the management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structure, if any.

11. Review with the management, the independent auditors, the interim annual financial report before it is filed with the regulatory authorities.

12. Review with the independent auditor that performs an audit: (a) all critical accounting policies and practices used by the Company; and (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management of the Company, the ramifications of each alternative and the treatment preferred by the Company.

13. Review all material written communications between the independent auditors and the management.

14. Review with the management and the independent auditors: (a) the Company's annual financial statements and related foot notes; (b) the independent auditors' audit of the financial statements and their report thereon; (c) the independent auditor's judgments about the quality, not just the acceptability of the Company's accounting principles as applied in its financial reporting; (d) any significant changes required in the independent auditors' audit plan; and (e) any serious difficulties or disputes with the Management encountered during the audit.

15. Periodically review the Company's code of conduct to ensure that it is adequate and up-to-date.

16. Review the procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.

17. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.

18. The audit committee will perform such other functions as assigned by law, the Company's articles, or the Board of Directors.

19. Review and approve hiring policies for employees or former employees of the past and present independent auditors.

III. The duties and responsibilities of the audit committee as they relate to the internal control procedures are to:

1. Review and approve the internal control assessment plan.
2. Review any significant findings and recommendations, and management's response thereto.
3. Review the appropriateness and effectiveness of the policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management.
4. Review any unresolved issues between management and the independent auditors that could affect the financial reporting or internal controls.

5. Review all material written communications between the independent auditors and management.
6. Periodically review the financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the independent auditors have been implemented.

IV. The audit committee is also charged with the responsibility to:

1. Review the quarterly financial statements and associated management's discussion and analysis and earnings release and recommend approval to the Board of Directors with respect thereto.
2. Review and approve the financial sections of (a) the annual report to shareholders; (b) the annual information form; (c) prospectuses and other offering documents; and (d) other public reports requiring approval by the Board of the Directors and report to the Board of Directors with respect thereto.
3. Review regulatory filings and decisions as they relate to the consolidated financial statements.
4. Review the appropriateness of the policies and procedures used in the preparation of the consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies.
5. Review and report on the integrity of the consolidated financial statements.
6. Review the minutes of any audit committee meetings of subsidiary companies.
7. Review with management, the independent auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results and the manner in which such matters have been disclosed in the consolidated financial statements.
8. Review the compliance with regulatory and statutory requirements as they relate to consolidated financial statements, tax matters and disclosure of materials facts.
9. Review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditors.
10. Receive a report annually from management of all accounting firms employed, other than the principal independent auditors, with such report to include the nature of the services performed and the fees charged.
11. Develop a calendar of activities to be undertaken by the audit committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Committee following each annual general meeting of shareholders.
12. Establish and periodically review procedures for: (a) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

D. Appointment and Responsibilities of the Audit Committee Chair:

The audit committee shall appoint from its members an Audit Committee Chair (the members of the Audit Committee are Julie Hajduk, Bill Espley and David Diamond. David is also the Chair). The fundamental responsibility of the Audit Committee Chair is to be responsible for the management and effective performance of the audit committee and provide leadership to the audit committee in fulfilling its core responsibilities and any other matters delegated to it by the Board of Directors. To that end, the Audit Committee Chair's responsibilities shall include:

1. Working with the Board of Directors to establish the frequency of the audit committee meetings.
2. Provide leadership to the audit committee and presiding over the audit committee meetings.
3. Facilitating the flow of information to and from the audit committee and fostering an environment in which audit committee members may ask questions and express their viewpoints.
4. Reporting to the Board of Directors with respect to the significant activities of the audit committee and any recommendation of the audit committee.
5. Leading the audit committee in annually reviewing and assessing the adequacy of its terms of reference and evaluating its effectiveness in fulfilling its terms of reference.
6. Taking such other steps as are reasonably required to ensure that the audit committee carries out its core responsibilities.

E. Authority

1. The audit committee shall have access to such officers and employees and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
2. The independent auditors shall have a direct line of communication to the audit committee through its Audit Committee Chair and may bypass management if deemed necessary. The audit committee, through its Audit Committee Chair, may contact directly any of the Company's employee as it deems necessary, and any employee may bring before the audit committee any matter involving questionable, illegal or improper financial practices or transactions.
3. The audit committee shall have authority to engage independent counsel, consultants and other advisors at the expense of the Company, as it determines to be necessary or advisable to carry out its duties and responsibilities, including setting and authorizing the payment of the compensation for any advisors employed by the audit committee, and to communicate directly with the internal and independent auditors.

F. Accountability

1. The Audit Committee Chair has the responsibility to make periodic reports to the Board of Directors, as requested, on financial reporting and internal financial control matters relative to the Company.
2. The audit committee shall report its discussions to the Board of Directors by maintaining its meetings and providing an oral report at the next Board of Directors' meeting.

G. Meetings

Meetings of the audit committee shall be conducted as follows:

1. The audit committee shall meet at least once annually at such times and at such locations as may be requested by the Audit Committee Chair of the audit committee. The independent auditors or any member of the audit committee may request a meeting of the audit committee.
2. Notice of the time and place of every meeting of the audit committee shall be given in writing to each member of the audit committee a reasonable time before the meeting.
3. The external auditors shall receive notice of and have the right to attend all meetings of the audit committee.
4. Agendas for meetings of the audit committee shall be developed by the Audit Committee Chair of the audit committee in consultation with management, and should be circulated to audit committee members one week prior to audit committee meetings.
5. The following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the independent auditors: (a) Chief Executive Officer; and (b) Chief Financial Officer.
6. Other management representatives shall be invited to attend as necessary.
7. A member of the audit committee may be designated as the liaison member to report on the deliberations of the audit committee to the Board.

The audit committee is currently comprised of independent directors. Please see the biographies provided in the “Directors and Executive Officers” section for their relevant education and business experience.

The Company does not restrict the number of other audit committees on which members of the Company’s audit committee may serve.

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

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia) not adopted by the Board.

Reliance on Certain Exemptions

During the most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of National Instrument 52-110 *Audit Committees*. Section 2.4 provides 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 all the non-audit services not pre-approved is reasonably expected to be no more than 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided, the Company did not recognize the services as non-audit services at the time of engagement, and the services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of the Instrument, 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 National Instrument 52-110 *Audit Committees*, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia to the Company to ensure auditor independence. Fees incurred with Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year ended December 31, 2021	Fees Paid to Auditor in the prior Fiscal Year
Audit Fees (1)	\$ 115,000	\$102,500
Audit-Related Fees (2)	Nil	Nil
Tax Fees (3)	Nil	Nil
All Other Fees (4)	Nil	Nil
Total	\$115,000	\$ 102,500

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include fees for services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

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(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

Directorships

The following table sets forth the directors of the Company who currently hold directorships on other reporting issuers:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer(s)</u>	<u>Marketplace</u>
William Espley	Predictive Health Analytics Inc.	Not Listed
David Diamond	RenovoRx, Inc. Oncotelic Therapeutics Inc.	NASDAQ OTCQB
Julie Hajduk	Little Fish Acquisition I Corp. Li-FT Power Ltd. KR Investment Ltd.	NEX CSE TSXV

Orientation and Continuing Education

The orientation policy of the Company is that a representative of the Board of Directors briefs all new directors with respect to the policies of the Board of Directors and other relevant corporate and business information.

The Board does not currently provide any formal continuing education.

Ethical Business Conduct

The Company has not yet adopted a complete code of ethics policy, however the Company has adopted a disclosure policy that applies to all directors, officers and employees of the Company, as part of a program to establish a comprehensive code of ethics.

Nomination of Directors

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. The Board does not have a nominations committee or a formal procedure with respect to the nomination of directors and does not have any defined policy or procedure requirements of shareholders to submit recommendations or nominations for directors.

The Company does not currently have any specific documented criteria for the election of nominees to the Board and it does not have any specific process or procedure for evaluating such nominees, however the Board currently operates on the basis that new nominees optimally have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

The Board of Directors is responsible for determining all forms of compensation to be paid to members of the Board and the executive team, and in doing so takes into account the types of compensation and the amounts paid to directors and officers of comparable publicly traded companies.

Other Board Committees

Other than the Audit Committee, the Board currently has no committees and believes that given the current size of the organization, the functions of all common committees can be responsibly performed by the directors. All proceedings of the Board are conducted by way of formal meetings or through resolutions consented to in writing by all of the directors of the Company.

The Board does not have a formal process for reviewing the contributions of individual directors, however informal evaluations of members' contributions are usually performed during regular Board meetings.

Exemption

The Company is relying upon the exemption in section 6.1 of National Instrument 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The Compensation Discussion and Analysis section explains the compensation program for the fiscal year ended December 31, 2021 for the Company's Named Executive Officers.

Compensation Discussion and Analysis

The compensation of the executive officers is determined by the Board of Directors, based in part on recommendations from the Chief Executive Officer.

The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, the Board members base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies comprising the peer group of the Company while also taking into account our relative performance and strategic goals. Companies selected for comparison are publicly traded, internet of things hardware and software business companies of a similar size to the Company with operations considered to be analogous.

Executive officer compensation consists of three basic elements: i) base salary; ii) stock options; iii) and cash bonuses. The details are set out in the Summary Compensation Table.

The base salary established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board. In deciding on the salary portion of the compensation of the executive officers, major consideration is given to the fact that the Company has a limited operating history, has not yet achieved profitability and must rely on funds raised from equity or debt financing. Therefore, greater emphasis may be placed on stock option compensation.

The stock option portion of the compensation is designed to provide the executive officers of the Company with a long-term incentive in developing the Company's business. Options granted under the Company's stock option plan are approved by the Board, and if applicable, its subcommittees, after consideration of the Company's overall performance and whether the Company has met targets set out by the executive officers in their strategic plan.

Compensation Philosophy and Objectives

The primary goals of the Company's executive compensation program are to:

- attract, retain, motivate and reward talented executives;
- tie annual and long-compensation incentives to achievement of specified performance objectives inherent in the Company's business strategy;
- create long-term value for the Company's shareholders by aligning the interests of the Company's executives with those of the Company's shareholders; and
- provide the Company's executives with a total compensation package that recognizes individual contributions, as well as overall business results.

To achieve these goals, the Company intends to maintain compensation plans that tie a substantial portion of the Company's executive overall compensation to the achievement of key strategic, operation and financial goals and appreciation in the Company's stock price.

Components of Executive Compensation

Base Salary

In the view of the board of directors of the Company, paying base salaries that are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies within the industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications. The salaries for the Named Executive Officers (excluding the grant date value of option awards) ranged from US\$216,923 to US\$297,797 in 2021.

Performance Bonus

The Company's objective will be to achieve certain strategic objectives and milestones. The Board will consider cash bonus compensation for its officers dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. Bonuses are awarded at the discretion of the Chief Executive Officer.

Option Plan Awards

The Board believes that encouraging its officers and employees to become shareholders or have a significant portion of their potential income tied to appreciation of the price of the Company's shares, is the best way of aligning their interests with those of its shareholders. Equity participation will be accomplished through the Company's 2017 Stock Option Plan (or any successor plan thereof). Stock options are expected to be granted to officers taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are expected to generally be granted to officers and vest on terms established by the Board.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES
(for the fiscal year ended December 31, 2021)

Name and Principal position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of Perquisites (US\$)	All other compensation (US\$)	Total compensation (US\$)
Chris Bursey <i>Chief Executive Officer</i>	2021	\$216,923	Nil	Nil	Nil	Nil	\$216,923
	2020	\$259,963	\$10,000	Nil	Nil	Nil	\$269,963
Rich Gomberg⁽¹⁾ <i>Chief Financial Officer</i>	2021	\$297,797	Nil	Nil	Nil	Nil	\$297,797
	2020	\$302,130	\$10,000	Nil	Nil	Nil	\$312,130
Dave Scowby <i>Chief Operating Officer</i>	2021	\$228,868	Nil	Nil	Nil	Nil	\$228,868
	2020	\$230,924	\$1,000	Nil	Nil	Nil	\$231,924
Michael T. Lawless <i>Executive Vice-President Business Development</i>	2021	\$216,868	Nil	Nil	Nil	Nil	\$216,868
	2020	\$181,942	\$10,000	Nil	Nil	Nil	\$191,942
Eric Placzek <i>Chief Technology Officer</i>	2021	\$251,963	Nil	Nil	Nil	Nil	\$251,963
	2020	\$204,699	\$1,000	Nil	Nil	Nil	\$205,699

(1) Mr. Gomberg receives his remuneration as a consultant to the Company through a third party contract services corporation. Mr. Gomberg resigned as the CFO on March 31, 2022

COMPENSATION SECURITIES
(for the fiscal year end of December 31, 2021)

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (CDN\$/US\$)	Closing price of security or underlying security on date of grant (CDN\$/US\$)	Closing price of security or underlying security at year end (CDN\$/US\$)	Expiry Date
Eric Placzek <i>CTO</i>	Stock Options	250,000	March 19, 2021	CDN\$1.99/US\$1.59	C\$1.99/US\$1.59	CDN\$0.56/US\$0.44	March 19, 2031
Rich Gomberg, ⁽¹⁾ <i>CFO</i>	Stock Options	125,000	March 19, 2021	CDN\$1.99/US\$1.59	C\$1.99/US\$1.59	CDN\$0.56/US\$0.44	March 19, 2031
Mike Zhou <i>Director</i>	Stock Options	100,000	June 1, 2021	CDN\$1.16/US\$0.97	CDN\$1.16/US\$0.97	CDN\$0.56/US\$0.44	June 1, 2031

1. Mr. Gomberg resigned as the CFO on March 31, 2022

(1) The total amount of compensation securities, and underlying securities, held by each named executive officer or director on the last day of the most recently completed financial year end are as follows:			
Name	Type of Compensation Securities	Number	Description of Underlying Securities
Dave Scowby, <i>Chief Operating Officer</i>	Stock options	1,000,000	Shares of common stock
Michael T. Lawless, <i>Executive Vice-President Business Development</i>	Stock options	1,000,000	Shares of common stock
Eric Placzek <i>Chief Technology Officer</i>	Stock options	250,000	Shares of common stock
Chris Bursey <i>Chief Executive Officer and Director</i>	Stock options	20,000	Shares of common stock

Rich Gomberg⁽²⁾ <i>Chief Financial Officer</i>	Stock options	125,000	Shares of common stock
William Espley <i>Director</i>	Stock options	100,000	Shares of common stock
Edward O’Sullivan⁽²⁾ <i>Director</i>	Stock options	115,000	Shares of common stock
Winston Wong⁽³⁾ <i>Director</i>	Stock options	66,667	Shares of common stock
John Hubler⁽⁴⁾ <i>Director</i>	Stock options	100,000	Shares of common stock
Mike Zhou <i>Director</i>	Stock options	100,000	Shares of common stock

(2) Resigned March 31, 2022

(3) Resigned May 26, 2021

(4) Resigned July 28, 2022

The Company’s compensation securities are granted pursuant to its stock option plan which allows for the grant of options to the Company’s directors, officers, and full-time and part-time employees and consultants. The Company’s Board of Directors is responsible for administering the stock option plan and any determinations by the Board of Directors shall be final, binding and conclusive upon all persons having interest in the stock option plan. Any officers shall have the authority to act on behalf of the Company with respect to any matter, right obligation, or election which is the responsibility or which is allocated to the Company, subject to the provisions of the plan, on such terms and conditions including: (i) the time or times at which options may be granted; (ii) the exercise price; (iii) the time or times when each option vests and becomes exercisable and the duration of the exercise period (provided however that the exercise period may not exceed 10 years); and (iv) whether restriction or limitations to be imposed on the shares underlying options and the nature of such restrictions or limitations.

Pursuant to the stock option plan, as it was amended in connection with this Offering, so that the number of shares of common stock that may be issued under the stock option plan will automatically increase on January 1st of each year, commencing on January 1, 2020 and ending on (and including) January 1, 2027, to an amount equal to 29.99% of the total number of shares of common stock outstanding on December 31st of the preceding calendar year.

Special features of the stock option plan include:

Cashless Exercise.

All options granted under the stock option plan have an exercise price that is not less than the fair market value of the underlying shares at the time of grant, as determined by good faith by the Board of Directors.

An option granted under the stock option plan is exercisable no later than ten years after the date of grant. In order to facilitate the payment of the exercise of the options, the stock option plan allows for the payment of the exercise price by means of a cashless exercise that could involve a net-exercise defined as follows:

“Net-Exercise” means a procedure by which the Participant will be issued a number of whole shares of Stock upon the exercise of an Option determined in accordance with the following formula:

$$N = X(A-B)/A, \text{ where}$$

“N” = the number of shares of Stock to be issued to the Participant upon exercise of the Option;

“X” = the total number of shares with respect to which the Participant has elected to exercise the Option;

“A” = the Fair Market Value of one (1) share of Stock determined on the exercise date; and

“B” = the exercise price per share (as defined in the Participant’s Award Agreement)

Change in Control.

In the event of an amalgamation, combination, plan of arrangement, merger or other reorganization, including by sale or lease of assets or otherwise, or of the payment of an extraordinary dividend, the Company’s Board of Directors may make certain adjustments to outstanding options and authorize such steps to be taken as may be equitable and appropriate to that end. In the event of certain change in control transactions, where the stock option plan is neither assumed nor substituted for by the acquirer in connection with the change in control, the options shall terminate and cease to be outstanding effective as of the time of consummation of the change in control to the extent that the option is not exercised as of the date of the change in control. Shares acquired upon exercise of the option prior to the change in control and any consideration received pursuant to the change in control with respect to such shares shall continue to be subject to all applicable provisions of the stock option plan. If the stock option plan is terminated or amended in connection with a change in control, it shall be subject to prior written approval of the CSE.

Termination or Amendment.

The Company’s Board of Directors, may, without notice, at any time from time to time, amend, suspend, or terminate the stock option plan or any provisions in such respects as it determines appropriate, except as provided in connection with a change in control, it may not without the consent of the optionee materially alter or impair any rights or obligations arising from any option previously granted to such optionee under the stock option plan. No termination or amendment to the Stock Option Plan may be effective unless otherwise approved in writing by the CSE.

PENSION PLAN BENEFITS

The Company does not have a pension plan or provide any benefits following or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

In fiscal year ended 2021, the Company did not have a compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than US\$100,000 to compensate such executive officers in the event of resignation, retirement or other termination, a change of control of the Company or its subsidiaries or a change in responsibilities following a change in control, except as disclosed herein.

Service Agreements

The Company has entered into service agreements in relation to the services of each of the Named Executive Officers and the compensation to be paid by the Company pursuant to such agreements are as disclosed in the “Summary Compensation Table”. See “Executive Compensation”.

Termination and Change in Control Benefits

Termination of Employment

If the services agreement between the Company and Mr. Gomberg, Chief Financial Officer of the Company, is terminated by the Company without cause, Mr. Gomberg is entitled to receive any unpaid bonus with respect to the calendar year ending on or preceding the date of termination and an amount equal to US\$50,000, payable on the sixtieth (60th) day following Mr. Gomberg’s termination. In addition, all of the Chief Financial Officer’s outstanding stock options granted and after the effective date of his service agreement shall become immediately vested or become exercisable had employment continued through the next vesting date. If the services agreements between the Company and Mr. Scowby, Mr. Bursey, Mr. Lawless or Mr. Placzek is terminated without cause, they are entitled to receive from the Company any (i) accrued benefits; (ii) any unpaid bonuses with respect to the calendar year ending or preceding the date of the termination; (iii) an amount equal to fifty percent (50%) of the Executive’s then-current base salary; and (v) payments of COBRA premiums for six (6) months following termination. In addition, all of Executive’s outstanding stock options granted from and after the effective date shall become immediately vested for the portion that would have vested or become exercisable had employment continued through the next vesting date provided that the initial vesting date for such equity award occurred prior to the Executive’s termination date.

Change in Control

In the event of the resignation or termination of Mr. Gomberg, Chief Financial Officer, upon a change of control, the Company shall pay to Mr. Gomberg any accrued benefits, any unpaid bonuses, and an amount equal to US\$100,000.

In the event of the resignation or termination of Mr. Scowby, Mr. Bursey, Mr. Lawless or Mr. Placzek, upon a change of control, the Company shall pay to the Executive any (i) accrued benefits; (ii) any unpaid bonuses; (iii) an amount equal to one hundred percent (100%) of the Executive’s then-current base salary; (iv) and payments of COBRA premiums for six (6) months following termination.

EQUITY COMPENSATION PLAN INFORMATION

(as of December 31, 2021)

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	4,521,667	CDN\$1.56	167,461
Equity compensation plans <i>not</i> approved by securityholders	Nil	Nil	Nil
Total	4,521,667		167,461

There are no employment contracts between either the Company and the above-named executive officers other than disclosed herein.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “**Informed Person**” means (a) a Director or Executive Officer of the Company; (b) a Director or Executive Officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company's financial statements for the financial year ended December 31, 2021, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

An informed person is one who generally speaking is a director or executive officer or a 10% shareholder of the Company. To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2021, or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

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

STOCK OPTION PLAN

In October 2017, stockholders approved the adoption of the 2017 Stock Plan ("2017 Plan"), pursuant to which 3,500,000 shares of common stock were authorized for issuance. In June 2019, stockholders approved an increase in the number of authorized shares to 4,100,000 shares, and an annual evergreen feature that will adjust the number of authorized shares of common stock reserved to an amount equal to 29.99% of the Company's issued capital stock (other than the maximum number of shares that may be issued through ISOs, which is fixed at 4,100,000 shares). The 2017 Plan provides for the awards of ISOs, NQOs and restricted stock to the employees, directors, officers and consultants of the Company. The 2017 Plan will remain in effect until its termination by the Board, provided, however, that, all awards must be granted, if at all, within ten (10) years from October 5, 2017. The following is a summary of the material terms of the 2017 Plan:

- (a) employees, consultants and directors of the Company are eligible to receive awards under the 2017 Plan;
- (b) a number of shares currently equal to 4,100,000 of the issued and outstanding shares in the capital stock of the Company from time to time are reserved for the issuance of stock options. The Stock Option Plan has an annual evergreen feature that will adjust the number of authorized share reserved for issuance to an amount equal to 29.99% of the Company's issued capital stock, other than the maximum number of shares that may be issued through Incentive Stock Options ("ISOs") which is fixed at 4,100,000;
- (c) the exercise price of any options granted is determined by the Board in its sole discretion as of the date the Board grants the options, and if the Company is listed on the CSE, shall not be less than the last closing price of the Company's shares traded through the facilities of the CSE prior to the grant of the options;
- (d) options granted under the Stock Option Plan are issuable for a period of up to ten (10) years, and are not assignable or transferable except pursuant to the applicable limitations described in Rule 701 under the U.S. Securities Act, and the General Instructions to Form S-8 Registration Statement under the U.S. Securities Act;
- (e) if a majority of the shares that are subject to outstanding options are exchanged for or converted into shares of another corporation, the Company may unilaterally amend the outstanding options to provide that such option are for new shares. In the event of such amendment, the number of shares, subject to, and the exercise or purchase price per share of the outstanding options shall be adjusted in a fair and equitable manner as determined by the Company;
- (f) to the extent that an ISO becomes exercisable for the first time during any calendar year having a

- fair market value greater than US\$100,000, the portions of such options which exceed such amount shall be treated as non-statutory stock options;
- (g) payment of the exercise price for the shares being purchased pursuant to any option shall be made in accordance with the policies of the applicable stock exchange;
 - (h) if change in control is applicable, the Company may provide for any one or more of the following for the outstanding options: (i) accelerated vesting, (ii) assumption, continuation or substitution of options, or (iii) cash-out outstanding options;
 - (i) any person who is not an employee on the effective date of the grant of an option may be granted only a non-statutory stock option; and
 - (j) notwithstanding the foregoing, if an optionee dies, any vested options held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. AMENDMENT TO CERTIFICATE OF INCORPORATION

We are asking our shareholders to approve an amendment (the “Amendment”) of our Certificate of Incorporation. The following description is a summary only and is qualified in its entirety by reference to the complete text of the Amendment appended to this Proxy Statement as Annex A, which we encourage you to read in its entirety.

AMENDMENT TO ARTICLE 4 OF THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A CONSOLIDATION (REVERSE STOCK SPLIT) OF THE COMPANY’S OUTSTANDING SHARES OF COMMON STOCK AT A RATIO WITHIN A RANGE OF 1 AND ½ OLD SHARES FOR 1 NEW SHARE UP TO 10 OLD SHARES FOR 1 NEW SHARE

Introduction

The Board is recommending that the stockholders approve an amendment to the Company’s Certificate of Incorporation (the “Charter”) to effect a consolidation (reverse split) of the Company’s outstanding shares of common stock at a ratio within a range of 1 and ½ old share for 1 new share up to 10 old shares for 1 new share. If this proposal is approved, the Board or a committee of the Board will have the authority to decide whether to implement the split and the exact ratio of the split within this range, if it is to be implemented. If the Board decides to implement the split, it will become effective upon the filing of the amendment to the Company’s Charter with the Secretary of State of the State of Delaware (the “Effective Date”). If the consolidation (reverse split) is implemented, the number of issued and outstanding shares of common stock would be reduced in accordance with the exchange ratio selected by the Board or committee. The total number of authorized shares of common stock would not, however, be affected. The form of amendment to the Company’s Charter to effect the consolidation (reverse split) is attached as Annex A to this proxy statement.

The Board may not elect to implement a consolidation (reverse split).

Purpose and Background of the Consolidation (Reverse Split)

The Board’s primary objective in asking for the authority to effect a consolidation (reverse split) is to raise the per share trading price of our common stock. The Board believes that having the ability to implement a consolidation (reverse split) would better enable the Company to enable the listing of its common stock on the NASDAQ Capital Market. Also, if the consolidation (reverse split) is implemented, the Board believes it would facilitate higher levels of institutional stock ownership, where investment policies generally prohibit investments in lower-priced securities and better enable the Company to raise funds to finance operations.

The closing sale price of the Company’s common stock on the Record Date was \$1.00 per share. Accordingly, if the Company is not able to raise its stock price, the common stock shall not be eligible for listing.

The Board further believes that an increased stock price may encourage investor interest and improve the marketability of the Company’s common stock to a broader range of investors, and thus improve liquidity. Because of the trading volatility often associated with low-priced stocks, many brokerage firms and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. The Board believes that the anticipated higher market price resulting from a consolidation (reverse split) may enable institutional investors and brokerage firms with policies and practices such as those described above to invest in the Company’s common stock.

The purpose of seeking stockholder approval of a range of exchange ratios from 1 and ½ old shares for 1 new share up to 10 old shares for 1 new share (rather than a fixed exchange ratio) is to provide the Company with the flexibility to achieve the desired results of the consolidation (reverse split). If the stockholders approve this

proposal, the Board or a committee of the Board would effect a consolidated (reverse split) only upon the Board or the committee's determination that a consolidation (reverse split) would be in the best interests of the Company at that time. If the Board were to effect a consolidated (reverse split), the Board would set the timing for such a split and select the specific ratio within the permitted range. No further action on the part of stockholders would be required to either implement or abandon the consolidation (reverse split). If the stockholders approve the proposal, and the Board or a committee of the Board determines to effect the consolidation (reverse split), we would communicate to the public, prior to the Effective Date, additional details regarding the consolidation (reverse split), including the specific ratio selected by the Board or committee. The Board reserves its right to elect not to proceed with the consolidation (reverse split) if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company.

Material Effects of Proposed Consolidation (reverse split)

The Board believes that the consolidation (reverse split) will increase the price level of the Company's common stock, which is expected to assist with a listing on NASDAQ to meet the minimum bid price listing standard. The Board cannot predict, however, the actual effect of the consolidation (reverse split) upon the market price for the common stock, and the history of similar consolidation (reverse split) for companies in like circumstances is varied. The market price per share of common stock after the consolidation (reverse split) may not rise in proportion to the reduction in the number of shares of common stock outstanding resulting from the consolidation (reverse split), which would reduce the market capitalization of the Company. Even if the Company's shares are listed on NASDAQ, the market price per post consolidation (reverse split) share may not remain in excess of the \$1.00 minimum bid price as required by NASDAQ, or the Company may not otherwise meet the requirements for continued listing on the NASDAQ Capital Market, including the stockholders' equity requirements. The market price of the common stock will also be based on our performance and other factors, the effect of which the Board cannot predict.

The consolidation (reverse split) will affect all stockholders of the Company uniformly and will not affect any stockholder's percentage ownership interests or proportionate voting power, except to the extent that the consolidation (reverse split) results in any of the stockholders owning a fractional share of common stock. In lieu of issuing fractional shares, the Company may either (i) directly pay each stockholder who would otherwise have been entitled to a fraction of a share an amount in cash equal to the closing sale price of the common stock, as quoted on the CSE on the Effective Date, multiplied by the fractional share amount, or (ii) make arrangements with the Company's transfer agent or exchange agent to aggregate all fractional shares otherwise issuable in the consolidation/reverse stock split and sell these whole shares as soon as possible after the Effective Date at then prevailing market prices on the open market on behalf of those holders, and then pay each such holder his, her or its pro rata portion of the sale proceeds.

The principal effects of the consolidation (reverse split) will be that (i) the number of shares of common stock issued and outstanding will be reduced from approximately **16,135,640** shares as of the Record Date to a range of **10,757,093** (1 and ½ old shares for 1 new share) to **1,613,564** (10 old shares for 1 new share) shares, depending on the exact split ratio chosen by the Board or a committee of the Board, (ii) all outstanding options and warrants entitling the holders thereof to purchase shares of common stock will enable such holders to purchase, upon exercise of their options or warrants, from **two-thirds to one-tenth** of the number of shares of common stock which such holders would have been able to purchase upon exercise of their options or warrants immediately preceding the consolidation (reverse split), at an exercise price equal to one and one-half to ten times the exercise price specified before the consolidation (reverse split), resulting in the same aggregate price being required to be paid upon exercise thereof immediately preceding the consolidation (reverse split) and (iii) the number of shares reserved for issuance pursuant to our Stock Option Plan.

The consolidation (reverse split) will not affect the par value of the common stock. As a result, on the Effective Date, the stated capital on the Company's balance sheet attributable to the common stock will be reduced by the amount of the split ratio and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per share net loss and the per-share net book value of the common

stock will be retroactively increased for each period because there will be fewer shares of common stock outstanding.

The amendment will not change the terms of the common stock. After the consolidation (reverse split), the shares of common stock will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to the common stock now authorized. Each stockholder's percentage ownership of the new common stock will not be altered except for the effect of eliminating fractional shares. The common stock issued pursuant to the consolidation (reverse split) will remain fully paid and non-assessable. The consolidation (reverse split) is not intended as, and will not have the effect of, a "going private transaction" covered by Rule 13e-3 under the Securities Exchange Act of 1934. Following the consolidation (reverse split), the Company will continue to be subject to the periodic reporting requirements of the Securities Exchange Act of 1934.

Because the Company will not reduce the number of authorized shares of common stock, the overall effect will be an increase in authorized but unissued shares of common stock as a result of the consolidation/reverse stock split. Other than the issuance of options, the Company is currently seeking a financing which would close following the completion of the consolidation/reverse stock split. Because of the different reasons for the consolidation/reverse stock split, the approval and implementation of the share increase as described below is not expected to affect the Board's decision whether to implement the consolidation/reverse stock split.

Procedure for Effecting Consolidation (reverse split) and Exchange of Stock Certificates

If the consolidation (reverse split) is approved by the Company's stockholders, and the Board or a committee of the Board determines it is in the best interests of the Company to effect the split, the consolidation/reverse stock split would become effective at such time as the amendment to the Company's Charter, the form of which is attached as Annex A to this proxy statement, is filed with the Secretary of State of Delaware. Upon the filing of the amendment, all of the Company's existing common stock will be converted into new common stock as set forth in the amendment.

As soon as practicable after the Effective Date, stockholders will be notified that the reverse split has been effected. TSX Trust Company, the Company's transfer agent, will act as exchange agent for purposes of implementing the exchange of stock certificates. Holders of pre-reverse split shares will be asked to surrender to the exchange agent certificates representing pre-reverse split shares in exchange for certificates representing post-consolidation (reverse split) shares in accordance with the procedures to be set forth in a letter of transmittal that will be delivered to the Company's stockholders. No new certificates will be issued to a stockholder until the stockholder has surrendered to the exchange agent his, her or its outstanding certificate(s) together with the properly completed and executed letter of transmittal. **STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATES AND SHOULD NOT SUBMIT ANY CERTIFICATES UNTIL REQUESTED TO DO SO.** Stockholders whose shares are held by their stockbroker do not need to submit old share certificates for exchange. These shares will automatically reflect the new quantity of shares based on the consolidation (reverse split). Beginning on the Effective Date, each certificate representing pre-consolidation (reverse split) shares will be deemed for all corporate purposes to evidence ownership of post-consolidation (reverse split) shares. Unclaimed certificates for the post-split shares may be tendered to state authorities by the transfer agent under applicable unclaimed property or "escheat" laws, in which case the stockholder would need to obtain the post-split shares from the relevant state authority.

Fractional Shares

The Company will not issue fractional certificates for post-consolidation (reverse split) shares in connection with the consolidation (reverse split). In lieu of issuing fractional shares, the Company may either (i) directly pay each stockholder who would otherwise have been entitled to a fraction of a share an amount in cash equal to the closing sale price of the common stock, as quoted on the CSE on the Effective Date, multiplied by the

fractional share amount, or (ii) make arrangements with the Company's transfer agent or exchange agent to aggregate all fractional shares otherwise issuable in the consolidation/reverse stock split and sell these whole shares as soon as possible after the Effective Date at then prevailing market prices on the open market on behalf of those holders, and then pay each such holder his, her or its pro rata portion of the sale proceeds.

Certain U.S. Federal Income Tax Considerations Relating to the Consolidation (reverse split)

The following is a summary of certain U.S. federal income tax considerations relating to the consolidation/reverse stock split as of the date hereof. Except where noted, this summary deals only with a stockholder who holds common stock as a capital asset.

For purposes of this summary, a "U.S. holder" means a beneficial owner of common stock who is any of the following for U.S. federal income tax purposes: (i) a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. A non-U.S. holder of common stock is a stockholder who is not a U.S. holder.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, and may be subject to differing interpretations, so as to result in U.S. federal income tax considerations different from those summarized below. This summary does not represent a detailed description of the U.S. federal income tax consequences to a stockholder in light of his, her or its particular circumstances. In addition, it does not represent a description of the U.S. federal income tax consequences to a stockholder who is subject to special treatment under the U.S. federal income tax laws and does not address the tax considerations applicable to stockholders who may be subject to special tax rules, such as:

- partnerships
- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- dealers or traders in securities or currencies;
- stockholders who hold common stock as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or U.S. holders that have a functional currency other than the U.S. dollar;
- stockholders who actually or constructively own 10 percent or more of the Company's voting stock; or
- a non-U.S. holder who is a U.S. expatriate, "controlled foreign corporation" or "passive foreign investment company."

Moreover, this description does not address the U.S. federal estate and gift tax, alternative minimum tax or other tax consequences of the reverse stock split.

If an entity classified as a partnership for U.S. federal income tax purposes holds common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership.

Each stockholder should consult his, her or its own tax advisers concerning the particular U.S. federal tax consequences of the reverse stock split, as well as the consequences arising under the laws of any other taxing jurisdiction, including any state, local or foreign income tax consequences.

To ensure compliance with Treasury Department Circular 230, each holder of common stock is hereby notified that: (a) any discussion of U.S. federal tax issues in this proxy statement is not intended or written to be used, and cannot be used, by such holder for the purpose of avoiding penalties that may be imposed on such holder under the Code; (b) any such discussion has been included by the Company in furtherance of the reverse stock split on the terms described herein; and (c) each such holder should seek advice based on its particular circumstances from an independent tax advisor.

U.S. Holders. Generally, a consolidation/reverse stock split will not result in the recognition of gain or loss by a U.S. holder for U.S. federal income tax purposes (except to the extent of cash received in lieu of a fractional share). The aggregate adjusted basis of the new shares of common stock will be the same as the aggregate adjusted basis of the common stock exchanged for such new shares, reduced by the amount of the adjusted basis of any common stock exchanged for such new shares that is allocated to the fractional share for which cash is received. The holding period of the new, post-consolidation (reverse split) shares of the common stock resulting from implementation of the consolidation/reverse stock split will include a U.S. holder's holding periods for the pre-consolidation (reverse split) shares. A stockholder who receives cash in lieu of a fractional share of new common stock generally will recognize taxable gain or loss equal to the difference, if any, between the amount of cash received and the portion of the stockholder's aggregate adjusted tax basis in the shares of old common stock allocated to the fractional share. If the shares of old common stock allocated to the fractional shares were held by the stockholder as capital assets, the gain or loss resulting from the payment of cash in lieu of the issuance of a fractional share will be taxed as capital gain or loss. Such capital gain or loss will be short term if the pre-consolidation (reverse split) shares were held for one year or less and long term if held more than one year.

Non U.S. Holders. A non-U.S. holder of the Company's common stock generally will not be subject to U.S. federal income tax with respect to any gain recognized as a result of cash received in lieu of a fractional share in connection with the consolidation/reverse stock split; provided, however, that gain will be subject to tax if (i) the gain is effectively connected with a trade or business of the non-U.S. holder in the U.S. (in which case, for a non-U.S. holder that is a foreign corporation, the branch profits tax may also apply), and, where a tax treaty applies, is attributable to a U.S. permanent establishment of the non-U.S. holder, (ii) the gain is recognized by a non-U.S. holder who is present in the United States for 183 or more days in the taxable year of the reverse stock split and certain other conditions are met, or (iii) the Company is or has been a "U.S. real property holding corporation" for U.S. federal income tax purposes. The Company believes it currently is not and it does not anticipate becoming, a "U.S. real property holding corporation" for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

Payment of cash in lieu of fractional shares within the United States or conducted through certain U.S. related financial intermediaries is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is not a U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. holder) or the stockholder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such stockholder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

Approval Required

The affirmative vote of a majority of the shares issued and outstanding on the Record Date is required to approve the amendment of the Company’s Charter to effect the consolidation (reverse split) of the common stock. Abstentions and “broker non-votes” will therefore have the same effect as negative votes.

The affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the issued and outstanding shares of our capital stock entitled to vote at the 2022 Annual Meeting is required to approve the Amendment. Abstentions and broker non-votes have the effect of a vote “against” the Amendment and, therefore, may affect the outcome of the proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE
AMENDMENT OF OUR CERTIFICATE OF INCORPORATION.
(RESOLUTION NO. 3 ON YOUR PROXY CARD)**

2. ADOPTION OF THE 2022 OMNIBUS STOCK INCENTIVE PLAN

In contemplation of the listing of the shares of common stock on NASDAQ, the Board is recommending the adoption of a 2022 Omnibus Stock Incentive Plan in the form attached as Annex B hereto (the “**Plan**”), which Plan shall be implemented in connection with the NASDAQ listing and shall replace the existing 2017 Plan.

The following is a summary of the 2022 Omnibus Stock Incentive Plan:

The board of directors is proposing adoption by way of shareholder approval of the Direct Communication Solutions, Inc. 2022 Omnibus Stock Incentive Plan, or the 2022 Plan. Pursuant to the 2022 Plan, we may grant up to [10% of the issued number of shares after giving effect to the reverse split and the completion of the NASDAQ related financing] shares (subject to adjustment as described below) of our common stock as long-term equity incentives in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, or other stock awards, or collectively, stock rights, to employees, consultants, and directors of our Company, or collectively, participants. We believe that the effective use of long-term equity incentives is essential to attract, motivate, and retain employees of our Company, to further align participants’ interests with those of our shareholders, and to provide participants incentive compensation opportunities that are competitive with those offered by other companies in the same industry and locations as ours.

In this Proposal Two, we are asking our shareholders to approve the 2022 Plan. The full text of the 2022 Plan is attached as Appendix A to this Proxy Statement.

Summary of the 2022 Plan. Following is a summary of the principal features of the 2022 Plan. The summary is qualified by the full text of the 2022 Plan, attached to this Proxy Statement as Appendix A.

Key Provisions. Following are the key provisions of the 2022 Plan:

Provision of Plan	Description
Eligible Participants:	Employees, directors, and consultants of our Company, any related entity, and any successor entity that adopts the 2022 Plan.
Share Reserve:	<ul style="list-style-type: none">• Total of [10% of the issued number of shares after giving effect to the reverse split and the completion of the NASDAQ related financing] shares of our Company’s common stock• The reserved shares will be reduced (i) by one share for each share granted pursuant to stock rights awarded under the 2022 Plan, and (ii) to the extent cash is delivered in lieu of shares of common stock

upon the exercise of a stock appreciation right, our Company will be deemed to have issued the number of shares of common stock which it was entitled to issue upon such exercise.

Award Types:

- Incentive stock options
- Nonstatutory stock options
- Stock appreciation rights (“SARs”)
- Restricted stock awards
- Restricted stock unit awards
- Dividend equivalent rights

Vesting:

Determined by our board of directors or a committee designated by our board.

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Provision of Plan

Description

Repricing:

Repricing of outstanding stock awards is not permitted without the approval of our Company’s shareholders, except for certain proportionate capitalization adjustments as set forth in the 2022 Plan.

Plan Termination Date:

10 years from the effective date of the Plan as determined by the Board of Directors.

Administration. The 2022 Plan is administered by our compensation committee. With respect to grants of awards to our officers or directors, the 2022 Plan is administered by our compensation committee in a manner that permits such grants and related transactions to be exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The plan administrator has the full authority to select recipients of the grants, determine the extent of the grants, establish additional terms, conditions, rules or procedures to accommodate rules or laws of applicable non-U.S. jurisdictions, adjust awards and to take any other action deemed appropriate; however, no action may be taken that is inconsistent with the terms of the 2022 Plan.

Available Shares. Subject to adjustment upon certain corporate transactions or events, a maximum of [10% of the issued number of shares after giving effect to the reverse split and the completion of the NASDAQ related financing] shares of our common stock may be issued under the 2022 Plan. Any shares covered by an award that is forfeited, canceled, or expires shall be deemed to have not been issued for purposes of determining the maximum aggregate number of shares which may be issued under the 2022 Plan. Shares that actually have been issued under the 2022 Plan pursuant to an award shall not be returned to the 2022 Plan and shall not become available for future issuance under the 2022 Plan, other than unvested shares that are forfeited or repurchased by our Company. In the event any option or other award granted under the 2022 Plan is exercised through the tendering of shares (either actually or through attestation), or in the event tax withholding obligations are satisfied by tendering or withholding shares, any shares so tendered or withheld are not again available for awards under the 2022 Plan. To the extent that cash is delivered in lieu of shares of common stock upon the exercise of an SAR, then we shall be deemed, for purposes of applying the limitation on the number of shares, to have issued the number of shares of common stock which we were entitled to issue upon such exercise. Shares of common stock

we reacquire on the open market or otherwise using cash proceeds from the exercise of options shall not be available for awards under the 2022 Plan.

Eligibility and Types of Awards. The 2022 Plan permits us to grant stock awards, including stock options, SARs, restricted stock, restricted stock units and dividend equivalent rights to our employees, directors, and consultants.

Stock Options

A stock option may be an incentive stock option within the meaning of, and qualifying under, Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), or a nonstatutory stock option. However, only our employees (or employees of our parent or subsidiaries, if any) may be granted incentive stock options. Incentive and nonstatutory stock options are granted pursuant to option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, within the terms and conditions of the 2022 Plan, provided that the exercise price of a stock option cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2022 Plan will become exercisable at the rate specified by the plan administrator.

The plan administrator determines the term of the stock options granted under the 2022 Plan, up to a maximum of 10 years, except in the case of certain incentive stock options, as described below. Unless the terms of an optionholder’s stock option agreement provide otherwise, if an optionholder’s relationship with us, or any of our affiliates, ceases for any reason other than disability or death, the optionholder may exercise any options otherwise exercisable as of the date of termination, but only during the post-termination exercise period designated in the optionholder’s stock option award agreement. The optionholder’s stock option award agreement may provide that upon the termination of

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the optionholder’s relationship with us for cause, the optionholder’s right to exercise his or her options shall terminate concurrently with the termination of the relationship. If an optionholder’s service relationship with us, or any of our affiliates, ceases due to retirement, disability or death, or an optionholder dies within a certain period following cessation of service, the optionholder or his or her estate or person who acquired the right to exercise the award by bequest or inheritance may exercise any vested options for a period of 12 months. The option term may be extended in the event that exercise of the option within the applicable time periods is prohibited by applicable securities laws or such longer period as specified in the stock option award agreement but in no event beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (a) cash or check, (b) delivery of a promissory note acceptable to the plan administrator (subject to minimum interest provisions set forth in the 2022 Plan), (c) a broker-assisted cashless exercise, (d) the tender of common stock previously owned by the optionholder, (e) a net exercise of the option, (f) past or future services rendered, (g) any combination of the foregoing methods of payment, and (h) any other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, awards generally are not transferable, except by will or the laws of descent and distribution.

Incentive stock options may be granted only to our employees (or to employees of our parent company and subsidiaries, if any). To the extent that the aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to which incentive stock options are exercisable for the first time by an optionholder during any calendar year under any of our equity plans exceeds \$100,000, such options will not qualify as incentive stock options. A stock option granted to any employee who, at the time of the grant, owns or

is deemed to own stock representing more than 10% of the voting power of all classes of stock (or any of our affiliates) may not be an incentive stock option unless (a) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (b) the term of the incentive stock option does not exceed five years from the date of grant.

Stock Appreciation Rights

SARs may be granted under the 2022 Plan either concurrently with the grant of an option or alone, without reference to any related stock option. The plan administrator determines both the number of shares of common stock related to each SAR and the exercise price for an SAR, within the terms and conditions of the 2022 Plan, provided that the exercise price of an SAR cannot be less than 100% of the fair market value of the common stock subject thereto on the date of grant. In the case of an SAR granted concurrently with a stock option, the number of shares of common stock to which the SAR relates will be reduced in the same proportion that the holder of the stock option exercises the related option.

The plan administrator determines whether to deliver cash in lieu of shares of common stock upon the exercise of an SAR. If common stock is issued, the number of shares of common stock that will be issued upon the exercise of an SAR is determined by dividing (a) the number of shares of common stock as to which the SAR is exercised multiplied by the amount of the appreciation in such shares, by (b) the fair market value of a share of common stock on the exercise date.

If the plan administrator elects to pay the holder of the SAR cash in lieu of shares of common stock, the holder of the SAR will receive cash equal to the fair market value on the exercise date of any or all of the shares that would otherwise be issuable.

The exercise of an SAR related to a stock option is permissible only to the extent that the stock option is exercisable under the terms of the 2022 Plan on the date of surrender. Any incentive stock option surrendered will be deemed to have been converted into a nonstatutory stock option immediately prior to such surrender.

Restricted Stock

Restricted stock awards are awards of shares of our common stock that are subject to established terms and conditions. The plan administrator sets the terms of the restricted stock awards, including the size of the restricted stock award, the price (if any) to be paid by the recipient and the vesting schedule and criteria (which may include continued service to us for a period of time or the achievement of performance criteria). If a participant's service terminates before the restricted stock is fully vested, all of the unvested shares generally will be forfeited to, or repurchased by, us.

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Restricted Stock Units

A restricted stock unit is a right to receive stock, cash equal to the value of a share of stock or other securities or a combination of the three at the end of a set period or the attainment of performance criteria. No stock is issued at the time of grant. The plan administrator sets the terms of the restricted stock unit award, including the size of the restricted stock unit award, the consideration (if any) to be paid by the recipient, the vesting schedule and criteria and the form (stock or cash) in which the award will be settled. If a participant's service terminates before the restricted stock is fully vested, the unvested portion of the restricted stock unit award generally will be forfeited to us.

Dividend Equivalent Rights

Dividend equivalent rights entitle the recipient to compensation measured by dividends paid with respect to a specified number of shares of common stock.

Performance-Based Compensation. The 2022 Plan establishes procedures for our Company to grant performance-based awards, meaning awards structured so that they will vest only upon the achievement of performance criteria established by the plan administrator for a specified performance period. The plan administrator will establish the performance goals before the 90th day of the applicable performance period (or, if the performance period is less than a year, no later than the number of days which is equal to 25% of the performance period).

The business measures that may be used to establish the performance criteria may include one of, or combination of, the following:

- A. Net earnings or net income (before or after taxes);
- B. Earnings per share;
- C. Net sales growth;
- D. Net operating profit;
- E. Return measures (including, but not limited to, return on assets, capital, equity, or sales);
- F. Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);
- G. Cash flow per share;
- H. Earnings before or after taxes, interest, depreciation, and/or amortization;
- I. Gross or operating margins;
- J. Productivity ratios;
- K. Share price (including, but not limited to, growth measures and total shareholder return);
- L. Expense targets or ratios;
- M. Charge-off levels;
- N. Improvement in or attainment of revenue levels;
- O. Margins;
- P. Operating efficiency;
- Q. Operating expenses;
- R. Economic value added;
- S. Improvement in or attainment of expense levels;
- T. Improvement in or attainment of working capital levels;

- U. Debt reduction;
- V. Capital targets; and
- W. Consummation of acquisitions, dispositions, projects or other specific events or transactions.

Corporate Transactions. Effective upon the consummation of a corporate transaction, all outstanding awards under the 2022 Plan will terminate unless they are assumed in connection with the corporate transaction.

The plan administrator has the authority, exercisable either in advance of any actual or anticipated corporate transaction or at the time of an actual corporate transaction, and exercisable at the time of the grant of an award under the 2022 Plan or any time while an award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested awards under the 2022 Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such awards in connection with a corporate transaction on such terms and conditions as the plan administrator may specify. The plan administrator may also condition any such award's vesting and exercisability or release from such limitations upon the subsequent termination of the continuous service of the holder of the award within a specified period following the effective date of the corporate transaction. The plan administrator may provide that any awards so vested or released from such limitations in connection with a corporate transaction shall remain fully exercisable until the expiration or sooner termination of the award.

Amendment and Termination. Our board of directors generally may amend, suspend, or terminate the 2022 Plan, but it may not amend, suspend, or terminate the 2022 Plan without shareholder approval for certain actions, such as an increase in the number of shares reserved under the 2022 Plan, modifications to the terms and conditions of awards, modifications to exercise prices at which shares may be offered pursuant to options, extension of the 2022 Plan's expiration date and certain modifications to awards, such as reducing the exercise price per share, canceling and regranting new awards with lower prices per share than the original prices per share of the cancelled awards, or canceling any awards in exchange for cash or the grant of replacement awards with an exercise price that is less than the exercise price of the original awards.

Tax Withholding. Our board of directors may require a participant to satisfy any federal, state, local, or foreign tax withholding obligation relating to a stock award by (a) causing the participant to tender a cash payment, (b) withholding shares of common stock from the shares of common stock issued or otherwise issuable to the participant in connection with the award, (c) delivering to our Company already-owned shares of common stock, (d) selling shares of common stock from the shares of common stock issued or otherwise issuable to the participant in connection with the award, (e) withholding cash from an award settled in cash or other amounts payable to the participant, and/or (f) any other means that the plan administrator determines both to comply with applicable laws and be consistent with the purposes of the 2022 Plan.

Summary of United States Federal Income Tax Consequences of the 2022 Plan. The following summary is intended only as a general guide to certain U.S. federal income tax consequences under current law of participation in the 2022 Plan and does not attempt to describe all possible federal, state or local, foreign, or other tax consequences of such participation or tax consequences based on any participant's particular circumstances. Furthermore, the tax consequences are complex and subject to change, and a participant's particular situation may be such that some variation of the described rules is applicable. Recipients of awards under the 2022 Plan should consult their own tax advisors to determine the tax consequences to them as a result of their particular circumstances.

Incentive Stock Options

A participant recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Code.

If a participant holds stock acquired through exercise of an incentive stock option for more than two years from the date on which the option was granted and more than one year after the date the option was exercised for those

shares, any gain or loss on a disposition of those shares (a “qualifying disposition”) will be a long-term capital gain or loss. Upon such a qualifying disposition, we will not be entitled to any income tax deduction.

If a participant disposes of shares within two years after the date of grant of the option or within one year after the date of exercise of the option (a “disqualifying disposition”), the difference between the fair market value of the shares on the option exercise date and the exercise price (not to exceed the gain realized on the sale if the disposition is a

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transaction with respect to which a loss, if sustained, would be recognized) will be taxed to the participant as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain, which will be short-term or long-term gain or loss, depending on the holding period of the stock. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. To the extent the participant recognizes ordinary income by reason of a disqualifying disposition, generally our Company will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax-reporting obligation) to a corresponding income tax deduction in the tax year in which the disqualifying disposition occurs. The difference between the option exercise price and the fair market value of the shares on the exercise date of an incentive stock option is treated as an adjustment in computing the participant’s alternative minimum taxable income and may subject the participant to alternative minimum tax liability for the year of exercise. Special rules may apply after exercise for (a) sales of the shares in a disqualifying disposition, (b) basis adjustments for computing alternative minimum taxable income on a subsequent sale of the shares, and (c) tax credits that may be available to participants subject to the alternative minimum tax.

Nonstatutory Stock Options

Options not designated or qualifying as incentive stock options will be nonstatutory stock options having no special tax status. A participant generally recognizes no taxable income upon the grant of such an option so long as (a) the exercise price is no less than the fair market value of the stock on the date of grant and (b) our option (and not the underlying stock) at such time does not have a readily ascertainable fair market value (as defined in Treasury Regulations under the Code). Upon exercise of a nonstatutory stock option, the participant normally recognizes ordinary income in the amount of the difference between the option exercise price and the then-fair market value of the shares purchased, and withholding of income and employment taxes will apply if the participant is or was an employee. Generally, the Company will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax-reporting obligation) to an income tax deduction in the tax year in which such ordinary income is recognized by the participant.

Upon the disposition of stock acquired by the exercise of a nonstatutory stock option, any recognized gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss, which will be short-term or long-term gain or loss, depending on the holding period of the stock.

Stock Appreciation Rights

A participant recognizes no taxable income upon the receipt of an SAR. Upon the exercise of an SAR, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the underlying shares of common stock on the exercise date over the exercise price. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The Company generally will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax reporting

obligation) to a corresponding income tax deduction in the year in which the ordinary income from the exercise of an SAR is recognized by the participant.

Restricted Stock

A participant acquiring restricted stock generally will recognize ordinary income equal to the difference between the fair market value of the shares on the “determination date” (as defined below) and their purchase price, if any. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The “determination date” is the date on which the participant acquires the shares unless they are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earliest of (a) the date the shares become transferable, (b) the date the shares are no longer subject to a substantial risk of forfeiture, or (c) the date the shares are acquired if the participant makes a timely election under Code Section 83(b). If the shares are subject to a substantial risk of forfeiture and not transferable when issued, the participant may elect, pursuant to Section 83(b) of the Code, to have the date of acquisition be the determination date by filing an election with the Internal Revenue Service, and other provisions, no later than 30 days after the date the shares are acquired. Upon the taxable disposition of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the determination date, will generally be taxed as capital gain or loss; however, for any shares returned to our Company pursuant to a forfeiture provision, a participant’s loss may be computed based only on the purchase price (if any) of the shares and may not take into account any income recognized

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by reason of a Section 83(b) election. Such gain or loss will be long-term or short-term depending on whether the stock was held for more than one year. The Company generally will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax reporting obligation) to a corresponding income tax deduction in the year in which the ordinary income from restricted stock is recognized by the participant.

Restricted Stock Units

No taxable income is recognized upon receipt of a restricted stock unit award. In general, the participant will recognize ordinary income in the year in which the units vest and are settled in an amount equal to any cash received and the fair market value of any nonrestricted shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The Company generally will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax reporting obligation) to an income tax deduction equal to the amount of ordinary income from restricted stock units recognized by the participant. In general, the deduction will be allowed for the taxable year in which such ordinary income is recognized by the participant.

Dividend Equivalent Rights

A recipient of dividend equivalent rights generally will recognize ordinary income at the time the dividend equivalent right is paid. If required, income and employment tax must be withheld on the income recognized by the participant. The Company will generally be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax reporting obligation) to an income tax deduction equal to the amount of ordinary income recognized by the participant. In general, the deduction will be allowed for the taxable year in which such ordinary income is recognized by the participant.

Other Awards

Our Company generally will be entitled to an income tax deduction in connection with an award under the 2022 Plan in an amount equal to the ordinary income realized by the participant at the time the participant recognizes such income (subject to the requirement of reasonableness, the provisions of Section 162(m) and other provisions of the Code limiting the deduction of compensation, and the satisfaction of a tax-reporting obligation). Participants typically are subject to income (and employment) tax and recognize such tax at the time that an award is granted, exercised, vests or becomes nonforfeitable, unless the award provides for a further deferral.

Section 409A

Section 409A of the Code (“Section 409A”) imposes certain requirements on nonqualified deferred compensation arrangements. These include requirements on an individual’s election to defer compensation and the individual’s selection of the timing and form of distribution of the deferred compensation. Section 409A also generally provides that adverse tax consequences will apply unless distributions must be made on or following the occurrence of certain events (e.g., the individual’s separation from service, a predetermined date, or the individual’s death). Section 409A imposes restrictions on an individual’s ability to change his or her distribution timing or form after the compensation has been deferred.

Certain awards under the 2022 Plan may be subject to the requirements of Section 409A in form and in operation, but designed to meet the conditions under Section 409A for avoiding its adverse tax consequences. For example, restricted stock units that provide for a settlement date following the vesting date may be subject to Section 409A. If an award under the 2022 Plan is subject to Section 409A and fails to satisfy the requirements of Section 409A, the recipient of that award may be required to recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be before the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with the requirements of Section 409A, Section 409A imposes an additional 20% federal penalty tax on the participant’s deferred compensation recognized as ordinary income, as well as interest on such deferred compensation.

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The foregoing is only a summary, based on the current Code and the Treasury Regulations promulgated by the U.S. Department of the Treasury thereunder, of the U.S. federal income tax consequences to the participant and our Company with respect to the grant and exercise of options and other awards under the 2022 Plan. The summary does not purport to be complete and does not address all income tax laws that may be relevant to any particular participant. It does not address the tax consequences of the participant’s death, any tax laws of any municipality, state or foreign country in which a participant might reside, or any other laws other than U.S. federal income tax laws.

New Plan Benefits. The 2022 Plan administrator, in its discretion, selects the person(s) to whom awards may be granted and the number of shares subject to each such grant. For this reason, it is not possible to determine the benefits or amounts that will be received by any particular individual(s) in the future.

If the 2022 Plan is adopted at the 2022 Annual Meeting, the Company intends not to make any new grants out of prior equity plans.

Equity Incentive Plans. We do not have any equity compensation plans or arrangements that have not been approved by our shareholders. Information pertaining to number of securities to be issued upon exercise of outstanding options, warrants and rights and the weighted-average exercise price of outstanding options, warrants and rights can be found in the Company’s financial statements filed under the Company’s profile on www.sedar.com.

Accordingly, the shareholder shall be asked to approve the following resolution:

To approve the proposed 2022 Omnibus Stock Incentive Plan (the “Plan”) of the Company more particularly described in the Information Circular and to authorize the Directors to make modifications thereto in accordance with the Plan and the policies of the Canadian Securities Exchange and NASDAQ and provide the authorization of the Directors to: (i) determine the effective date of the Plan and (ii) concurrently rescind the current plan.

Approval Required

The affirmative vote of a majority of the shares issued and outstanding on the Record Date is required to approve the adoption of the foregoing 2022 Omnibus Stock Incentive Plan resolution.

The affirmative vote of at least fifty percent and one share of common stock (50% + 1 vote) of the voting power of the issued and outstanding shares of our capital stock entitled to vote at the 2022 Annual Meeting is required to approve the resolution.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE
2022 OMNIBUS STOCK INCENTIVE PLAN RESOLUTION.
(RESOLUTION NO. 4 ON YOUR PROXY CARD)**

ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company's audited comparative financial statements for the year ended December 31, 2021 and the prior fiscal year, the auditor's report and related management discussion and analysis. Copies of such statements and the Company's most current interim financial statements and related management discussion and analysis, and additional copies of this proxy circular, may be obtained from SEDAR at www.sedar.com and upon request from the Company at the address of the Company.

OTHER MATTERS

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Information Circular.

DATED August 8, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

“Chris Bursey”

**Chris Bursey,
CEO and Director**

ANNEX A

Form of Amendment to the Company's Charter

**CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
DIRECT COMMUNICATION SOLUTIONS, INC.**

Direct Communication Solutions, Inc., (the “**Corporation**”), a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

First: The name of the Corporation is Direct Communication Solutions, Inc.

Second: This Certificate of Amendment (the “**Certificate of Amendment**”) amends the provisions of the Corporation’s Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on December 16, 2019.

Third: That Article 4 of the Amended and Restated Certificate of Incorporation of the Corporation (the “**Certificate of Incorporation**”), is hereby amended by deleting Section 4.1 of Article IV in its entirety and inserting the following in lieu thereof:

Section 4.1. *Authorized Shares.* The Corporation is authorized to issue Forty Million (40,000,000) shares of its capital stock, which shall consist of 40,000,000 shares of Common Stock, \$0.00001 par value per share (“Common Stock”). Effective upon this Certificate of Amendment to the Amended and Restated Certificate of Incorporation becoming effective pursuant to the General Corporation Law (the “**Effective Time**”), the shares of Common Stock issued and outstanding or held in treasury immediately prior to the Effective Time (the “**pre-Reverse Split Common Stock**”) shall be reclassified into a different number of shares of Common Stock (the “**post-Reverse Split Common Stock**”) such that each [] shares of pre-Reverse Split Common Stock shall, at the Effective Time, be automatically reclassified into [] share of post-Reverse Split Common Stock (such reclassification and combination of shares, the “**Reverse Split**”). The par value of the Common Stock following the Reverse Split shall remain at \$0.00001 per share. No fractional shares of Common Stock shall be issued as a result of the Reverse Split and, in lieu thereof, upon receipt after the Effective Time by the exchange agent selected by the Corporation of a properly completed and duly executed transmittal letter and, where shares are held in certificated form, the surrender of the stock certificate(s) formerly representing shares of pre-Reverse Split Common Stock, any stockholder who would otherwise be entitled to a fractional share of post-Reverse Split Common Stock as a result of the Reverse Split, following the Effective Time (after taking into account all fractional shares of post-Reverse

Split Common Stock otherwise issuable to such stockholder), shall be entitled to receive a cash payment (without interest) equal to the fractional share of post-Reverse Split Common Stock to which such stockholder would otherwise be entitled to multiplied by the average of the quoted prices of a share of the Corporation's Common Stock (as adjusted to give effect to the Reverse Split) on the OTCQB Venture Market ("OTCQB") under the symbol "DCSX" as applicable, during regular trading hours for the five (5) consecutive trading days immediately preceding the date this Certificate of Amendment to Amended and Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware. Each stock certificate that, immediately prior to the Effective Time, represented shares of pre-Reverse Split Common Stock shall, from and after the Effective Time, automatically and without any action on the part of the Corporation or the respective holders thereof, represent that number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate shall have been combined (as well as the right to receive cash in lieu of any fractional shares of post-Reverse Split Common Stock as set forth above). Each holder of record of a certificate that represented shares of pre-Reverse Split Common Stock shall be entitled to receive, upon surrender of such certificate, a new certificate representing the number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate shall have been combined pursuant to the Reverse Split, as well as any cash in lieu of fractional shares of post-Reverse Split Common Stock to which such holder may be entitled as set forth above, provided that the Corporation may request such stockholder to exchange such stockholder's certificate or certificates that represented shares of pre-Reverse Split Common Stock for shares held in book-entry form through the Depository Trust Company's Direct Registration System representing the appropriate number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate or certificates shall have been combined. The Reverse Split shall be effected on a record holder-by-record holder basis, such that any fractional shares of post-Reverse Split Common Stock resulting from the Reverse Split and held by a single record holder shall be aggregated.

Fourth: The foregoing amendment was duly adopted in accordance with the provisions of Section 228 and Section 242 of the General Corporation Law of the State of Delaware.

Fifth: That this Certificate of Amendment to the Amended and Restated Certificate of Incorporation shall be effective as of 5:01 pm on the date of filing.

* * * * *

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer this [] day of August 2022.

DIRECT COMMUNICATION SOLUTIONS, INC.

By: /s/_____

Name: Chris Bursey

Title: Chief Financial Officer

ANNEX B

Proposed 2022 Omnibus Stock Incentive Plan

DIRECT COMMUNICATION SOLUTIONS, INC.

2022 omnibus STOCK INCENTIVE PLAN

Approved by the Board:

Approved by the Stockholders:

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel; to provide additional incentives to Employees, Directors and Consultants to contribute to the successful performance of the Company and any Subsidiary of the Company; to promote the growth of the market value of the Company's common stock; to align the interests of Grantees with those of the Company's stockholders; and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in all individual Award Agreements except as a term may be otherwise defined in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) **"Administrator"** means the Plan Administrator as described in Section 4.

(b) **"Applicable Laws"** means the legal requirements relating to the Plan and the Awards under applicable provisions of federal and state securities laws, the corporate laws of Delaware, and, to the extent other than Delaware, the corporate law of the state of the Company's incorporation, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(c) **"Assumed"** means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(d) **"Award"** means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit, or other right or benefit under the Plan.

(e) **"Award Agreement"** means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(f) **"Board"** means the Board of Directors of the Company.

(g) **"Cause"** means, with respect to the termination by the Company or a Related Entity of a Grantee's Continuous Service:

(i) that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written employment agreement, consulting agreement, service agreement or other similar agreement between the Grantee and the Company or such Related Entity, provided, however, that with regard to any agreement that defines "Cause" on the occurrence of or in connection with a Corporate Transaction, such definition of "Cause" shall not apply until a Corporate Transaction actually occurs; or

(ii) in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator: (A) the Grantee's performance of any act, or failure to perform any act, in bad faith and to the detriment of the Company or a Related Entity; (B) the Grantee's dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; (C) the Grantee's material breach of any noncompetition, confidentiality or similar agreement with the Company or a Related Entity, as determined under such agreement; (D) the Grantee's commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; (E) if the Grantee is an Employee or Consultant, the Grantee's engaging in acts or omissions constituting gross negligence, misconduct or a willful violation of a Company or a Related Entity policy which is or is reasonably expected to be materially injurious to the Company and/or a Related Entity; or (F) if the Grantee is an Employee, the grantee's failure to follow the reasonable instructions of the Board or such grantee's direct supervisor, which failure, if curable, is not cured within ten (10) days after notice to such grantee or, if cured, recurs within one hundred eighty (180) days.

(h) **"Code"** means the Internal Revenue Code of 1986, as amended, or any successor statute.

(i) “**Committee**” means any committee composed of members of the Board appointed by the Board to administer the Plan.

(j) “**common stock**” means the Company’s voting common stock, par value \$0.001 per share.

(k) “**Company**” means Direct Communication Solutions, Inc., a Delaware corporation, or any successor entity that adopts the Plan in connection with a Corporate Transaction.

(l) “**Consultant**” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(m) “**Continuous Service**” means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee’s Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence for purposes of this Plan shall include sick leave, military leave, or any other authorized personal leave, so long as the Company or Related Entity has a reasonable expectation that the individual will return to provide services for the Company or Related Entity, and provided further that the leave does not exceed six (6) months, unless the individual has a statutory or contractual right to re-employment following a longer leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option beginning on the day three (3) months and one (1) day following the expiration of such three (3) month period.

(n) “**Corporate Transaction**” means any of the following transactions, provided, however, that the Administrator shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the Shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities.

(o) “**Covered Employee**” means an Employee who is a “covered employee” under Section 162(m)(3) of the Code.

(p) “**Data**” has the meaning set forth in Section 22 of this Plan.

(q) “**Director**” means a member of the Board or the board of directors of any Related Entity.

(r) “**Disability**” means a “disability” (or word of like import) as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, “Disability” means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to

have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator.

(s) **“Disqualifying Disposition”** means any disposition (including any sale) of common stock received upon exercise of an Incentive Stock Option before either (i) two years after the date the Employee was granted the Incentive Stock Option, or (ii) one year after the date the Employee acquired common stock by exercising the Incentive Stock Option. If the Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

(t) **“Dividend Equivalent Right”** means a right entitling the Grantee to compensation measured by dividends paid with respect to common stock.

(u) **“Employee”** means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director’s fee by the Company or a Related Entity shall not be sufficient to make such person an “Employee” of the Company or a Related Entity.

(v) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(w) **“Fair Market Value”** means, as of any date, the value of the common stock determined as follows.

(i) If the common stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market, or The NASDAQ Capital Market of the NASDAQ Stock Market LLC, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the common stock is listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the common stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the common stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the common stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith by application of a reasonable valuation method consistently applied and taking into consideration all available information material to the value of the Company in a manner in compliance with Section 409A of the Code, or in the case of an Incentive Stock Option, in a manner in compliance with Section 422 of the Code.

(x) **“Grantee”** means an Employee, Director or Consultant who receives an Award under the Plan.

(y) **“Incentive Stock Option”** means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(z) **“Non-Qualified Stock Option”** means an Option not intended to qualify as an Incentive Stock Option.

(aa) **“Officer”** means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(bb) **“Option”** means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(cc) **“Parent”** means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(dd) **“Performance-Based Compensation”** means any Award that the Administrator grants pursuant to Section 6(d) of the Plan that is intended to qualify as “performance-based compensation” under Section 162(m) of the Code.

(ee) **“Performance Period”** means the time period during which specified performance criteria and/or continued status as an Employee must be met as determined by the Administrator.

(ff) **“Plan”** means this Direct Communication Solutions, Inc. 2022 Omnibus Stock Incentive Plan, as the same may be amended from time to time.

(gg) **“Post-Termination Exercise Period”** means the period specified in the Award

Agreement of not less than thirty (30) days commencing on the date of termination (other than termination by the Company or any Related Entity for Cause) of the Grantee's Continuous Service, or such longer period as may be applicable upon death or Disability.

(hh) "**Related Entity**" means any Parent or Subsidiary of the Company.

(ii) "**Restricted Stock**" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(jj) "**Restricted Stock Units**" means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(kk) "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(ll) "**SAR**" means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of common stock.

(mm) "**Share**" means a share of the common stock.

(nn) "**Subsidiary**" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(oo) "**Tax Obligations**" means all income tax, social insurance, payroll tax, fringe benefits tax, or other tax-related liabilities related to a Grantee's participation in the Plan and the receipt of any benefits hereunder, as determined under the Applicable Laws.

3. Stock Subject to the Plan.

(a) Subject to adjustment as described in Section 13 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is [_____] Shares. The Shares may be authorized, but unissued, or reacquired common stock.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan, except that the maximum aggregate number of Shares which may be issued pursuant to the exercise of Incentive Stock Options shall not exceed the number specified in Section 3(a). Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited or repurchased by the Company, such Shares shall become available for future grant under the Plan. In the event any Option or other Award granted under the Plan is exercised through the tendering of Shares (either actually or through attestation), or in the event tax withholding obligations are satisfied by tendering or withholding Shares, any Shares so tendered or withheld shall not again be available for awards under the Plan. To the extent that cash in lieu of Shares is delivered upon the exercise of an SAR pursuant to Section 6(m), the Company shall be deemed, for purposes of applying the limitation on the number of shares, to have issued the greater of the number of Shares which it was entitled to issue upon such exercise or on the exercise of any related Option. Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options shall not be available for awards under the Plan.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(iii) Administration With Respect to Covered Employees. Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more non-Employee Directors who are eligible under the provisions of Section 162(m) of the Code to serve on a

committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the “Administrator” or to a “Committee” shall be deemed to be references to such Committee or subcommittee.

(b) Multiple Administrative Bodies. The Plan may be administered by different bodies with respect to Directors, Officers, Consultants, and Employees who are neither Directors nor Officers.

(c) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

- (i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;
- (ii) to determine whether and to what extent Awards are granted hereunder;
- (iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;
- (iv) to approve forms of Award Agreements for use under the Plan;
- (v) to determine the type, terms and conditions of any Award granted hereunder;
- (vi) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan;
- (vii) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee’s rights under an outstanding Award shall not be made without the Grantee’s written consent; provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Grantee;
- (viii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;
- (ix) to institute an option exchange program;
- (x) to make other determinations as provided in this Plan; and
- (xi) to take such other action, not inconsistent with the terms of the Plan, as the

Administrator deems appropriate.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator; provided that the Administrator may not exercise any right or power reserved to the Board. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(d) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys’ fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to such liabilities, costs, and expenses as may arise out of, or result from, the bad faith, gross negligence, willful misconduct, or criminal acts of such persons; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company’s expense to defend the same.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors, and Consultants of the Company and any Related Entity. Incentive Stock Options may be granted only to Employees of the Company or a Related Entity. An Employee, Director, or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors, or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that

by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, an SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units, and Dividend Equivalent Rights. An Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be evidenced by an Award Agreement in form and substance satisfactory to the Administrator. The type of each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the \$100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The \$100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Related Entity). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. Any Option granted which fails to satisfy the requirements of the Applicable Laws for treatment as an Incentive Stock Option shall be a Non-Qualified Stock Option.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria that may be established by the Administrator.

(d) Performance-Based Awards. If the Administrator determines at the time an Award is granted to an Employee that the Employee is, or is likely to be, as of the end of the Company's tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Administrator may include in the Award certain provisions so that the Award will qualify as Performance-Based Compensation. Awards intended to qualify as Performance-Based Compensation will be subject to the following provisions:

(i) The Awards will be subject to the achievement of certain performance criteria as the Administrator may determine. The performance criteria established by the Administrator may be based on any one of, or combination of, the following criteria:

Net earnings or net income (before or after taxes);

Earnings per share;

Net sales growth;

Net operating profit;

Return measures (including, but not limited to, return on assets, capital, equity, or sales);

Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);

Cash flow per share;

Earnings before or after taxes, interest, depreciation, and/or amortization;

Gross or operating margins;

Productivity ratios;

Share price (including, but not limited to, growth measures and total stockholder return);

Expense targets or ratios;

Charge-off levels;

Improvement in or attainment of revenue levels;

Deposit growth;

Margins;

Operating efficiency;

Operating expenses;

Economic value added;

Improvement in or attainment of expense levels;

Improvement in or attainment of working capital levels;

Debt reduction;

Capital targets; and

Consummation of acquisitions, dispositions, projects or other specific events or transactions.

The Administrator may provide in any grant of an Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation

or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles or regulations, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) Extraordinary Items for the applicable Performance Period, (f) mergers, acquisitions or divestitures, and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, any such inclusions or exclusions shall be prescribed in the grant in a form that meets the requirements of Code Section 162(m) for deductibility. For this purpose “Extraordinary Items” means extraordinary, unusual, and/or nonrecurring items of gain or loss as defined under United States generally accepted accounting principles.

(ii) Before the 90th day of the applicable Performance Period (or, if the Performance Period is less than one year, no later than the number of days which is equal to 25% of such Performance Period), the Administrator will determine the duration of the Performance Period, the performance criteria on which performance will be measured, and the amount and terms of payment/vesting upon achievement of such criteria.

(iii) Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable performance criteria have been achieved for the Awards for such Performance Period. A Grantee will be eligible to receive payment pursuant to an Award for a Performance Period only if the performance criteria for such Performance Period are achieved. In determining the amounts earned by a Grantee pursuant to an Award intended to qualify as Performance-Based Compensation, the Administrator will have the right to (A) reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period, (B) determine what actual Award, if any, will be paid in the event of a Corporate Transaction or in the event of a termination of employment following a Corporate Transaction prior to the end of the Performance Period, and (C) determine what actual Award, if any, will be paid in the event of a termination of employment other than as the result of a Grantee’s death or Disability prior to a Corporate Transaction and prior to the end of the Performance Period to the extent an actual Award would have otherwise been achieved had the Grantee remained employed through the end of the Performance Period.

(iv) Payment of the Award to a Grantee shall be paid following the end of the Performance Period, or if later, the date on which any applicable contingency or restriction has ended.

(v) Sections 6(d)(i) through 6(d)(iv) above are not required for an Award of Options or SARs. However, any of those provisions may be included in an Award of Options or SARs at the discretion of the Administrator.

(vi) To the extent that the Administrator determines as of the date of grant of an Award that (A) the Award is intended to qualify as Performance-Based Compensation, and (B) the Award is not exempt from the application of Section 162(m) of the Code, such Award shall not be effective until any stockholder approval required under Section 162(m) of the Code has been obtained.

(e) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(f) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(g) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(h) Reserved.

(i) Early Exercise. An Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(j) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term shall be no more than ten (10) years from the date of grant thereof.

However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Related Entity, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

(k) Transferability of Awards. Unless the Administrator provides otherwise, no award may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(l) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other later date as is determined by the Administrator.

(m) Stock Appreciation Rights. An SAR may be granted (i) with respect to any Option granted under this Plan, either concurrently with the grant of such Option or at such later time as determined by the Administrator (as to all or any portion of the Shares subject to the Option), or (ii) alone, without reference to any related Option. Each SAR granted by the Administrator under this Plan shall be subject to the following terms and conditions. Each SAR granted to any participant shall relate to such number of Shares as shall be determined by the Administrator, subject to adjustment as provided in Section 13. In the case of an SAR granted with respect to an Option, the number of Shares to which the SAR pertains shall be reduced in the same proportion that the holder of the Option exercises the related Option. The exercise price of an SAR will be determined by the Administrator at the date of grant but may not be less than 100% of the Fair Market Value of the Shares subject thereto on the date of grant. Subject to the right of the Administrator to deliver cash in lieu of Shares (which, as it pertains to Officers and Directors of the Company, shall comply with all requirements of the Exchange Act), the number of Shares which shall be issuable upon the exercise of an SAR shall be determined by dividing:

(i) the number of Shares as to which the SAR is exercised multiplied by the amount of the appreciation in such Shares (for this purpose, the "appreciation" shall be the amount by which the Fair Market Value of the Shares subject to the SAR on the exercise date exceeds (1) in the case of an SAR related to an Option, the exercise price of the Shares under the Option or (2) in the case of an SAR granted alone, without reference to a related Option, an amount which shall be determined by the Administrator at the time of grant, subject to adjustment under Section 13); by

(ii) the Fair Market Value of a Share on the exercise date.

In lieu of issuing Shares upon the exercise of an SAR, the Administrator may elect to pay the holder of the SAR cash equal to the Fair Market Value on the exercise date of any or all of the Shares which would otherwise be issuable. No fractional Shares shall be issued upon the exercise of an SAR; instead, the holder of the SAR shall be entitled to receive a cash adjustment equal to the same fraction of the Fair Market Value of a Share on the exercise date or to purchase the portion necessary to make a whole share at its Fair Market Value on the date of exercise. The exercise of an SAR related to an Option shall be permitted only to the extent that the Option is exercisable under Section 11 on the date of surrender. Any Incentive Stock Option surrendered pursuant to the provisions of this Section 6(m) shall be deemed to have been converted into a Non-Qualified Stock Option immediately prior to such surrender.

(n) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Award that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Administrator and contained in the Award Agreement evidencing such Award.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows.

(i) In the case of an Incentive Stock Option:

(1) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Related Entity, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(2) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair

Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one-hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of other Awards, such price as is determined by the Administrator.

(v) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(e), above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award, including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) check;

(iii) delivery of Grantee's promissory note with such recourse, interest, security, and redemption provisions as the Administrator determines as appropriate (but only to the extent that the acceptance or terms of the promissory note would not violate an Applicable Law); provided, however, that interest shall compound at least annually and shall be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Grantee under any applicable provisions of the Code, and (B) the classification of the Award as a liability for financial accounting purposes;

(iv) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;

(v) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a broker-dealer acceptable to the Company to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates (or other evidence satisfactory to the Company to the extent that the Shares are uncertificated) for the purchased Shares directly to such broker-dealer in order to complete the sale transaction;

(vi) with respect to Options, payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share;

(vii) past or future services actually or to be rendered to the Company or a Related Entity;

(viii) any combination of the foregoing methods of payment; or

(ix) any other method approved by the Administrator.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(c)(iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

8. Notice to Company of Disqualifying Disposition. Each Employee who receives an Incentive Stock Option must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any common stock acquired pursuant to the exercise of an Incentive Stock Option.

9. Tax Withholding.

(a) Prior to the delivery of any Shares or cash pursuant to an Award (or the exercise thereof), or at such other time as the Tax Obligations are due, the Company, in accordance with the Code and any Applicable Laws, shall have the power and the right to deduct or withhold, or require a Grantee to remit to the Company, an amount sufficient to satisfy all Tax Obligations. The Administrator may condition such delivery, payment, or other event pursuant to an Award on the payment by the Grantee of any such Tax Obligations.

(b) The Administrator, pursuant to such procedures as it may specify from time to time, may designate the method or methods by which a Grantee may satisfy the Tax Obligations. As determined by the Administrator from time to time, these methods may include one or more of the following:

- (i) paying cash;
- (ii) electing to have the Company withhold cash or Shares deliverable to the Grantee having a Fair Market Value equal to the amount required to be withheld;
- (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld or remitted, provided the delivery of such Shares will not result in any adverse accounting consequences as the Administrator determines;
- (iv) selling a sufficient number of Shares otherwise deliverable to the Grantee through such means as the Administrator may determine (whether through a broker or otherwise) equal to the Tax Obligations required to be withheld;
- (v) retaining from salary or other amounts payable to the Grantee cash having a sufficient value to satisfy the Tax Obligations; or
- (vi) any other means which the Administrator determines to both comply with Applicable Laws, and to be consistent with the purposes of the Plan.

The amount of Tax Obligations will be deemed to include any amount that the Administrator determines may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state, local and foreign marginal income tax rates applicable to the Grantee or the Company, as applicable, with respect to the Award on the date that the amount of tax or social insurance liability to be withheld or remitted is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the Tax Obligations are required to be withheld.

10. Rights As a Stockholder.

(a) Restricted Stock. Except as otherwise provided in any Award Agreement, a Grantee will not have any rights of a stockholder with respect to any of the Shares granted to the Grantee under an Award of Restricted Stock (including the right to vote or receive dividends and other distributions paid or made with respect thereto) nor shall cash dividends or dividend equivalents accrue or be paid in respect of any unvested Award of Restricted Stock, unless and until such Shares vest.

(b) Other Awards. In the case of Awards other than Restricted Stock, except as otherwise provided in any Award Agreement, a Grantee will not have any rights of a stockholder, nor will dividends or dividend equivalents accrue or be paid, with respect to any of the Shares granted pursuant to such Award until the Award is exercised or settled and the Shares are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

11. Exercise of Award.

(a) Procedure for Exercise.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and as specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(v).

(b) Exercise of Award Following Termination of Continuous Service. In the event of termination of a Grantee's Continuous Service for any reason other than Disability or death, such Grantee may, but only during the Post-Termination Exercise Period (but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. The Grantee's Award Agreement may provide that upon the termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Award shall terminate concurrently with the termination of Grantee's Continuous Service. In the event of a Grantee's change of status from Employee to Consultant, an Employee's Incentive Stock Option shall convert automatically to a Non-Qualified Stock Option on the day three (3) months and one day following such change of status. To the extent that the Grantee's Award was unvested at the date of termination, or if the Grantee does not exercise the vested portion of the Grantee's Award within the Post-Termination Exercise Period, the Award shall terminate.

(c) Disability of Grantee. In the event of termination of a Grantee's Continuous Service as a result of his or her Disability, such Grantee may, but only within twelve (12) months from the date of such termination (or such longer period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically convert to a Non-Qualified Stock Option on the day three (3) months and one day following such termination. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(d) Death of Grantee. In the event of a termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the death of the Grantee during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance may exercise the portion of the Grantee's Award that was vested as of the date of termination, within twelve (12) months from the date of death (or such longer period as specified in the Award Agreement but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). To the extent that, at the time of death, the Grantee's Award was unvested, or if the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(e) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of an Award within the applicable time periods set forth in this Section 11 is prevented by the provisions of Section 12 below, the Award shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Award is exercisable, but in any event no later than the expiration of the term of such Award as set forth in the Award Agreement.

12. Conditions Upon Issuance of Shares; Manner of Issuance of Shares.

(a) If at any time the Administrator determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares pursuant to the terms of an Award shall be suspended until the Administrator determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under any Applicable Law.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

(c) Subject to the Applicable Laws and any governing rules or regulations, the Company shall issue or cause to be issued the Shares acquired pursuant to an Award and shall deliver such Shares to or for the benefit of the Grantee by means of one or more of the following as determined by the Administrator: (i) by delivering to the Grantee evidence of book entry Shares credited to the account of the Grantee, (ii) by depositing such Shares for the benefit of the Grantee with any broker with which the Grantee has an account relationship, or (iii) by delivering such Shares to the Grantee in certificate form.

(d) No fractional Shares shall be issued pursuant to any Award under the Plan; any Grantee who would otherwise be entitled to receive a fraction of a Share upon exercise or vesting of an Award will receive from the Company cash in lieu of such fractional Shares in an amount equal to the Fair Market Value of such fractional Shares, as determined by the Administrator.

13. Adjustments. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued and outstanding Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued and outstanding Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to the Company's common stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that

conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award. No adjustments shall be made for dividends paid in cash or in property other than common stock of the Company, nor shall cash dividends or dividend equivalents accrue or be paid in respect of unexercised Options or unvested Awards hereunder.

14. Corporate Transactions.

(a) Termination of Award to Extent Not Assumed in Corporate Transaction. Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) Acceleration of Award Upon Corporate Transaction. The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Corporate Transaction or at the time of an actual Corporate Transaction, and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Corporate Transaction on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Service of the Grantee within a specified period following the effective date of the Corporate Transaction. The Administrator may provide that any Awards so vested or released from such limitations in connection with a Corporate Transaction shall remain fully exercisable until the expiration or sooner termination of the Award.

(c) Effect of Acceleration on Incentive Stock Options. Any Incentive Stock Option accelerated under this Section 14 in connection with a Corporate Transaction shall remain exercisable as an Incentive Stock Option under the Code only to the extent the \$100,000 dollar limitation of Section 422(d) of the Code is not exceeded.

15. Effective Date and Term of Plan. The Plan shall become effective at such time as it has been (a) approved by the Company’s stockholders and (b) adopted by the Board. Stockholder approval shall be obtained in the degree and manner required under Applicable Laws. The Plan shall continue in effect for a term of ten (10) years unless sooner terminated. Any Award granted before stockholder approval is obtained will be rescinded if stockholder approval is not obtained within the time prescribed, and Shares issued on the grant or exercise of any such Award shall not be counted in determining whether stockholder approval is obtained. Subject to the preceding sentence and the Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

16. Amendment, Suspension or Termination of the Plan.

(a) The Board may at any time amend, suspend or terminate the Plan in any respect, except that it may not, without the approval of the stockholders obtained within twelve (12) months before or after the Board adopts a resolution authorizing any of the following actions, do any of the following:

(i) increase the total number of shares that may be issued under the Plan (except by adjustment pursuant to Section 13);

(ii) modify the provisions of Section 6 regarding eligibility for grants of Incentive Stock Options;

(iii) modify the provisions of Section 7(a) regarding the exercise price at which shares may be offered pursuant to Options (except by adjustment pursuant to Section 13);

(iv) extend the expiration date of the Plan; and

(v) except as provided in Section 13 (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the Company may not amend an Award granted under the Plan to reduce its exercise price per share, cancel and regrant new Awards with lower prices per share than the original prices per share of the cancelled Awards, or cancel any Awards in exchange for cash or the grant of replacement Awards with an exercise price that is less than the exercise price of the original Awards, essentially having the effect of a repricing, without approval by the Company’s stockholders.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan shall adversely affect any rights under Awards already granted to a Grantee without his or her consent.

17. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available

such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company 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. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or a Related Entity to terminate the Grantee's Continuous Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

19. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

20. Information to Grantees. The Company shall provide to each Grantee, during the period for which such Grantee has one or more Awards outstanding, such information as required by Applicable Laws.

21. Electronic Delivery. The Administrator may decide to deliver any documents related to any Award granted under the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company or to request a Grantee's consent to participate in the Plan by electronic means. By accepting an Award, each Grantee consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company, and such consent shall remain in effect throughout Grantee's Continuous Service with the Company and any Related Entity and thereafter until withdrawn in writing by Grantee.

22. Data Privacy. The Administrator may decide to collect, use and transfer, in electronic or other form, personal data as described in this Plan or any Award for the exclusive purpose of implementing, administering and managing participation in the Plan. By accepting an Award, each Grantee acknowledges that the Company holds certain personal information about Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, details of all Awards awarded, cancelled, exercised, vested or unvested, for the purpose of implementing, administering and managing the Plan (the "**Data**"). Each Grantee further acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan and that these third parties may be located in jurisdictions that may have different data privacy laws and protections, and Grantee authorizes such third parties to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the recipient or the Company may elect to deposit any Shares acquired upon any Award.

23. Compliance with Section 409A. To the extent that the Administrator determines that any Award granted hereunder is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the effective date of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the effective date of the Plan the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the effective date of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (1) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (2) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

24. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for

all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

25. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.