



**POSABIT SYSTEMS CORPORATION  
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING AND MANAGEMENT  
INFORMATION CIRCULAR**

with respect to the Annual General and Special Meeting of Shareholders to be held on August  
13, 2024

Dated as of July 10, 2024

**POSABIT SYSTEMS CORPORATION**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "**Meeting**") of the shareholders of POSaBIT Systems Corporation (the "**Company**") will be held as a virtual shareholders' meeting via live audio webcast online at [meetnow.global/MYSC5KT](https://meetnow.global/MYSC5KT) on Tuesday, August 13, 2024 at 9:00 a.m. (Pacific Daylight Time), for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2023 and the report of the auditors thereon;
2. to set the number of directors of the Company at five (5) and to elect the directors of the Company to hold office until the next annual meeting of shareholders;
3. to appoint McGovern Hurley LLP as auditor to hold office until the next annual meeting of shareholders at a remuneration to be fixed by the board of directors;
4. to consider and, if deemed advisable, pass a special resolution, the full text of which is set out in the Information Circular (as defined herein), authorizing the Company to consolidate the common shares of the Company at a share consolidation ratio to be determined by the board of directors of the Company in its sole discretion, as more particularly described in the Information Circular; and
5. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

This notice is accompanied by a management information circular (the "**Information Circular**") and form of proxy and is to be read with the annual financial statements of the Company for the year ended December 31, 2023, together with the report of the auditors thereon.

The board of directors of the Company has by resolution fixed the close of business on July 5, 2024 as the record date, being the date for the determination of the registered shareholders of the Company's entitled to receive notice of and to vote at the Meeting and any adjournments or postponements thereof.

**A shareholder of the Company may attend the Meeting in person or may be represented by proxy. Registered shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.**

A shareholder wishing to be represented by proxy at the Meeting or any adjournment or postponement thereof must deposit his/her/its duly completed and executed form of proxy with the Company's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**"), 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not later than 48 hours (excluding Saturdays, Sundays, and holidays) before the time of the Meeting or adjournments or postponements thereof at which the proxy is to be used.

The Company has made arrangements to hold the Meeting as a completely virtual meeting, which will be conducted via live webcast, where all shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with

directors of the Company and management as well as other shareholders. Shareholders will not be able to attend the Meeting in person. Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at [meetnow.global/MYSC5KT](https://meetnow.global/MYSC5KT). Beneficial shareholders (being shareholders who hold their securities through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast but not be able to participate or vote at the Meeting.

As a shareholder of the Company, it is very important that you read the Information Circular of the Company dated July 10, 2024 and other Meeting materials carefully. They contain important information with respect to voting your securities and attending and participating at the Meeting.

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

DATED at Toronto, Ontario, as of the 10<sup>th</sup> day of July 2024.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Ryan Hamlin"

Ryan Hamlin

Co-Founder and Chief Executive Officer

**POSABIT SYSTEMS CORPORATION**  
**Management Information Circular**

Unless otherwise stated, information contained herein is given as of July 10, 2024. All references to dollar amounts herein are references to United States dollars unless otherwise indicated.

**INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING**

*Solicitation of Proxies*

This management information circular (the "**Information Circular**") is furnished in connection with the solicitation by the management of POSaBIT Systems Corporation (the "**Company**") of proxies to be voted at the annual general and special meeting (the "**Meeting**") of the holders (the "**shareholders**") of common shares ("**Common Shares**") of the Company to be held as a virtual shareholders' meeting via live audio webcast online at [meetnow.global/MYSC5KT](https://meetnow.global/MYSC5KT) on Tuesday, August 13, 2024 at 9:00 a.m. (Pacific Daylight Time), for the purposes set forth in the accompanying Notice of Meeting.

In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") the Company has delivered proxy-related materials to intermediaries to forward to the OBOs (as defined herein) and has delivered proxy-related materials directly to the NOBOs (as defined herein). The Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials. In the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

The Company's head office and registered office is located at 15 Lake Bellevue Drive, Unit 101, Bellevue, Washington, 98005, U.S.

The solicitation of proxies by management of the Company will be made primarily by mail but solicitation may be made by telephone or in person with the cost of such solicitation to be borne by the Company. **While no arrangements have been made to date, the Company may contract for the solicitation of proxies for the Meeting. Such arrangements would include customary fees which would be borne by the Company.**

*Appointment of Proxyholder*

The persons named in the enclosed form of proxy for the Meeting are officers of the Company and nominees of management. **A registered shareholder has the right to appoint some other person or company, who need not be a shareholder, to represent such registered shareholder at the Meeting by striking out the names of the persons designated in the accompanying form of proxy and by inserting the name of that other person or company in the blank space provided.** If a registered shareholder appoints one of the persons designated in the accompanying form of proxy as a nominee and does not direct the said nominee to vote either "For", "Against" or "Withhold", as applicable, from voting on a matter or matters with respect to which an opportunity to specify how the Common Shares registered in the name of such registered shareholder shall be voted, the proxy shall be voted "For" such matter or matters.

The instrument appointing a proxyholder must be in writing and signed by the registered shareholder, or such registered shareholder's attorney authorized in writing, or if the registered shareholder is a corporation, by the authorized representative or a duly authorized person on behalf, of such corporation. An undated but executed proxy will be deemed to be dated the date of the mailing of the proxy. In order for a proxy to be valid, a registered shareholder must:

- (a) sign and print his or her name on the lines specified for such purpose at the bottom of the form of proxy; and
- (b) return the properly executed and completed form of proxy by mailing it or delivering it by hand in the appropriate enclosed return envelope addressed to Computershare Investor Services Inc. ("**Computershare**"),

to be received no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment(s) of the Meeting, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

### ***Revocation of Proxy***

A registered shareholder may revoke a proxy by delivering a signed instrument in writing executed by such registered shareholder or by the registered shareholder's attorney authorized in writing or, where the registered shareholder is a corporation, by a duly authorized officer or attorney of such corporation, either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or before any vote in respect of which the proxy is to be used shall have been taken, or in any other manner permitted by law.

### ***Voting of Proxies***

A registered shareholder may direct the manner in which his or her Common Shares are to be voted or withheld from voting in accordance with the instructions of the registered shareholder by marking the form of proxy accordingly. The management nominees designated in the enclosed form of proxy will vote the Common Shares represented by proxy in accordance with the instructions of the registered shareholder on any resolution that may be called for and if the registered shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **Where no choice is specified with respect to any resolution or in the absence of certain instructions, the Common Shares represented by a proxy given to management will be voted "For" the resolution. If more than one direction is made with respect to any resolution, such Common Shares will similarly be voted "For" the resolution.**

### ***Exercise of Discretion by Proxyholders***

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the proxyholders named therein with respect to amendments or variations of matters identified in the accompanying Notice of Meeting, and other matters not so identified which may properly be brought before the Meeting. At the date of this Information

Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. If any amendment or variation or other matter comes before the Meeting, the persons named in the proxy will vote in accordance with their judgement on such amendment, variation or matter.

## VOTING BY BENEFICIAL SHAREHOLDERS

The information set out in this section is important to many shareholders as a substantial number of shareholders do not hold their Common Shares in their own name.

Persons who hold Common Shares through their brokers, agents, trustees or other intermediaries (such shareholders, "**Beneficial Shareholders**") should note that only proxies deposited by registered shareholders whose names appear on the share register of the Company may be recognized and acted upon at the Meeting. If Common Shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholder will not appear on the share register of the Company. Such Common Shares will most likely be registered in the name of the broker or an agent of the broker. In Canada, the vast majority of such Common Shares will be registered in the name of "CDS & Co.", the registration name of CDS Clearing and Depository Services Inc. which acts as a nominee for many brokerage firms. Common Shares held by brokers, agents, trustees or other intermediaries can only be voted by those brokers, agents, trustees or other intermediaries in accordance with instructions received from Beneficial Shareholders. As a result, Beneficial Shareholders should carefully review the request for voting instructions ("**VIF**") provided with this Information Circular and ensure they communicate how they would like their Common Shares voted in accordance with those instructions.

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as "**NOBOs**". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Company are referred to as "**OBOs**". In accordance with the requirements of NI 54-101, the Company has delivered proxy-related materials to intermediaries to forward to the OBOs and has delivered proxy-related materials directly to the NOBOs. The Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials. In the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Generally, a Beneficial Shareholder who has not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the intermediary (typically by a facsimile with a stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Beneficial Shareholder and must be completed, but not signed, by the Beneficial Shareholder and deposited with Computershare; or
- (b) more typically, be given a VIF which is not signed by the intermediary and which, when properly completed and signed by the Beneficial Shareholder and returned to

the intermediary or its service Company, will constitute voting instructions which the intermediary must follow.

VIFs should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares which they beneficially own. Beneficial Shareholders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent, trustee or other intermediary, a Beneficial Shareholder may attend the Meeting as a proxyholder for a registered shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting or have someone else attend on their behalf, and indirectly vote their Common Shares as proxyholder for the registered shareholder should contact their broker, agent, trustee or other intermediary well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

If you are a Beneficial Shareholder, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding 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 the VIF.

## **ACCESSING AND VOTING AT THE VIRTUAL MEETING**

Registered shareholders may vote at the Meeting by completing a ballot online during the Meeting, as further described below. See "How do I attend and participate at the Meeting?".

Beneficial shareholders who have not duly appointed themselves as proxyholder will not be able to attend, participate or vote at the Meeting. This is because the Company and its transfer agent do not have a record of the beneficial shareholders of the Company, and, as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a beneficial shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the space provided on the VIF sent to you and must follow all of the applicable instructions provided by your intermediary. See "Appointment of a Third Party as Proxy" and "How do I attend and participate at the Meeting?".

### ***Appointment of a Third Party as Proxy***

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

Shareholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Common Shares MUST submit their proxy or VIF (as applicable) appointing such third party proxyholder AND register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or VIF. Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.

- **Step 1: Submit your proxy or VIF:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or VIF (if permitted) and follow the instructions for submitting such form of proxy or VIF. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or VIF. If you are a Beneficial Shareholder located in the United States, you must also provide Computershare with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.
- **Step 2: Register your proxyholder:** To register a proxyholder, shareholders MUST visit <http://www.computershare.com/posabit> and provide by 9:00 a.m. (Pacific Daylight Time) on August 9, 2024. Computershare with the required proxyholder contact information, amount of Common Shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the Common Shares are held if a beneficial shareholder, so that Computershare may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

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

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

If you are a Beneficial Shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Computershare. Requests for registration from Beneficial Shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be directed to:

Computershare Investor Services Inc.



100 University Avenue. 8th Floor  
Toronto, Ontario M5J 2Y1

Request for registration must be labeled as "Legal Proxy" and be received no later than 9:00 a.m. (Pacific Daylight Time) on August 9, 2024.

***How do I attend and participate at the Meeting?***

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at [meetnow.global/MYSC5KT](https://meetnow.global/MYSC5KT). Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting:

- Registered shareholders: The control number located on the form of proxy is the Username. If as a registered shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cut off.
- Duly appointed proxyholders: Computershare will provide the proxyholder with a Username by e-mail after the voting deadline has passed. Only registered shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting (including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or VIF and register the proxyholder. See "Appointment of a Third Party as Proxy".

**VOTING SECURITIES AND PRINCIPAL HOLDERS**

The voting securities of the Company consist of an unlimited number of Common Shares. As of the Record Date (as defined herein), the Company has 156,362,676 Common Shares issued and outstanding.

The close of business on July 5, 2024 (the "**Record Date**") has been fixed by the board of directors of the Company (the "**Board**") as the record date for determining the shareholders entitled to receive notice of and to vote at the Meeting. Accordingly, only shareholders of record on the Record Date are entitled to vote at the Meeting.

The failure of any shareholder to receive notice of the Meeting does not deprive a shareholder of the entitlement to vote at the Meeting. Every shareholder of record at the close of business on the

Record Date who personally attends the Meeting will be entitled to vote at the Meeting or any adjournment thereof, except to the extent that:

- (a) such shareholder has transferred the ownership of any of his or her Common Shares after the Record Date; and
- (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands, not later than ten (10) days before the Meeting, that his or her name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote those Common Shares at the Meeting.

Except as set forth as follows, to the knowledge of the directors and officers of the Company, as of the Record Date, no person beneficially owns or exercises control over, directly or indirectly, more than ten percent (10%) of the outstanding voting securities of the Company:

Name	Number of Common Shares Beneficially Owned or Controlled	Percentage of Class
Alex Sharp	28,350,260 Common Shares <sup>(2)</sup>	18.13% <sup>(3)</sup>

Note:

- (1) The information as to Common Shares beneficially owned by Mr. Sharp has been obtained from SEDI.
- (2) Mr. Sharp's common shareholdings are comprised of 3,553,499 directly and 24,796,761 held indirectly.
- (3) Based on 156,362,676 Common Shares outstanding as of the Record Date.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### *Financial Statements*

The audited consolidated financial statements of the Company for the year ended December 31, 2023, including the report of the auditors thereon, will be tabled at the Meeting and will be received by the shareholders. The audited consolidated financial statements of the Company for the year ended December 31, 2023, and the report of the auditors thereon and the related management's discussion and analysis are available under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### *Election of Directors*

The directors on the Board of the Company are elected at each annual meeting of shareholders and hold office until the close of the next annual meeting or until their successors are duly elected or appointed, unless their office is earlier vacated in accordance with Company's articles or the *Business Corporations Act* (British Columbia) ("**BCBCA**"). There are currently five (5) directors of the Company, and five (5) directors are to be elected at the Meeting. Management proposes to set the number of directors of the Company at five (5) and nominate at the Meeting the persons whose names are set forth in the table below, for election as a director of the Company. Proxies cannot be voted for a greater number of persons than the number of nominees named. Management does not contemplate that any of the nominees will be unable to serve as a director of the Company.

**In the absence of instructions to the contrary, the enclosed form of proxy will be voted "FOR" the setting of the number of directors of the Company at five (5) and the election of the nominees listed below.**

As a group, the proposed directors beneficially own, or control or direct, directly or indirectly, a total of 26,774,591 Common Shares representing 17.12% of the Common Shares issued and outstanding as at December 31, 2023.

The following table and the notes thereto set out the name of each person proposed by Management to be nominated for election as a director of the Company at the Meeting, the period during which he or she has been a director of the Company, his or her principal occupation within the five (5) preceding years, all offices of the Company now held by such person, and his or her shareholdings, which includes the number of voting securities of the Company beneficially owned, or over which control or direction is exercised, directly or indirectly.

<b>Name, Province or State and Country of Residence, Position</b>	<b>Principal Occupation or Employment for the Past Five Years</b>	<b>Director Since</b>	<b>Number of Common Shares Beneficially Owned or Controlled</b>
Ryan Hamlin <sup>(7)</sup> Redmond, WA  Co-Founder, Chief Executive Officer and Director	CEO and Co-Founder, POSaBIT, Inc., November 2015 – present; CEO and Founder PlaceFull, Inc. (" <b>PlaceFull</b> "); Chairman of the Board, PlaceFull, November 2011 – 2021.	April 2019	10,678,517
Donald Tringali <sup>(2)(3)(5)</sup> Tucson, AZ  Director	Principal, Augusta Advisory Group, January 2001 – present; Of Counsel, Skrzyniarz & Mallean, LLP, September 2015 – present.	April 2021	593,754
Louis Camhi <sup>(1)(3)(6)</sup> Great Neck, NY  Director	Founder and Chief Investment Officer, RLH Capital, September 2021 – present; Analyst, Citadel, July 2018 – September 2020; Analyst, Three Corner Global Investors LP, May 2013 – July 2018.	July 2021	2,550,498
Michael Apker <sup>(1)(2)</sup> Incline Village, NV  Director	Board of Directors, Company, 2020 – present; Managing Director, Envestnet Asset Management, Inc., 2005-2020; Founder & CEO, Oberon Financial Technology, 2000-2005.	June 2020	12,183,135 <sup>(4)</sup>
Bruce Jaffe <sup>(1)(2)(3)</sup> New York, NY  Director	General Partner, J4.Ventures; Self Employed, Three Point Group, LLC; President & CEO, Donuts Inc	June 2022	768,687

**Notes:**

- (1) Member of the audit committee of the Board (the "**Audit Committee**"). Bruce Jaffe is the chair of the Audit Committee.
- (2) Member of the compensation committee of the Board (the "**Compensation Committee**"). Michael Apker is the chair of the Compensation Committee.
- (3) Member of the nominating and governance committee of the Board (the "**Nominating and Governance Committee**"). Donald Tringali is the chair of the Nominating and Governance Committee.
- (4) Mr. Apker's common shareholdings are comprised of 8,417,459 held directly and 3,765,676 held indirectly.
- (5) Mr. Tringali has been appointed lead independent director.
- (6) Member of the finance & capital markets committee of the Board (the "**Finance & Capital Markets Committee**"). Mr. Camhi is the initial sole member and chair of the Finance & Capital Markets Committee.
- (7) Mr. Hamlin is the Chairman of the Board.

**Biographies**

The following are brief profiles of each of the proposed nominees, including a description of each

individual's principal occupation within the past five (5) years.

***Ryan Hamlin, Co-Founder, Chief Executive Officer and Director***

Mr. Hamlin has over 34 years of software development and management experience. He is the Co-Founder and Chief Executive Officer of the Company. In 2011, he founded PlaceFull, an online booking and eMarketing platform. PlaceFull was recently sold to Retail Management Hero, a point-of-sale provider for small businesses. From 1995 to 2010 he was an executive at Microsoft, managing 1,000+ person teams and over \$500 million in revenue, and from 1990 to 1994 he was a senior systems analyst at Andersen Consulting. He has also served on several start-up and larger non-profit boards. Mr. Hamlin has a B.A. and B.S., Business & Computer Science, from Pacific Lutheran University.

As Chief Executive Officer, Mr. Hamlin provides direction and skills with respect to the development of the Company and is responsible for the guiding strategy and direction of the Company.

***Donald Tringali, Director***

Mr. Tringali is the founder and Chief Executive Officer of Augusta Advisory Group, a US-based boutique financial and business consulting firm providing a full range of executive, operations and corporate advisory services to leading public and private companies in a wide array of industries. Since 2015, Mr. Tringali has practiced law at Skrzyniarz & Mallean, LLP. He brings over 30 years of experience as a business lawyer, C-level executive, independent corporate director and board advisor. Mr. Tringali is a member of the boards of directors of Swiss Water Decaffeinated Coffee Inc., a TSX-listed company and Natural Gas Services Group, Inc., an NYSE-listed company. Mr. Tringali holds a BA in Economics from UCLA and a JD (Juris Doctor) degree from Harvard Law School.

***Louis Camhi, Director***

Mr. Camhi is currently the founder and Chief Investment Officer of RLH Capital. Previously, he worked as an analyst at Citadel where he managed an equity long short portfolio focused on payments and financial technology companies. Prior to Citadel, Mr. Camhi worked as a senior analyst at Three Corner Global Investors LP, a fundamental long short equity hedge fund and he began his career as an investment banker in the mergers and acquisitions group at Credit Suisse Group AG. Mr. Camhi received his Bachelor of Science in Finance and Accounting from the Leonard N. Stern School of Business at New York University.

***Michael Apker, Director***

Founder and CEO of Oberon Financial Technology, an investment management software company which was later acquired by Envestnet, Inc. Mr. Apker recently retired from Envestnet after 15 years in a variety of capacities, including Chief Operating Officer, Executive Vice President, and Managing Director. Prior to his tenure in wealth management services, Apker spent 20 years at Hewlett-Packard and at Silicon Graphics, Inc.

***Bruce Jaffe, Director***

Mr. Jaffe is a general partner in the venture firm J4.Ventures, an early stage investment company focused on technology and technology enabled businesses. Mr. Jaffe is also consultant and investor with Three Point Group, LLC, which he founded in 2008 and which also focuses on early stage as well as growth technology companies. He previously served as President and Chief Executive Officer of Donuts Inc., a privately held registry operator of top-level domain names, from January 2017 through its sale to a private equity firm in November 2018. Mr. Jaffe served as Chief Financial Officer and EVP Corporate Development of Glam Media, a privately held media company, from May 2010 to December 2011. From June 1995 through February 2008, Mr. Jaffe held various positions at Microsoft Corporation, most recently serving as its Corporate Vice President, Corporate Development. Mr. Jaffe holds a B.S. degree from UC Berkeley and an M.B.A. from the Stanford University Graduate School of Business.

### Cease Trade Orders

To the knowledge of the Company, other than disclosed herein, as at the date of this Information Circular, no director or executive officer of the Company is, as at the date of this Information Circular, or was, within ten (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 was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days:

- that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On April 25, 2016, BlueOcean NutraSciences Inc. ("**BOC**") applied to the applicable Canadian securities regulatory authorities pursuant to National Policy 12-203 – *Cease Trade Orders for Continuous Disclosure Defaults* ("**Policy 12-203**") for a management cease trade order ("**MCTO**"), which precluded members of management (including Stephen Gledhill, CFO) from trading BOC common shares until such time as the MCTO is no longer in effect. The MCTO was sought by BOC as it would not be filing its audited annual financial statements, related management's discussion and analysis and applicable officer certifications (the "**Annual Materials**") by the deadline date of April 29, 2016. On May 9, 2016, the Ontario Securities Commission ("**OSC**") granted a temporary MCTO, effective until May 16, 2016. On May 16, 2016, the OSC issued a permanent MCTO in effect until two (2) days following BOC filing its Annual Materials with the applicable regulatory authorities. On July 19, 2016, BOC filed its Annual Materials and on July 21, 2016, the MCTO was lifted. On January 12, 2016 (further to a TSX Venture Exchange Bulletin dated January 11, 2016), Gemoscan Canada, Inc.'s ("**GES**") shares were suspended from trading on the TSX Venture Exchange for failing to maintain exchange requirements, GES having made assignment into bankruptcy. Effective January 13, 2016, GES's listing was transferred to the NEX. Stephen Gledhill served as CFO of GES from August 2010 to November 2015.

## Bankruptcies

To the knowledge of the Company, other than as set forth above, no director or executive officer of Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- is, as at the date of the Information Circular, or has been within the ten (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, state the fact; or
- has, within the ten (10) years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

## Penalties and Sanctions

To the knowledge of the Company no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## ***Appointment of Auditor***

It is proposed that McGovern Hurley LLP, Chartered Professional Accountants, be appointed as auditors of the Company for the ensuing year, and that the directors of the Company be authorized to fix their remuneration. McGovern Hurley LLP has been the auditor of the Company since January 4, 2024.

McGovern Hurley was appointed as the auditor of the Company on January 4, 2024, upon the resignation of Armanino LLP on September 19, 2023, the predecessor auditor of the Company. In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), a copy of the prescribed reporting package relating to the change of auditor is attached to this Information Circular as Schedule "A", including the Company's change of auditor notice and letters of acknowledgement from each of Armanino LLP and McGovern Hurley LLP. As noted in the reporting package, there were no reportable events (within the meaning of NI 51-102) and no modified opinion was expressed in Armanino LLP's report on any of the financial statements of the Company relating to the period during which Armanino LLP was the auditor of the Company.

**Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted "FOR" the appointment of McGovern Hurley LLP as the auditor of the Company to hold office until the close of the next annual meeting of shareholders of the Company or until a successor is appointed.** It is proposed that the remuneration to be paid to the auditor be fixed by the Board.

### *Approval of a Share Consolidation*

At the Meeting, shareholders will be asked to consider and, if thought advisable, pass a special resolution (the "**Share Consolidation Resolution**") granting the Board the authority to consolidate the Common Shares at a share consolidation ratio to be determined by the Board in its sole discretion (a "**Share Consolidation**"). The Share Consolidation Resolution will authorize, but not obligate, the Board to consolidate the Common Shares at a Share Consolidation ratio to be determined by the Board at its sole discretion, should the Board determine that such action would be in the best interests of the Company.

### Background to and Reasons for a Share Consolidation

The Board believes that it is in the best interests of the Company to grant the Board authority to effect a Share Consolidation should the Board determine, in its sole discretion, that such action would be in the best interests of the Company and its shareholders. Some of the potential benefits of a Share Consolidation may include:

- Potential Uplist. A Share Consolidation could facilitate the listing of the Common Shares on the TSX Venture Exchange or such other major international securities exchange that requires a minimum share price.
- Appeal to a Broader Range of Investors to Generate Greater Investor Interest in the Company. An increase in our stock price may make our Common Shares more attractive to investors. Brokerage firms may be reluctant to recommend lower-priced securities to their clients, particularly lower-priced securities of financial services companies, and trading volatility is often associated with low-priced stocks. Many institutional investors have internal practices or policies prohibiting them from holding lower-priced stocks in their portfolios, which reduces the number of potential purchasers of our Common Shares. Investment funds may also be reluctant to invest in lower-priced stocks. Investors may also be dissuaded from purchasing lower-priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for such stocks. Moreover, the analysts at many brokerage firms typically do not monitor the trading activity or otherwise provide coverage of lower-priced stocks. The Board believes that the anticipated higher market price resulting from a Share Consolidation may enable investors and brokerage firms with policies and practices such as those described above to invest in our Common Shares.
- Improve the Perception of Our Common Shares as an Investment Security. We believe that the overall economic environment in which we and other financial services and ancillary cannabis companies are currently operating has been a significant contributing factor in the trading price of our Common Shares. The Board unanimously approved the submission for approval to our shareholders of the Share Consolidation Resolution as one

potential means of increasing the per share price of our Common Shares, which could improve the perception of our Common Shares as a viable investment security. Lower-priced stocks have a perception in the investment community as being risky and speculative, which may negatively impact, not only the price of our Common Shares, but also our market liquidity.

The Company believes that authorizing the Board to determine if and when a Share Consolidation is advisable, and allowing the Board to determine the Share Consolidation ratio at that time, will maximize the anticipated benefits of such Share Consolidation for the Company and the shareholders. A Share Consolidation is subject to certain conditions, including the approval of the Share Consolidation Resolution. If the requisite approvals are obtained and the Board elects to proceed with a Share Consolidation, the Share Consolidation will take place at a time to be determined by the Board. No further action on the part of shareholders would be required in order for the Board to implement a Share Consolidation. Shareholders will be notified and registered shareholders will receive a letter of transmittal containing instructions for exchange of their share certificates in connection with a Share Consolidation. The special resolution also authorizes the Board to elect not to proceed with, and abandon, a Share Consolidation at any time if it determines, in its sole discretion, to do so. Notwithstanding if the approvals for a Share Consolidation are received, the Board may determine not to proceed with a Share Consolidation in its sole discretion.

#### Effects of a Share Consolidation

If a Share Consolidation is implemented, its principal effect will be to proportionately decrease the number of issued and outstanding Common Shares by a factor equal to the Share Consolidation ratio determined by the Board. At the close of business on the Record Date, there were 156,362,676 Common Shares issued and outstanding.

The Company does not expect a Share Consolidation itself to have any economic effect on holders of Common Shares or securities convertible into or exercisable to acquire Common Shares, except to the extent a Share Consolidation will result in fractional Common Shares. See "*No Fractional Shares*" below. Voting rights and other rights of the holders of Common Shares prior to the implementation of a Share Consolidation will not be affected by such Share Consolidation, other than as a result of the creation and disposition of fractional Common Shares as described below. For example, a holder of 2% of the voting power attached to the outstanding Common Shares immediately prior to the implementation of a Share Consolidation will generally continue to hold 2% of the voting power attached to the Common Shares immediately after the implementation of such Share Consolidation. The number of registered shareholders is not expected to be affected by a Share Consolidation (except to the extent resulting from the elimination of post-consolidation fractional shares).

The exercise or conversion price and the number of Common Shares issuable under any outstanding convertible securities of the Company, including outstanding stock options, will be adjusted in accordance with their respective terms on the same basis as the Share Consolidation.

#### *Effect on Beneficial Shareholders*

Beneficial Shareholders (i.e. non-registered shareholders) holding Common Shares through an intermediary (a securities broker, dealer, bank or financial institution) should be aware that the



intermediary may have different procedures for processing a consolidation than those that will be put in place by the Company for registered shareholders. If shareholders hold their Common Shares through an intermediary and they have questions in this regard, they are encouraged to contact their intermediaries.

#### *Effect of the Share Consolidation on Convertible Securities*

The exercise or conversion price and/or the number of Common Shares issuable under any of the Company's outstanding convertible securities, including under outstanding stock options, warrants, rights and any other similar securities will be proportionately adjusted upon the implementation of a Share Consolidation, in accordance with the terms of such securities, based on the Share Consolidation ratio.

#### *Effect on Share Certificates*

If a Share Consolidation is approved by shareholders and subsequently implemented by the Board, those registered shareholders who will hold at least one post-consolidation Common Share will be required to exchange their share certificates representing pre-consolidation Common Shares for share certificates representing post-consolidation Common Shares following a Share Consolidation or, alternatively, a Direct Registration System ("**DRS**") Advice/Statement representing the number of post-consolidation Common Shares they hold following such Share Consolidation. The DRS is an electronic registration system which allows shareholders to hold Common Shares in their name in book-based form, as evidenced by a DRS Advice/Statement, rather than a physical share certificate.

If a Share Consolidation is implemented, the Company (or its transfer agent) will mail to each registered shareholder a letter of transmittal in connection with such Share Consolidation. Each registered shareholder must complete and sign a letter of transmittal after a Share Consolidation takes effect. The letter of transmittal will contain instructions on how to surrender to the transfer agent the certificate(s) representing the registered shareholder's pre-consolidation Common Shares. The transfer agent will send to each registered shareholder who follows the instructions provided in the letter of transmittal a share certificate representing the number of post-consolidation Common Shares to which the registered shareholder is entitled rounded down to the nearest whole number or, alternatively, a DRS Advice/Statement representing the number of post-consolidation Common Shares the registered shareholder holds following such Share Consolidation. Beneficial Shareholders (i.e. non-registered shareholders) who hold their Common Shares through intermediaries (securities brokers, dealers, banks, financial institutions, etc.) and who have questions regarding how the Share Consolidation will be processed should contact their intermediaries with respect to a Share Consolidation. See "*Effect on Beneficial Shareholders*" above.

Until surrendered to the transfer agent, each share certificate representing pre-consolidation Common Shares will be deemed for all purposes to represent the number of post-consolidation Common Shares to which the registered shareholder is entitled as a result of a Share Consolidation. Until registered shareholders have returned their properly completed and duly executed letter of transmittal and surrendered their share certificate(s) for exchange, registered shareholders will not be entitled to receive any distributions, if any, that may be declared and payable to holders of record following a Share Consolidation.

Any registered shareholder whose old certificate(s) have been lost, destroyed or stolen will be entitled to a replacement share certificate only after complying with the requirements that the Company and the transfer agent customarily apply in connection with lost, stolen or destroyed certificates.

The method chosen for delivery of share certificates and letters of transmittal to the Company's transfer agent is the responsibility of the registered shareholder and neither the transfer agent nor the Company will have any liability in respect of share certificates and/or letters of transmittal which are not actually received by the transfer agent.

**REGISTERED SHAREHOLDERS SHOULD NEITHER DESTROY NOR SUBMIT ANY SHARE CERTIFICATE UNTIL HAVING RECEIVED A LETTER OF TRANSMITTAL.**

#### *No Fractional Shares*

No fractional Common Shares will be issued in connection with a Share Consolidation and no cash will be paid in lieu of fractional post-consolidation Common Shares. In the event that a shareholder would otherwise be entitled to receive a fractional Common Share upon the occurrence of a Share Consolidation, such fraction will be rounded down to the nearest whole number. In calculating such fractional interest, all post-consolidation Common Shares held by a beneficial holder(s) shall be aggregated.

#### *No Dissent Rights*

Shareholders are not entitled to exercise any statutory dissent rights with respect to the Share Consolidation ratio.

#### *Accounting Consequences*

If a Share Consolidation is implemented, net income or loss per Common Share, and other per Common Share amounts, will be increased because there will be fewer Common Shares issued and outstanding. In future financial statements, net income or loss per Common Share and other per Share amounts for periods ending before a Share Consolidation took effect would be recast to give retroactive effect to such consolidation.

#### *Risks Associated with a Share Consolidation*

Reducing the number of issued and outstanding Common Shares through a Share Consolidation is intended, absent other factors, to increase the per share market price of the Common Shares. However, the market price of the Common Shares will also be affected by the Company's financial and operational results, its financial position, including its liquidity and capital resources, the development of its operations, industry conditions, the market's perception of the Company's business and other factors, which are unrelated to the number of Common Shares outstanding. The market price of the Common Shares immediately following the implementation of a Share Consolidation is expected to be approximately equal to the market price of the Common Shares prior to the implementation of such consolidation multiplied by the Share Consolidation ratio but there is no assurance that the anticipated market price immediately following the implementation of a Share Consolidation will be realized or, if realized, will be sustained or will increase. There

is a risk that the total market capitalization of the Common Shares (the market price of the Shares multiplied by the number of Common Shares outstanding) after the implementation of any consolidation may be lower than the total market capitalization of the Common Shares prior to the implementation of a Share Consolidation. Although a higher market price for the Common Shares could increase investment interest for the Common Shares in equity capital markets by potentially broadening the pool of investors that may consider investing in the Company, including investors whose internal investment policies prohibit or discourage them from purchasing stocks trading below a certain minimum price, there is no assurance that implementing a Share Consolidation will achieve this result. If a Share Consolidation is implemented and the market price of the Common Shares (adjusted to reflect the Share Consolidation ratio) declines, the percentage decline as an absolute number and as a percentage of the Company's overall market capitalization may be greater than would have occurred if a Share Consolidation had not been implemented. Both the total market capitalization of a company and the adjusted market price of such company's shares following a consolidation may be lower than they were before the consolidation took effect. The reduced number of Common Shares that would be outstanding after a Share Consolidation is implemented could adversely affect the liquidity of the Common Shares. A Share Consolidation may result in some shareholders owning "odd lots" of fewer than 100 Common Shares on a post-consolidation basis. Odd lot Common Shares may be more difficult to sell, or may attract greater transaction costs per Share to sell, and brokerage commissions and other costs of transactions in odd lots may be higher than the costs of transactions in "round lots" of even multiples of 100 Common Shares. Even if a Share Consolidation is implemented, there can be no assurance that the Common Shares will be listed on the TSX Venture Exchange or such other major international securities exchange.

#### *Tax Considerations*

SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF A SHARE CONSOLIDATION TO THEM, INCLUDING THE EFFECTS OF ANY CANADIAN OR U.S. FEDERAL, PROVINCIAL, STATE, LOCAL, FOREIGN AND/OR OTHER TAX LAWS.

#### **Share Consolidation Resolution**

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve the Share Consolidation Resolution granting the Board the authority to effect to the Share Consolidation. The Share Consolidation Resolution is an ordinary resolution and, as such, requires approval by a simple majority of the votes cast by the shareholders present virtually, or represented by proxy, at the Meeting.

The full text of the Share Consolidation Resolution is as follows:

**"BE IT RESOLVED**, as a special resolution of the shareholders of POSaBIT Systems Corporation (the "**Company**"), that:

1. The board of directors (the "**Board**") of the Company is authorized to take such actions as are necessary to consolidate (the "**Consolidation**") all of the issued and outstanding common shares in the share capital of the Company at such a consolidation ratio to be determined by the Board in its sole discretion;

2. The Board is hereby authorized in its sole direction to fix the ratio to be used in the Consolidation;
3. No fractional common share will be issued but the number of common shares to be received by a shareholder of the Company (a "**Shareholder**") shall be rounded down to the nearest whole common share in the event that such Shareholder would otherwise be entitled to a receive fractional common share;
4. Any director or officer be and is hereby authorized, upon the board of directors resolving to give effect to this resolution, to take all necessary acts and proceedings, to execute and deliver and file any and all applications, declarations, documents and other instruments and to do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution;
5. Notwithstanding that this special resolution has been duly passed by the holders of the common shares of the Company, the Board may, in its sole discretion (including in the circumstances described in the Information Circular), revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the common shares of the Company."

**The Board unanimously recommends a vote for the Share Consolidation Resolution. In the absence of instructions to the contrary, the Common Shares represented by proxies in favour of management proxyholders will be voted FOR the Share Consolidation Resolution.**

## **QUORUM**

The quorum for the transaction of business at a meeting of shareholders is two (2) or more persons present at the commencement of the meeting holding, or representing by proxy not less than five percent (5%) of the votes attached to all common shares entitled to vote at the meeting.

No business may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting.

## **CORPORATE GOVERNANCE**

National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below.

### ***Board of Directors***

The Board consists of five (5) members of whom the Company believes four (4) to be independent based upon the applicable tests set forth in National Instrument 52-110 – *Audit Committees* ("**NI**

52-110"). Messrs. Apker, Jaffe, Camhi and Tringali are independent directors. Whereas, Mr. Hamlin is not an independent director as he is also an executive officer of the Company.

NP 58-201 suggests that the Board of reporting issuers should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship that could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. In addition, the independent judgment of the Board in carrying out its responsibilities is the responsibility of all directors.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the senior officers of the Company. The Board will give direction and guidance through the Chief Executive Officer ("CEO") to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints directors to fill positions on an Audit Committee, Compensation Committee and Nominating and Governance Committee, as well as any other active Board committees.

In addition to the in camera sessions held by the Company's independent directors, the Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. To facilitate open and candid discussion among its independent directors, such directors are encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

The activities of the executive officers are subject to the overriding supervision and direction of the Board. The responsibilities of the executive officers of the Company will include, but is not limited to, the following: (i) providing the Board with information and advice relating to the operation of the Company's properties, acquisitions, dispositions, developments and financings; (ii) establishing, at least on an annual basis, investment and operating plans for the ensuing period, as approved by the Board, and implementing such plans and monitoring the financial performance of the Company; (iii) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions, as approved by the Board; (iv) maintaining the books and financial records of the Company; (v) determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of the Company for tax and accounting purposes, as approved by the Board; (vi) preparing reports and other information required to be sent to shareholders and other disclosure documents, as approved by the Board; (vii) calculating all distributions, as approved by the Board; (viii) communicating with shareholders and other persons, including investment dealers, lenders, investors, and professionals; (ix) administering or supervising the administration, on behalf of the

Board, of the payment of distributions by the Company; and (x) ensuring the Company is in compliance with internal policies and regulatory and legal requirements.

### ***Participation of Directors in Other Reporting Issuers***

The following directors of the Company currently hold directorships in the following reporting issuers (or equivalent in a foreign jurisdiction):

<u>Name</u>	<u>Name of Reporting Issuer</u>
Donald Tringali	Swiss Water Decaffeinated Coffee Inc., TSX
Donald Tringali	Natural Gas Services Group, Inc., NYSE

The Board has determined that these inter-locking directorships do not adversely impact the effectiveness of these directors on the Board or create any potential conflicts of interest.

### ***Orientation and Continuing Education***

While the Company does not have formal orientation and training programs, orientation of new members of the Board is conducted by informal meetings with members of the Board, briefings by management, and the provision of copies of or access to the Company's documents.

The Company has not adopted formal policies respecting continuing education for members of the Board. Members of the Board are encouraged to communicate with management, legal counsel, auditors and consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Company's operations. Members of the Board have full access to the Company's records.

### ***Ethical Business Conduct***

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

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of the Company also serves as a director or officer of another company engaged in similar business activities to the Company, that director must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

The Company has implemented a corporate disclosure, confidentiality and insider trading policy to formalize the Company's policy regarding, among other things: (i) disclosure of information in a timely, consistent and appropriate manner; (ii) the protection against, and prevention of, the improper use or disclosure of material and/or confidential information; (iii) the dissemination of material information in accordance with applicable legal requirements; (iv) the responsibilities of the Company's directors, officers and employees respecting the appropriate use and disclosure of material and/or confidential information; (v) the process to be undertaken to determine whether or not information is material and when and how such information should be disclosed; and (vi) the establishment of procedures, guidelines and processes to be utilized to assist directors, officers and employees in complying with insider trading restrictions.

The Board has not adopted a code of business conduct and ethics but does promote ethical business conduct by nomination board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its Board independent of corporate matters. which outlines a set of ethical standards by which each director, officer, employee, consultant and contractor of the company should conduct his or her business.

### ***Nomination of Directors***

Except as otherwise disclosed herein, the Board has responsibility for identifying potential candidates for the Board. The Board assesses potential candidates to fill perceived needs on the Board based on required skills, expertise, independence and other factors. Members of the Board and representatives of the industry are consulted for possible candidates.

To assist the Board in this function, the Board has established a Nominating and Governance Committee to review board composition, and, if thought desirable, to identify new candidates for nomination to the Board and make recommendations to the Board in respect of such candidates. The Nominating and Governance Committee is comprised of Don Tringali (Chair), Louis Camhi and Bruce Jaffe. All of the members of the Nominating and Governance Committee are independent according to the definition of "independence" set out in NP 58-201.

### ***Compensation Committee***

The Compensation Committee reviews and approves, and recommends to the Board, the Company's approach to compensating its directors, executive officers and employees, including recommending the remuneration of the Chief Executive Officer and executive officers and the grant of equity incentives. All members of the Compensation Committee are independent. Please see "*Statement of Executive Compensation – Compensation Discussion and Analysis*" for more information.

### ***Audit Committee***

The Board has established an Audit Committee that is currently comprised of Bruce Jaffe (Chair), Michael Apker and Louis Camhi. All members of the Audit Committee are "independent" and "financially literate" for the purposes of NI 52-110. The full text of the Audit Committee's charter is annexed as Schedule "B" to this Information Circular.

Each member of the Audit Committee is considered financially literate, as they each have a good command of IFRS and the ability to understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and the internal controls and procedures for financial reporting.

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been accepted by the Board.

As the Company is considered a "venture issuer" for the purpose of NI 52-110, it is relying on the exemption found in section 6.1 of NI 52-110.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set out at "*Particulars of Matters to be Acted Upon – Election of Directors – Biographies*".

The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholders' meeting to serve one-year terms. There are no limits to how many consecutive terms an Audit Committee member may serve.

The aggregate fees billed by the Company's external auditors in each of the last two (2) fiscal years for audit, audit-related, tax and all other fees are as follows:

	<b>Fiscal Year Ending</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Audit fees <sup>(1)</sup>	\$428,327	\$119,286
Audit-related fees <sup>(2)</sup>	\$nil	\$nil
Tax fees <sup>(3)</sup>	\$51,561	\$18,941
All other fees <sup>(4)</sup>	\$nil	\$nil

**Notes:**

- (1) Audit fees consist of fees for the audit of our annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees are fees for assurance and related services related to the performance of the audit or review of the annual financial statements that are not reported under "Audit Fees". These include due diligence for business acquisitions, audit and accounting consultations regarding business acquisitions, and other attest services not required by statute.
- (3) Tax fees, tax planning, tax advice and various taxation matters.
- (4) All other fees include the aggregate fees billed for products and services provided by the Company's external auditor, other than "Audit fees", "Audit-related fees" and "Tax fees" above.

***Other Committees***

From time to time, the Board may establish committees other than the Audit Committee, the Compensation Committee and the Nominating and Governance Committee to assist the Board in carrying out its duties. The Board currently maintains an active Finance & Capital Markets Committee to review the Company's capital structure / capital allocation, capital markets activity, investor communications, financial policies, practices and strategies and take such action and make such reports and recommendations to the Board. Louis Camhi is the sole member of the Finance & Capital Markets Committee and is independent.



## *Assessments*

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. On an ongoing annual basis, the Board assesses the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

## **MEETINGS OF THE BOARD OF DIRECTORS**

The Board meets at least once each calendar quarter to review, among other things, the performance of the Company. Results are compared and measured against a previously established plan and performance of prior fiscal years. The Board will review and assess the Company's financial budget and business plan for the ensuing year and its overall strategic objectives. This process will establish, among other things, benchmarks against which the Board may measure the performance of management. Other meetings of the Board will be called to deal with special matters, as circumstances require.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### *Compensation Discussion and Analysis*

The Company operates in a dynamic and rapidly evolving market. To succeed in this environment and to achieve its business and financial objectives, the Company must attract, retain and motivate a highly talented team of executive officers and directors. The Company expects its team of executive officers to possess and demonstrate strong leadership and management capabilities, as well as foster a pioneering culture, which is at the foundation of the Company's success and remains a pivotal part of its operations. The Board is responsible for ensuring that the compensation policies and practices provide an appropriate balance of risk and reward consistent with the risk profile.

The Board's oversight includes reviewing objectives, evaluating performance and ensuring that total compensation paid to the executive officers and various other key employees is fair, reasonable and consistent with the objectives of the philosophy and compensation program.

In order to assist the Board in fulfilling its responsibilities with respect to compensation and governance matters, the Board established a Compensation Committee. The members of the Compensation Committee are Bruce Jaffe, Chair, Michael Apker, and Donald Tringali. Each of the members of the Compensation Committee is independent.

The Compensation Committee performs, among other things, the following duties and fulfills the following responsibilities: (a) annually reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating the Chief Executive Officer's performance in light of those goals and objectives, and determining the Chief Executive Officer's compensation level based on this evaluation; (b) reviewing and making recommendations from time to time the compensation systems that are in place for senior executives and directors of the

Company, including incentive-compensation plans and equity-based plans; (c) reviewing, approving and recommending to the Board of Directors for its approval: (i) employee benefit plans, (ii) retirement and savings plans, (iii) incentive compensation plans and practices, and (iv) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate; and (d) developing and recommending senior officer succession plans and practices.

The compensation practices are designed to retain, motivate and reward our executive officers for their performance and contribution to our long-term success. The Company seeks to compensate executive officers by combining short-term and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives and to align executive officers' incentives with the Company's performance. The Board seeks to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. Corporate performance goals are based on financial performance of the Company during the applicable financial year.

In order to achieve its growth objectives, attracting and retaining the right team members is critical. A key part of this is a well-thought-out compensation plan that attracts high performers and compensates them for continued achievements.

The Company will continue to evaluate our compensation philosophy and compensation program as circumstances require and plans to continue to review compensation on an annual basis.

A consulting agreement with Keshill Consulting Associates Inc. (a company owned by Stephen Gledhill) (the "**Keshill Agreement**") has been entered into by the Company. An employment agreement with Mr. Hamlin has been entered into by the Company (the "**Hamlin Agreement**"). An employment agreement with Mr. Sinnwell Jr. has been entered into by the Company (the "**Sinnwell Jr. Agreement**"). An employment agreement with Mr. Fowler was entered into by the Company (the "**Fowler Agreement**"), and Mr. Fowler resigned from his role as Chief Financial Officer and Corporate Secretary effective May 14, 2024. The Company's executive compensation consists primarily of three (3) elements: (a) base salary; (b) short-term incentives; and (c) long-term incentives. See "*Executive Compensation – Employee Agreements and Termination and Change of Control Benefits*".

### ***Compensation of NEOs and Directors, Excluding Compensation Securities***

In this section, "**NEO**" means (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer, (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer, (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the chief executive officer and the chief financial officer at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar

capacity, at the end of that financial year. For the purposes of this Information Circular, the Company had four (4) NEOs, namely: (i) Ryan Hamlin, Co-Founder and Chief Executive Officer; (ii) Stephen Gledhill, Chief Financial Officer and Corporate Secretary, (iii) Matt Fowler, Former Chief Financial Officer; and (iv) Michael Sinnwell Jr., Chief Product Officer.

The following table sets forth the compensation to the NEOs and directors paid by the Company within the two (2) most recently completed financial years of the Company, being the years ended December 31, 2023 and December 31, 2022, excluding compensation securities.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(1)</sup>	Value of all other compensation (\$) <sup>(5)</sup>	Total compensation (\$)
Ryan Hamlin <i>Co-Founder, Chief Executive Officer and Director</i>	2023	419,104	\$Nil	Nil	Nil	1,063,592	1,482,696
	2022	245,208	222,750	N/A	Nil	Nil	467,958
Stephen Gledhill <sup>(2)</sup> <i>Chief Financial Officer and Corporate Secretary</i>	2023	66,000	Nil	Nil	Nil	Nil	66,000
	2022	66,000	Nil	Nil	Nil	Nil	66,000
Matt Fowler <sup>(3)</sup> <i>Former Chief Financial Officer and Corporate Secretary</i>	2023	233,255	Nil	Nil	Nil	17,727	250,982
	2022	261,342	7,875	N/A	N/A	N/A	269,217
Michael Sinnwell Jr. <i>Chief Product Officer</i>	2023	188,267	Nil	Nil	Nil	37,379	225,646
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Donald Tringali <i>Director</i>	2023	Nil	Nil	33,750	Nil	116,415	150,165
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Louis Camhi <i>Director</i>	2023	60,000	Nil	37,500	Nil	Nil	97,500
	2022	Nil	Nil	65,000	Nil	Nil	65,000
Mike Apker <i>Director</i>	2023	Nil	Nil	7,500	Nil	45,509	53,009
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Bruce Jaffe <sup>(4)</sup> <i>Director</i>	2023	Nil	Nil	7,500	Nil	45,509	53,009
	2022	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) None of the NEOs or directors are entitled to perquisites or other personal benefits which, in the aggregate, are worth over \$50,000.
- (2) Mr. Gledhill resigned as Chief Financial Officer and Corporate Secretary of the Company on August 24, 2023 and was re-appointed as Chief Financial officer and Corporate Secretary on May 14, 2024.
- (3) Mr. Fowler was appointed as Chief Financial Officer and Corporate Secretary of the Company on August 24, 2023 and resigned as Chief Financial Officer and Corporate Secretary on May 14, 2024.
- (4) Mr. Jaffe resigned from the Board on June 3, 2020 and was re-appointed to the Board on June 14, 2022.
- (5) Fair value of options and RSUs issued as of the grant date.

***Employee and Consulting Agreements, Termination and Change of Control Benefits***

Each of the NEOs have entered into an employee, consulting or similar agreement with the Company.

Pursuant to the Hamlin Agreement, Mr. Hamlin is entitled to the following compensation:

Name, Province or State and Country of Residence, Position	Annual Base Salary (\$)	Bonus (\$)
Ryan Hamlin, Chief Executive Officer <i>Redmond, WA</i>	375,000	Determined by the Company at its sole discretion

Mr. Hamlin is also entitled to the reimbursement of reasonable business expenses. Pursuant to the Hamlin Agreement, Mr. Hamlin shall be entitled to participate in the Company's stock option plan on such terms and conditions as may from time to time be determined by the Board. The Hamlin Agreement provides for standard indemnity provisions in favour of Mr. Hamlin. Mr. Hamlin is also entitled to participate in the Company's standard benefit plan. Mr. Hamlin may be terminated by the Company for "cause". Additionally, Mr. Hamlin may be terminated by the Company for any reason other than "cause", provided that: (i) Mr. Hamlin will be entitled to receive an amount equal to 24 months of base pay and the continuation of benefits; and (ii) any unvested stock options shall automatically vest.

Pursuant to the Keshill Agreement, Keshill Consulting Associates Inc. (a company owned by Mr. Gledhill) ("**Keshill**") is entitled to the following compensation:

<b>Name, Province or State and Country of Residence, Position</b>	<b>Annual Base Salary (\$)</b>	<b>Bonus (\$)</b>
Stephen Gledhill, Chief Financial Officer and Corporate Secretary <i>Cobourg, Ontario, Canada</i>	66,000	Nil

Keshill is also entitled to the reimbursement of reasonable business expenses, provided such that expenses are approved by the Company. Pursuant to the Keshill Agreement, Keshill shall be entitled to participate in the Company's stock option plan in an amount consistent with a member of the executive management team and on such terms and conditions as may from time to time be determined by the Board. The Keshill Agreement provides for standard indemnity provisions in favour of Keshill. The Keshill Agreement automatically renews each January 1st for a one-year period unless terminated by either party with 60 days notice to the other.

Pursuant to the Sinnwell Jr. Agreement, Mr. Sinnwell Jr. is entitled to the following compensation:

<b>Name, Province or State and Country of Residence, Position</b>	<b>Annual Base Salary (\$)</b>	<b>Bonus (\$)</b>
Michael Sinnwell Jr., Chief Product Officer <i>Phoenix, Arizona, USA</i>	242,000	Determined by the Company at its sole discretion

Mr. Sinnwell Jr. is also entitled to the reimbursement of reasonable business expenses. Pursuant to the Sinnwell Jr. Agreement, Mr. Sinnwell Jr. shall be entitled to participate in the Company's stock option plan on such terms and conditions as may from time to time be determined by the Board. Mr. Sinnwell Jr. is also entitled to participate in the Company's standard benefit plan. The Sinnwell Jr. Agreement provides that Mr. Sinnwell Jr.'s employment with the Company is "at will", and as such, employment may be terminated by the Company for any reason, with or without notice and with or without cause.

Pursuant to the Fowler Agreement, Mr. Fowler is entitled to the following compensation:

<b>Name, Province or State and Country of Residence, Position</b>	<b>Annual Base Salary (\$)</b>	<b>Bonus (\$)</b>
Matt Fowler, Former Chief Financial Officer and Corporate Secretary <i>Kirkland, WA, USA</i>	220,000	Determined by the Company at its sole discretion

Mr. Fowler is also entitled to the reimbursement of reasonable business expenses. Pursuant to the Fowler Agreement, Mr. Fowler shall be entitled to participate in the Company's stock option plan on such terms and conditions as may from time to time be determined by the Board. Mr. Fowler is also entitled to participate in the Company's standard benefit plan. The Fowler Agreement provides that Mr. Fowler's employment with the Company is "at will", and as such, employment may be terminated by the Company for any reason, with or without notice and with or without cause. Mr. Fowler may be terminated by the Company for "cause". Additionally, Mr. Fowler may be terminated by the Company for any reason other than "cause", provided that Mr. Fowler will be entitled to receive an amount equal to six (6) months of base pay if the termination date is before his one year anniversary with the Company, and nine (9) months of base pay if the termination date is between his one year anniversary and his two year anniversary with the Company, and twelve (12) months of base pay if the termination date is after his two year anniversary with the Company, provided further that, in the event of a change of control (as defined in the Fowler Agreement) three (3) months before or twelve (12) months after the date of termination without "cause", Mr. Fowler will be entitled to receive an amount equal to six (6) months of base pay if the termination date is before his one year anniversary with the Company, and twelve (12) months of base pay if the termination date is after his one year anniversary with the Company.

Mr. Fowler resigned from the Company on May 14, 2023. Pursuant to a separation agreement between Mr. Fowler and the Company, the Company has no continuing obligations to Mr. Fowler.

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

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

<b>Compensation Securities</b>								
<b>Name and position</b>	<b>Year</b>	<b>Type of compensation security</b>	<b>Number of Common Shares underlying unexercised compensation securities and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue or Exercise price</b>	<b>Closing price of security or underlying security on date of grant</b>	<b>Closing price of security or underlying security at year end</b>	<b>Expiry Date</b>
Ryan Hamlin <i>Co-Founder and Chief Executive Officer</i>	2023	RSU	1,500,000	17-Apr-23	C\$1.07	C\$1.07	C\$0.335	17-Apr-27
Stephen Gledhill <sup>(1)</sup> <i>Chief Financial Officer and Corporate Secretary</i>	2023	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Matt Fowler <sup>(2)</sup>	2023	RSU	25,000	17-Apr-23	C\$0.95	C\$0.95	C\$0.335	17-Apr-25

### Compensation Securities

Name and position	Year	Type of compensation security	Number of Common Shares underlying unexercised compensation securities and percentage of class	Date of issue or grant	Issue or Exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry Date
<i>Former Chief Financial Officer and Corporate Secretary</i>								
Michael Sinnwell Jr. <i>Chief Product Officer</i>	2023	Options	250,000	17-Apr-23	C\$0.95	C\$0.95	C\$0.95	17-Apr-33
Donald Tringali <i>Director</i>	2023	RSU	100,000	17-Apr-23	C\$0.95	C\$0.95	C\$0.335	17-Apr-25
		RSU	63,914	25-Apr-23	C\$0.97	C\$0.97	C\$0.335	25-Apr-24
Louis Camhi <i>Director</i>	2023	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Mike Apker <i>Director</i>	2023	RSU	63,914	25-Apr-23	C\$0.97	C\$0.97	C\$0.335	25-Apr-24
Bruce Jaffe <i>Director</i>	2023	RSU	63,914	25-Apr-23	C\$0.97	C\$0.97	C\$0.335	25-Apr-24

**Notes:**

- (1) Mr. Gledhill resigned as Chief Financial Officer and Corporate Secretary of the Company on August 24, 2023 and was re-appointed as Chief Financial Officer and Corporate Secretary on May 14, 2024.
- (2) Mr. Fowler was appointed as Chief Financial Officer and Corporate Secretary of the Company on August 24, 2023 and resigned as Chief Financial Officer and Corporate Secretary on May 14, 2024.

There were no exercises of compensation securities by any director or NEO during the recently completed financial year ended December 31, 2023.

### ***Pension Plan Benefits***

As of the date of this Information Circular, there are no pensions plans for any NEO that provided for payments or benefits at, following or in connection with retirement.

### ***External Management Companies***

Other than with respect to the Keshill Agreement, no directors or NEOs of the Company have been retained or employed by an external management company that has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

## **SECURITY BASED COMPENSATION ARRANGEMENTS**

### ***Equity Compensation Plan Information***

The following table sets forth details of all equity compensation plans of the Company as of the end of the financial year ended December 31, 2023. The Company has adopted two equity compensation plans, the equity incentive plan adopted by the Board on December 1, 2021 and approved by the shareholders on June 14, 2022 (the "**Equity Incentive Plan**") and the stock option plan adopted by the Board on April 5, 2019 (the "**Stock Option Plan**").

Plan Category	Plan Name	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
Equity compensation plans approved by securityholders	Equity Incentive Plan	6,071,629	C\$0.97	Note 1
Equity compensation plans not approved by securityholders	Stock Option Plan	16,610,000	C\$0.40	Note 1
<b>TOTAL</b>		22,681,629	C\$0.50	

**Note:**

- (1) The maximum securities issuable under both the Equity Incentive Plan and the Stock Option Plan is limited to 26,610,000, in total.

### ***Summary of Terms and Conditions of the Equity Incentive Plan***

#### Purpose of the Equity Incentive Plan

On December 1, 2021, the Board adopted the Equity Incentive Plan to: (a) enable the Company in attracting and retaining the types of directors, officers, consultants, and employees that will contribute to the Company's success; (b) provide incentives that align the interests of officers, directors, consultants and employees with those of the shareholders of the Company; and promote the success of the Company's business, among other purposes. The Equity Incentive Plan was approved by the shareholders on June 14, 2022.

Stock options ("**Options**"), restricted stock awards ("**Restricted Shares**") and restricted stock unit awards ("**RSUs**", and collectively, "**Awards**") may be issued pursuant to the Equity Incentive Plan.

#### Administration of the Equity Incentive Plan

The Equity Incentive Plan is administered by the Board which has the power, subject to the specific provisions of the Equity Incentive Plan, to, among other things: (a) construe and interpret the Equity Incentive Plan and apply its provisions; (b) promulgate, amend, and rescind rules and regulations relating to the administrations of the Equity Incentive Plan; (c) authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Equity Incentive Plan; (d) delegate its authorities to one or more officers of the Company; (e) determine when Awards are to be granted under the Equity Incentive Plan and the applicable grant date; (f) from time to time select, subject to the limitations set forth in the Equity Incentive Plan, those to whom Awards shall be granted; (g) determine the number of Common Shares to be made subject to each Award; (h) determine types of Options; (i) prescribe the terms and conditions of each Award, including, without limitation, the exercise price and medium of payment and vesting provisions, and to specify the provisions of the Award agreement relating to such grant; (j) amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award; provided, however, that if any such amendment impairs a participant's (a "**Participant**") rights or increases a Participant's obligations under his or her Award or creates or increases a Participant's federal income tax liability with respect to an Award, such amendment shall also be subject to the Participant's consent; (k) to determine the duration and purpose of leaves of absences which may be granted to a participant without constituting

termination of their employment for purposes of the Equity Incentive Plan, which periods shall be no shorter than the periods generally applicable to Company employees under the Company's employment policies; (l) to make decisions with respect to outstanding Awards that may become necessary upon a change in corporate control or an event that triggers anti-dilution adjustments; and (m) to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Equity Incentive Plan and any instrument or agreement relating to, or Award granted under, the Equity Incentive Plan; and (n) to exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Equity Incentive Plan.

### Eligible Persons

The Equity Incentive Plan authorizes the Board to grant Awards to directors, executive officers, consultants, and employees of the Company and its affiliates.

### Common Shares Subject to the Equity Incentive Plan

A total of 10,000,000 Common Shares shall be available for the grant of Awards under the Equity Incentive Plan; provided that the maximum number of Options that may be designated as "incentive stock options" (as defined by the United States Internal Revenue Code of 1986, as amended) is set at 10,000,000 Common Shares ("**ISOs**"). Any Common Share subject to an Award that is canceled, forfeited or expires prior to exercise or realization, either in full or in part, shall again become available for issuance under the Equity Incentive Plan.

### Options

Options granted under the Equity Incentive Plan shall be separately designated ISO or non-ISOs. The Equity Incentive Plan includes customary limitations and restrictions applicable to ISOs.

Each Option granted pursuant to the Equity Incentive Plan will entitle the holder thereof to the issuance of one Common Share upon achievement of the vesting criteria and payment of the applicable exercise price. Options granted under the Equity Incentive Plan will be exercisable for Common Shares issued from treasury once the vesting criteria established by the Board at the time of the grant have been satisfied. The Equity Incentive Plan allows for the exercise price of an Option to be satisfied by payment of cash or, in the discretion of the Board, a cashless exercise or net exercise procedure or such other mechanism approved by the Board.

A person participating in the Equity Incentive Plan will cease to be eligible to participate where Continuous Service (as defined in the Equity Incentive Plan) is terminated. In such circumstances, unless otherwise determined by the Board in their discretion, any unvested Options will be automatically cancelled, terminated and not available for exercise and any vested Options may be exercised only before the earlier of: (i) the expiration of the Option; and (ii) three months after the date of such termination (or, in the case of a death or disability, six months after the date of such termination). If a person is terminated for just cause, all Options will be (whether or not then exercisable) automatically cancelled.



The Board will determine the exercise price and term/expiration date of each Option, provided that the exercise price in respect of that Option shall not be less than the Fair Market Value on the date of grant. "Fair Market Value" is defined in the Equity Incentive Plan as of any date, the closing price of the Common Shares on the CSE on the date of grant of the Option, provided that if the Common Shares are not listed on a stock exchange or quotation system, the Fair Market Value shall be determined in good faith by the Board.

No Option shall be exercisable after ten (10) years from the date the Option is granted.

Options (other than ISOs) granted under the Equity Incentive Plan cannot be transferred or assigned without the approval of the Board. ISOs granted under the Equity Incentive Plan may only be transferred or assigned by will or by the laws of descent and distribution.

### Restricted Shares

Each Participant granted Restricted Shares shall execute and deliver to the Company an Award agreement with respect to the Restricted Share setting forth the restrictions and other terms and conditions applicable to such Restricted Share. Restricted Shares awarded to a Participant shall be subject to the following restrictions until the expiration of the restricted period, commencing on the grant date and ending at the time or times set forth on a schedule established by the Board ("**Restricted Period**") and to such other terms and conditions as may be set forth in the applicable Award agreement.

Upon the expiration of the Restricted Period with respect to any Restricted Shares, the restrictions set forth above and the applicable Award agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement.

The applicable Award agreement may, but need not, provide that such Restricted Shares may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation or for any other purpose prior to the vesting of the applicable Restricted Shares.

### RSUs

RSUs awarded to an Participant shall be subject to (i) forfeiture until the expiration of the Restricted Period and satisfaction of any applicable performance goals during such period, to the extent provided in the applicable Award agreement, and to the extent such RSUs are forfeited, all rights of the Participant to such RSUs shall terminate without further obligation on the part of the Company and (ii) such other terms and conditions as may be set forth in the applicable Award agreement.

Upon the expiration of the Restricted Period with respect to any outstanding RSUs, the Company shall deliver to the Participant, or his or her beneficiary, without charge, one Common Share for each outstanding RSU and any dividend equivalent payments credited to the Participant's account with respect to such RSUs and the interest thereon, if any; provided, however, that if explicitly provided in the Award agreement, the Board may, in its sole discretion, elect to pay cash or part cash and part Common Share in lieu of delivering only Common Shares for vested RSUs. If a cash

payment is made in lieu of delivering Common Shares, the amount of such payment shall be equal to the Fair Market Value of a Common Share as of the date on which the Restricted Period lapsed.

The applicable Award agreement may, but need not, provide that such RSUs may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation or for any other purpose prior to the vesting of the applicable RSU.

### Termination

The Equity Incentive Plan shall terminate automatically on December 1, 2029. No Award shall be granted pursuant to the Equity Incentive Plan after such date, but Awards theretofore granted may extend beyond that date. The Board may suspend or terminate the Equity Incentive Plan at any earlier date. No Awards may be granted under the Plan while the Equity Incentive Plan is suspended or after it is terminated.

### Adjustments

In the event of any declaration by the Company of any stock or extraordinary cash dividend, or any subdivision or consolidation of Common Shares, reclassification or conversion of the Common Shares, or any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization, the Board may make such changes or adjustments, if any, as they consider fair or equitable, to reflect such change or event including adjusting the number of Awards outstanding under the Equity Incentive Plan, the price and kind of securities or other property to be received upon exercise or redemption thereof, or other consideration subject to such Awards to the extent necessary to preserve the economic intent of such Award.

### Change of Control

As set out in the Equity Incentive Plan, in the event of a Change of Control (as defined in the Equity Incentive Plan) of the Company, the Board may but shall not be obligated to: (a) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of any Award; (b) cancel Awards and cause to be paid to the holders of vested Awards the value of such Awards, if any, as determined by the Board, in its sole discretion, it being understood that in the case of any options with an option exercise price that equals or exceeds the price paid for a Common Share in connection with the Change of Control, the Board may cancel the option without the payment of consideration therefor; (c) provide for the issuance of substitute Awards or the assumption or replacement of such Awards; (d) provide written notice to participants that for a period of at least ten days prior to the Change of Control, such Awards shall be exercisable, to the extent applicable, as to all Common Shares subject thereto and upon the occurrence of the Change of Control, any Awards not so exercised shall terminate and be of no further force and effect.

### Acceleration of Awards

The Board shall have the power to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Equity

Incentive Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

#### Amendment Procedure

The Board at any time, and from time to time, may amend or terminate the Equity Incentive Plan. However, except as provided in the Equity Incentive Plan, no amendment shall be effective unless approved by the shareholders of the Company to the extent shareholder approval is necessary to satisfy any applicable laws. At the time of such amendment, the Board shall determine, upon advice from counsel, whether such amendment will be contingent on shareholder approval.

#### Other Terms

It is not currently anticipated that any financial assistance or support agreements will be provided to Participants by the Company or any related entity of the Company.

#### ***Summary of Terms and Conditions of the Stock Option Plan***

##### Purpose of the Equity Incentive Plan

On April 5, 2019, the Board adopted the Stock Option Plan to give eligible persons the opportunity to participate in the success of the Company.

Only Options may be issued pursuant to the Stock Option Plan.

##### Administration of the Stock Option Plan

The Stock Option Plan is administered by the Board which has the power, subject to the specific provisions of the Stock Option Plan, to, among other things: (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Stock Option Plan; (b) interpret and construe the Stock Option Plan and to determine all questions arising out of the Stock Option Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes; (c) determine the number of Common Shares issuable on the exercise of each Option, the exercise price thereunder and the time or times when the Options will be granted, exercisable and expire; (d) determine if the Common Shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option; (e) prescribe the form of the instruments relating to the grant, exercise and other terms of Options; and (f) determine, in accordance with the Stock Option Plan, how to administer the Plan in connection with a Change of Control Event (as defined in the Stock Option Plan).

##### Eligible Persons

The Stock Option Plan authorizes the Board to grant Options to directors, senior officers, consultants, and employees of the Company and its affiliates.

## Common Shares Subject to the Stock Option Plan

A total of 16,110,000 Common Shares shall be available for the grant of Options under the Stock Option Plan. Any Common Share subject to an Option that is canceled, forfeited or expires prior to exercise or realization, either in full or in part, shall again become available for issuance under the Stock Option Plan.

## Options

Each Option granted pursuant to the Stock Option Plan will entitle the holder thereof to the issuance of one Common Share upon achievement of the vesting criteria and payment of the applicable exercise price. Options granted under the Stock Option Plan will be exercisable for Common Shares issued from treasury once the vesting criteria established by the Board at the time of the grant have been satisfied. The Stock Option Plan allows for the exercise price of an Option to be satisfied by payment of cash or, in the discretion of the Board, a cashless exercise or net exercise procedure or such other mechanism approved by the Board.

A person participating in the Stock Option Plan will cease to be eligible to participate where the participant ceases to be an Eligible Participant (as defined in the Stock Option Plan). In such circumstances, unless otherwise determined by the Board in their discretion, any unvested Options will be automatically cancelled, terminated and not available for exercise and any vested Options may be exercised only before the earlier of: (i) the expiration of the Option; and (ii) 90 days after the date of such termination (or, in the case of a death or disability, 12 months after the date of such termination). If a person is terminated for just cause, all Options will be (whether or not then exercisable) automatically cancelled.

The Board will determine the exercise price and term/expiration date of each Option, provided that the exercise price in respect of that Option shall not be less than the Market Price on the date of grant. "Market Price" is defined in the Stock Option Plan as of any date, the greater of the closing price of the Common Shares on the CSE on: (i) the date of grant of the Option; and (ii) the trading day prior to the date of grant of the Options, provided that if the Common Shares are not listed on a stock exchange or quotation system, the Market Price shall be determined in good faith by the Board.

No Option shall be exercisable after ten (10) years from the date the Option is granted.

The Stock Option Plan contains customary limits relating to the issuance of Options to any one individual or corporation, the issuance of Options to consultants during a 12 month period and the issuance of Options to persons conducting investor relations activities in any 12 month period.

Options granted under the Stock Option Plan cannot be transferred or assigned without the approval of the Board, unless such assignment is to a company that is wholly owned by the participant.

## Termination and Amendments

The Board at any time, and from time to time, may amend or terminate the Stock Option Plan. However, except as provided in the Stock Option Plan, no amendment shall be effective unless approved by the shareholders of the Company to the extent shareholder approval is necessary to satisfy any applicable laws.

### Adjustments

In the event of any declaration by the Company of any stock or extraordinary cash dividend, or any subdivision or consolidation of Common Shares, reclassification or conversion of the Common Shares, or any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization, the Board may make such changes or adjustments, if any, as they consider fair or equitable, to reflect such change or event including adjusting the number of Options outstanding under the Stock Option Plan, the price and kind of securities or other property to be received upon exercise or redemption thereof, or other consideration subject to such Options to the extent necessary to preserve the economic intent of such Option.

### Change of Control

As set out in the Stock Option Plan, in the event of a Change of Control Event (as defined in the Stock Option Plan) of the Company, the Board may but shall not be obligated to: (a) accelerate, vest or cause the restrictions to lapse with respect or all or any portion of any Option; and (b) provide for the assumption or replacement of such Options, provided that any such replacement Option must provide that it survives for a period of not less than one year from the effective time of the Change of Control Event.

### *Summary of Terms and Conditions of the Deferred Compensation Plan*

On April 1, 2023, the Board adopted the deferred compensation plan (the "**Deferred Compensation Plan**") to attract and retain the services of experienced non-employee directors for the Company and certain executives of the Company by providing them with opportunities to maximize the value of their compensation through opportunities to defer the timing of equity payments. Under the Deferred Compensation Plan, an Eligible Individual (as defined in the Deferred Compensation Plan) may elect to defer receipt of all or a portion of any Common Shares issuable upon the vesting of any RSU granted by the Company to such individual. The Deferred Compensation Plan is administered by the Board.

The Deferred Compensation Plan authorizes the Board to allow: (i) a Board member who is not an employee of the Company or any of the Company's direct or indirect subsidiaries; or (ii) an employee of the Company or any of the Company's direct or indirect subsidiaries to whom the Board determines to extend the Deferred Compensation Plan to elect to defer an RSU granted to such employee.

The Board, in its sole discretion, may amend, suspend or discontinue the Deferred Compensation Plan at any time; provided that no such amendment, suspension or discontinuance reduces the accrued benefit of any participant except to the extent necessary to comply with applicable law.

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

No current or former director, executive officer or employee of the Company or any of its subsidiaries is, as at the date of this Information Circular, indebted to the Company in connection with the purchase of Common Shares of the Company or for any other reason and no such person's indebtedness to any other entity is the subject of a guarantee, support agreement or understanding provided by the Company or any of its subsidiaries.

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

Other than as set forth herein, the Company is not aware of any of the directors or executive officers of the Company at any time since January 1, 2023, any proposed nominee for election as a director of the Company, or any associate or affiliate of any of these persons having any material interest, direct or indirect, in the matters to be acted upon at the Meeting other than the election of directors or appointment of auditors, by way of beneficial ownership of securities or otherwise.

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

To the best of the Company's knowledge, since January 1, 2023, no informed person of the Company, proposed nominee for director or any associate or affiliate of an informed person or proposed nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. For the purposes of this Information Circular, an "informed person" of the Company 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 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% of the voting rights other than voting securities held by the person or Company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its Common Shares.

## **MANAGEMENT CONTRACTS**

Other than the Keshill Agreement, management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person with whom the Company has contracted. See "*Statement of Executive Compensation*" for more information.

## **OTHER MATTERS**

Management of the Company is not aware of any other matters which will be brought before the Meeting other than those set forth in the Notice of Meeting. Should any other matters properly come before the Meeting; the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgement of the persons voting such proxies.

## **REGISTRAR AND TRANSFER AGENT**

Computershare Investors Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, is the registrar and transfer agent for the Common Shares.

### **ADDITIONAL INFORMATION AND AVAILABILITY OF DOCUMENTS**

The Company will provide to any person or Company, upon request, one copy of any of the following documents:

- (a) the annual financial statements of the Company for the most recently completed fiscal year, together with the report of the auditor thereon, together with the management's discussion and analysis in respect thereof, and any interim financial statements of the Company subsequent to the financial statements for the Company's most recently completed fiscal year, together with the management's discussion and analysis in respect thereof; and
- (b) the management information circular of the Company in respect of the most recent annual meeting of shareholders of the Company which involved the election of directors.

Copies of the above documents will be provided, upon request, by the Company at 15 Lake Bellevue Drive, Unit 101, Bellevue, Washington, 98005, U.S, free of charge to shareholders of the Company. The Company may require the payment of a reasonable charge from any person or Company who is not a shareholder of the Company and who requests a copy of any such document. Financial information relating to the Company is provided in the Company's financial statements and management's discussion and analysis for its most recently completed fiscal year. Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### **MULTIPLE SHAREHOLDERS SHARING THE SAME ADDRESS**

Recent changes in the regulations regarding the delivery of copies of proxy materials to shareholders permit the Company and brokerage firms to send one copy of the meeting materials to multiple shareholders who share the same address under certain circumstances. Shareholders who hold their Common Shares through a broker may have consented to reducing the number of copies of materials delivered to their address. In the event that a shareholder wishes to revoke such a consent previously provided to a broker, the shareholder must contact the broker to revoke the consent. In any event, if a shareholder wishes to receive a separate Information Circular and accompanying materials for the Meeting, the shareholder may receive copies by contacting the Company at 15 Lake Bellevue Drive, Unit 101, Bellevue, Washington, 98005, U.S, or by email at [investors@posabit.com](mailto:investors@posabit.com). Shareholders receiving multiple copies of these documents at the same address can request delivery of a single copy of these documents by contacting the Company in the same manner. Persons holding Common Shares through a broker can request a single copy by contacting the broker.

**BOARD OF DIRECTORS APPROVAL**

The undersigned hereby certifies that the contents and sending of this Information Circular to the shareholders of the Company have been approved by the Board.

DATED at Toronto, Ontario, this 10<sup>th</sup> day of July 2024.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) "Ryan Hamlin"* \_\_\_\_\_

Ryan Hamlin

Co-Founder and Chief Executive Officer



**Schedule "A"**  
**Auditor Reporting Package**  
**(see attached)**

Armanino LLP  
155 108th Ave NE  
Suite 820  
Bellevue, WA 98004-5948  
925 790 2600 main  
armanino.com



**British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission**

**RE: Notice Regarding Change in Auditor of POSaBIT Systems Corporation Pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* dated September 25, 2023 (the "Notice")**

Dear Sirs/Mesdames:

We have read the Notice and we are in agreement with all of the statements contained therein as they pertain to our firm.

Yours very truly,

A handwritten signature in cursive script that reads "Armanino LLP".

Armanino<sup>LLP</sup>

Dated this 25<sup>th</sup> day of September, 2023.

**POSaBIT SYSTEMS CORPORATION**

**NOTICE OF CHANGE OF AUDITORS (the “Notice”)**

**TO:** Armanino LLP  
McGovern Hurley LLP

**AND TO:** British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

**RE:** Notice Regarding Change of Auditor Pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”)

Dear Sirs/Mesdames:

POSaBIT Systems Corporation (the “**Corporation**”) hereby gives notice that Armanino LLP (the “**Former Auditor**”) has resigned as the Corporation’s auditor effective September 19, 2023 and that McGovern Hurley LLP (the “**Successor Auditor**”) has been appointed as the Corporation’s auditor effective January 4, 2024 until the next annual meeting of the Corporation.

The Former Auditor resigned on its own initiative during its term of appointment due to the Former Auditor’s decision to transition away from performing financial statement audits for public companies.

The resignation of the Former Auditor and the appointment of the Successor Auditor have been approved by the Audit Committee and the Board of Directors of the Corporation.

There have been no modified opinions expressed in the Former Auditor’s report on the Corporation’s financial statements for any period during which the Former Auditor was the Corporation’s auditor. There have been no “reportable events” as such term is defined in NI 51-102.

Dated this 4<sup>th</sup> day of January, 2024.

**POSaBIT SYSTEMS CORPORATION**

By: (signed) “Ryan Hamlin”  
Name: Ryan Hamlin  
Title: Chief Executive Officer and Co-Founder

# McGovern Hurley

*Audit. Tax. Advisory.*

January 4, 2024

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

Dear Sirs/Mesdames:

**Re: POSaBIT Systems Corporation (the “Company”) Notice Pursuant to National Instrument 51-102 - Change of Auditor**

We have reviewed the information contained in the Change of Auditor Notice of the Company dated January 4, 2024 (the “Notice”), which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

Based on our knowledge as of the date hereof, we agree with the statements contained in the Notice. We have no basis to agree or disagree with the comments in the notice relating to Armanino LLP.

Yours truly,

McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

**Schedule "B"**  
**Audit Committee Charter**  
**(see attached)**

**SCHEDULE "A" - CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS (the "Board")  
OF POSABIT SYSTEMS CORPORATION  
(Adopted by the Board on January 27, 2017)**

**1.0 Purpose of the Committee**

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

**2.0 Members of the Committee**

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 Each Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**3.0 Meeting Requirements**

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

**4.0 Duties and Responsibilities**

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;

- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and;
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board;

## **5.0 Miscellaneous**

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.