



## **INFORMATION CIRCULAR**

### **SOLICITATION OF PROXIES BY MANAGEMENT**

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Abound Energy Inc. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of the shareholders of the Company (the “Shareholders”) to be held virtually via Microsoft Teams (Link: <https://www.microsoft.com/en-ca/microsoft-teams/join-a-meeting>; Meeting ID: 262 070 772 430; Passcode: QhGit2), on Friday, November 22, 2024, at 10:00 a.m. (Vancouver time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally, electronically or by telephone by directors, officers, employees or consultants of the Company. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Company (“Shares”) pursuant to the requirements of National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“National Instrument 54-101”).

The Canadian securities regulators have adopted new rules under National Instrument 54-101, which permit the use of notice-and-access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management Circulars, as well as annual financial statements, and related management’s discussion and analysis, on a website in addition to SEDAR+. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the material can be requested at any time during this period. The Company is not relying on the notice-and-access provisions of National Instrument 54-101 to send proxy related materials to registered shareholders or beneficial owners of shares in connection with the Meeting.

The Company may reimburse shareholders’ nominees or intermediaries (including brokers or their agents holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute forms of proxy. The cost of any such solicitation will be borne by the Company. Unless otherwise stated, the information contained in this Circular is given as at October 15, 2024.

### **APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES**

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder’s behalf in accordance with the instructions given by the Shareholder in the proxy. The persons named in the enclosed proxy (the “Management Designees”) have been selected by the directors of the Company.

**A Shareholder has the right to designate a person (who need not be a Shareholder), other than the Management Designees to represent the Shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the person to be designated, and by deleting from the proxy the names of the Management Designees, or by completing another**

**proper form of proxy and delivering the same to the transfer agent of the Company.** Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxyholder and attend the Meeting, and provide instructions on how the Shareholder's shares are to be voted. The nominee should bring personal identification with them to the Meeting.

To be valid, the proxy must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy). The proxy must then be delivered to the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775, and outside North America to (416) 263-9524, at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Proxies received after that time may be accepted by the Chairman of the Meeting in the Chairman's discretion, but the Chairman is under no obligation to accept late proxies.

Any registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. A proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting their shares. A Shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the registered Shareholder or by their authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the Company's registrar and transfer agent at the foregoing address or the head office of the Company, at Unit 109 – 3551 Viking Way, Richmond, British Columbia, V6V 1W1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chair of such Meeting, or any adjournment thereof. **Only registered Shareholders have the right to revoke a proxy. Non-registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective nominees to revoke the proxy on their behalf.**

#### VOTING OF PROXIES

Voting at the Meeting will be by a show of hands, each registered Shareholder and each proxyholder (representing a registered or unregistered Shareholder) having one vote, unless a poll is required or requested, whereupon each such Shareholder and proxyholder is entitled to one vote for each Share held or represented, respectively. Each Shareholder may instruct their proxyholder how to vote their Shares by completing the blanks on the proxy. All Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.**

**The enclosed proxy confers discretionary authority upon the Management Designees, or other person named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters properly come before the Meeting, then the Management Designees intend to vote in a manner which in their judgment is in the best interests of the Company.**

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “**ordinary resolution**”), unless the motion requires a “**special resolution**” in which case a majority of 66 2/3% of the votes cast will be required.

### **BENEFICIAL HOLDERS**

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are “non-registered” or “beneficial” shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered Shareholder in respect of shares which are held on behalf of that person (the “**Beneficial Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Beneficial Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the “**Meeting Materials**”) directly, and to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. If you are a non-registered owner, and the Issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holdings on your behalf.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have 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, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Company’s transfer agent as provided above; or**
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one-page pre-printed form. Sometimes, instead of the one-page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. For the form of proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the Shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Designees named in the form and insert the Beneficial Holder's name in the blank space provided. **In either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of Shares, without nominal or par value, of which as at the date hereof 36,325,804 Shares are issued and outstanding.

The holders of Shares of record at the close of business on the record date, set by the directors of the Company to be October 15, 2024, are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held.

The Articles of the Company provide that a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company.

Those Shareholders so desiring may be represented by proxy at the Meeting.

#### **PARTICULARS OF MATTERS TO BE ACTED UPON**

TO THE KNOWLEDGE OF THE COMPANY'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional details regarding each of the matters to be acted upon at the Meeting is set forth below.

##### **1. Financial Statements**

The audited financial statements of the Company for the financial years ended December 31, 2022 and 2023 (the "**Financial Statements**"), together with the Auditors' Reports thereon, will be presented to the Shareholders at the Meeting. Shareholders should note that in accordance with the rules of National Instrument 51-102 - *Continuous Disclosure Obligations*, shareholders no longer automatically receive copies of financial statements unless a return card (*in the form enclosed herewith*) has been completed and returned as instructed.

Copies of all previously issued annual and quarterly financial statements and related Management Discussions and Analysis are available to the public on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca). Hard copies of the Audited Annual Financial Statements, and Management's Discussions and Analysis will be available to shareholders free of charge upon request.

## 2. Appointment of Auditors

Management proposes the appointment of D&H Group LLP, Chartered Professional Accountants, as Auditors of the Company for the ensuing year and that the directors be authorized to fix their remuneration. D&H Group LLP were first appointed auditors of the Company on December 22, 2021.

**In the absence of instructions to the contrary the shares represented by proxy will be voted in favour of a resolution to appoint D&H Group LLP, Chartered Professional Accountants, as Auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board of Directors, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Shares are to be withheld from voting on the appointment of auditors.**

## 3. Election of Directors

The board of directors of the Company (the "Board" or the "Board of Directors") currently consists of six (6) directors, all of whom are elected annually. The term of office for each of the present directors of the Company expires at the Meeting. All of the current directors of the Company will be standing for re-election. It is proposed that the number of directors for the ensuing year be fixed at six (6) subject to such increases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next Annual General Meeting of the Company or until his successor is duly elected or appointed pursuant to the Articles of the Company unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company's Articles.

**It is the intention of the management designees, if named as proxy, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has specified in its proxy that its Shares are to be withheld from voting on the election of directors. Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following information relating to the nominees for election to the Board of Directors is based on information received by the Company from said nominees:

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**Jason Birmingham**<sup>(1)</sup>  
British Columbia, Canada  
*Director since November, 2023*  
*Interim President and Chief Executive Officer since November, 2023*  
*Chief Financial Officer from November, 2023 to December, 2023*

Shares: 1,937,878<sup>(2)</sup>

President of Birmingham Consulting Ltd. Mr. Birmingham has over 33 years of experience as an entrepreneurial executive and consulting professional. He has vast and multi-level experience in domestic and international private and public company start-ups. He has cultivated strong relationships with a broad base of investors based in North America and Europe. Mr. Birmingham is or has been a director and/or senior officer of other publicly listed companies.

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<p><b>Simon Fan</b><sup>(1)(3)</sup>  British Columbia, Canada  <i>Director since October, 2023</i></p> <p>Shares: 580,128<sup>(4)</sup></p>	<p>Dr. Fan is a seasoned Chemical Engineer with over 17 years of experience in research and development, specializing in electrochemical characterization and process engineering. As one of the founding engineers of Zaeras Technology, he has played a pivotal role in the company's growth, holding senior leadership positions. Dr. Fan has been instrumental in driving the advancement of Zaeras' technology in the market, successfully forging strategic partnerships and securing customer deals.</p>
<p><b>Chief Roy S. Jones</b><sup>(1)</sup>  British Columbia, Canada  <i>Director since July 2024</i></p> <p>Shares: Nil</p>	<p>Chief Jones is a Haida Hereditary Chief and owner of Aboriginal Equity Partners Incorporated (AEPI), a First Nations-owned and operated business with a successful track record of fostering business growth and support with the Haida Gwaii Nation. He has also collaborated with the National Chiefs Coalition in Alberta, the First Nations Power Authority, and the First Nations Major Projects Coalition.</p>
<p><b>Keith Morlock</b><sup>(1)(3)(5)</sup>  Texas, United States  <i>Director since January, 2024</i>  <i>Chief Operating Officer since February, 2024</i></p> <p>Shares: 710,606</p>	<p>Mr. Morlock has over two decades of experience, adeptly navigating regulatory environments involving agencies such as the SEC, EPA, OSHA, and the FDA. He has held various roles in public and private companies, ranging from Director and Corporate Officer to V.P., President, Chairman, and CEO, showcasing his adaptability and leadership across different organizational structures.</p>
<p><b>Robert Schwetzke</b><sup>(1)(5)</sup>  United Arab Emirates  <i>Director since June, 2024</i></p> <p>Shares: 226,500</p>	<p>Mr. Robert Schwetzke is the President of High Impact Consultancy with over 20 years of diverse experience of consulting in engineering, project, and business management in the mining and infrastructure sector as well as emerging technology development.</p>

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**Michael L. Simpson**<sup>(1)(5)</sup>

Alberta, Canada

*Director since March, 2024*

Shares: 190,000

Mr. Simpson has over 25 years of experience in politics, regulatory and policy development, energy, and public administration where he served as an Executive as COO of the Canadian Energy Centre and Assistant Deputy Minister in the Department of Energy for the Government of Alberta. He currently runs SCG, a boutique consulting company supporting a diverse group of clients including Indigenous businesses, traditional energy and clean technology companies. Mr. Simpson holds a Bachelor's Degree from the University of Lethbridge.

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<sup>(1)</sup> Information as to the Province of residence, principal occupation, and shares beneficially owned, directly or indirectly, or controlled or directed, has been furnished by the respective directors.

<sup>(2)</sup> Of which, 1,137,878 Shares are held through Birmingham Consulting Ltd., a private company controlled by Mr. Birmingham.

<sup>(3)</sup> Member or proposed member of the Compensation Committee.

<sup>(4)</sup> Of which, 87,878 Shares are held through Encordia Consulting Inc., a private company controlled by Dr. Fan.

<sup>(5)</sup> Member or proposed member of the Audit Committee.

**Corporate Cease Trade Orders or Bankruptcies:** To the knowledge of the Company, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

**Individual Bankruptcies:** To the knowledge of the Company, no director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

**Penalties or Sanctions:** To the knowledge of the Company, no proposed director of the Company has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would

likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **4. Long-Term Incentive Plan**

The Company's currently maintains a long term incentive plan (the "LTIP"). The policies of the Canadian Securities Exchange (the "CSE" or the "Exchange") require the approval of the LTIP by the Company's shareholders every three (3) years.

The purpose of the LTIP is to align the interests of those directors, employees and consultants designated by the Board as being eligible to participate in the LTIP with those of the Company and its Shareholders and to assist in attracting, retaining and motivating key employees by making a portion of the incentive compensation of participating employees directly dependent upon the achievement of key strategic, financial and operational objectives that are critical to ongoing growth and increasing the long-term value of the Company. In particular, the LTIP is designed to promote the long-term success of the Company and the creation of shareholder value by: (a) encouraging the attraction and retention of directors, key employees and consultants of the Company and its subsidiaries; (b) encouraging such directors, key employees and consultants to focus on critical long-term objectives; and (c) promoting greater alignment of the interests of such directors, key employees and consultants with the interests of the Company.

The following is a summary of the LTIP and is qualified in its entirety by the full text of the LTIP. A copy of the LTIP has been posted on SEDAR+ and is available for review and inspection under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), for complete details.

**Description of the LTIP:** The LTIP is available to directors, key employees and consultants of the Company, as determined by the Board. The maximum number of Shares available for issuance under the LTIP in respect of awards, together with the number of Shares available for issuance in respect of options under the Plan, will be 10% of the issued and outstanding shares of the Company at any time (being the number of Shares issuable pursuant to the Plan), less any shares required to be reserved with respect to options granted by the Company prior to the implementation of the Plan.

So long as it is required by the rules and policies of the Exchange or such other exchange upon which the Shares may be come listed for trading, (i) the total number of Shares issuable to any participant under the LTIP, within any one-year period, together with Shares reserved for issuance to such participant under all of the Company's other security-based compensation arrangements, shall not exceed 5% of the issued and outstanding Shares, (ii) the total number of Shares issuable to insiders under the LTIP, within any one-year period and at any time, together with Shares reserved for issuance to insiders under all of the Company's other security-based compensation arrangements, shall not exceed 10% of the issued and outstanding Shares, and (iii) the total number of Shares issuable to consultants performing investor relations activities, at any time, together with Shares reserved for issuance to consultants performing investor relations activities under all of the Company's other security-based compensation arrangements, shall not exceed 1% of the issued and outstanding Shares in any twelve month period. If the Exchange requires the number of Shares available for the grant of the Awards to be a lower percentage or a fixed number, then such lower percentage or such fixed number shall be the maximum Shares available for the grant of Awards. Except as otherwise provided in an applicable award agreement or as determined by the Board, neither awards nor any rights under any such awards shall be assignable or transferable other than pursuant to a will or by the laws of descent and distribution.



The LTIP provides for the issuance of “restricted share units”, “performance share units” and “deferred share units”.

*Restricted Share Units.* The LTIP provides that the Board may, from time to time, in its sole discretion, grant awards of restricted share units (each, an “**RSU**”) to directors, key employees and consultants. Each RSU shall represent one Share on vesting. RSUs shall be subject to such restrictions as the Board may establish in the applicable award agreement. The typical restriction for RSUs is time based (i.e. vesting after a fixed period of time). All RSUs will vest and become payable by the issuance of Shares at the end of the applicable restriction period if all applicable restrictions have lapsed.

Restrictions on any RSUs shall lapse immediately and become fully vested to the participant upon a change of control. Upon the death of a participant, subject to the applicable award agreement, any RSUs that have not vested will be immediately forfeited and cancelled without payment, provided that any RSUs granted to such participant that had vested prior to the participant’s death will accrue to the participant’s estate in accordance with the LTIP. If a participant’s employment is terminated for cause, any RSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant’s employment is terminated without cause, is voluntarily terminated by the participant or termination is due to the participant’s retirement or disability, any RSUs granted to the participant will, subject to the applicable award agreement, immediately terminate without payment and be cancelled as of the termination date, provided, however, that any RSUs granted to such participant that had vested prior to the participant’s termination without cause, voluntary termination, retirement or disability will accrue to the participant in accordance with the LTIP. In the case of directors, if a participant ceases to be a director for any reason, subject to the applicable award agreement, all RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the participant ceasing to be a director will accrue to the participant in accordance with the LTIP. Where a consultant’s service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, all RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the termination of the participant’s service to the Company will accrue to the participant in accordance with the LTIP.

*Performance Share Units.* The LTIP provides that the Board may, from time to time, in its sole discretion, grant awards of performance share units (each, a “**PSU**”) to key employees and consultants. Each PSU shall, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one Share, unless otherwise specified in the applicable award agreement. The performance criteria will be established by the Board which, without limitation, may include criteria based on the participant’s individual performance and/or financial performance of the Company and its subsidiaries. Typical performance criteria could include gross revenues, EBITDA, share price performance, the attainment of a specified amount of financing or satisfaction of a participant’s key performance indicators. The applicable award agreement may provide the Board with the right to revise the performance criteria during a performance cycle or after it has ended, if unforeseen events occur, including, without limitation, changes in capitalization, equity restructuring, acquisitions or divestitures, if such events have a substantial effect on the financial results of the Company and make the application of the performance criteria unfair absent a revision.

All PSUs will vest and become payable to the extent that the performance criteria are satisfied in the sole determination of the Board. PSUs granted to a participant shall become fully vested and payable to such

participant within 95 days after the last day of the performance cycle or upon a change of control. Upon the death of a participant, subject to the applicable award agreement, all PSUs granted to the participant which, prior to the participant's death, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. If a participant's employment is terminated for cause, any PSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, by voluntary termination, or if the participant's employment terminates due to retirement or disability, all PSUs granted to the participant which, prior to such termination without cause, voluntary termination, retirement or disability, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, all PSUs granted to such participant will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed.

*Deferred Share Units.* The LTIP provides that the Board may, from time to time, in its sole discretion, grant awards of deferred share units (each, a "DSU") to directors in lieu of director fees (but not to key employees or consultants). Directors become participants effective as of the date each is first appointed or elected as a director and cease to be participants at the time they cease to be a director for any reason. The number of DSUs to be granted to a participant shall be calculated by dividing the amount of fees selected by the director by the market price on the grant date. The market price is defined in the LTIP as the five-day weighted average closing price of the Company's Shares on the immediately preceding five trading days prior to the grant date.

Each participant shall be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason or any earlier vesting period(s) set forth in the applicable award agreement, either (a) that number of Shares equal to the number of DSUs granted to such participant, or (b) a cash payment in an amount equal to the market price of the DSUs granted to such participant on the trading day following the day that the participant ceases to be a director, net of applicable withholdings, and subject to adjustments if the value of a DSU is determined during applicable black-out periods. Upon the death of a participant, such participant's estate shall be entitled to receive, within 120 days, a cash payment or Shares that would otherwise have been payable upon such participant ceasing to be a director.

**Approval of LTIP:** At the Meeting, shareholders will be asked to approve a resolution approving the LTIP (the "LTIP Resolution"). The text of the LTIP Resolution to be considered and, if thought fit, approved at the Meeting is as follows:

"BE IT RESOLVED THAT:

1. The Company's long-term incentive plan ("LTIP") be ratified, confirmed and approved;

2. The form of the LTIP may be amended in order to satisfy the requirements or requests of any regulatory authorities or stock exchange without requiring further approval of the shareholders of the Company;
3. Any one director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolution.”

**Management recommends that shareholders vote FOR the LTIP Resolution. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the LTIP Resolution as set out above.**

## **5. Consolidation of Shares**

The Company is contemplating consolidating its shares on the basis of up to five (5) existing Shares of the Company, being consolidated into one (1) new common share (the “**Share Consolidation**”). Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution as set forth below authorizing the Company to consolidate the Shares of the Company. The Board shall in its sole discretion determine the exact Share Consolidation ratio that results in the Company continuing to meet the distribution requirements of the Exchange. Subject to the acceptance of the Exchange, approval of the ordinary resolution by holders of Shares (the “**Consolidation Resolution**”) would give the Board authority to implement the Share Consolidation at any time prior to the next annual general meeting of the Company. Notwithstanding approval of the proposed Share Consolidation by Shareholders, the Board, in its sole discretion, may revoke the Consolidation Resolution and abandon the Share Consolidation without further approval or action by or prior notice to Shareholders.

**No Fractional Shares to be Issued:** No fractional post-consolidation common shares of the Company will be issued if, as a result of the Share Consolidation, a registered Shareholder would otherwise be entitled to a fractional share. Instead, any fractional common shares resulting from the Share Consolidation will be rounded down to the nearest whole share if the fraction is less than one-half of a share and will be rounded up to the nearest whole share if the fraction is at least one-half of a share.

**Effects of the Share Consolidation on the Shares:** If the Consolidation Resolution is approved and implemented, the Share Consolidation will occur simultaneously for all of the Shares and the Share Consolidation ratio will be the same for all of such Shares. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding post-consolidation common shares that will result from the Share Consolidation will cause no change in the capital attributable to the Shares and will not materially affect any Shareholder’s percentage ownership in the Company, even though such ownership will be represented by a smaller number of Shares.

In addition, the Share Consolidation will not materially affect any Shareholder’s proportionate voting rights. Each Share outstanding after the Share Consolidation will be entitled to one vote and will be fully paid and nonassessable. The principal effects of the Share Consolidation will be that the number of Shares issued and outstanding will be reduced from 36,325,804 Shares as of the date hereof to approximately 7,265,161 common shares, assuming a Share Consolidation ratio of 5 to 1. The implementation of the Share Consolidation would not affect the total shareholders’ equity of the Company, or any components of shareholders’ equity as reflected on the Company’s financial statements except: (i) to change the

number of issued and outstanding Shares; and (ii) to change the stated capital of the Shares to reflect the Share Consolidation.

**Ordinary Resolution:** The text of the ordinary resolution to be considered and, if thought fit, approved at the Meeting is as follows:

BE IT RESOLVED, AS AN ORDINARY RESOLUTION THAT:

1. the Company be and it is hereby authorized to consolidate all of its issued common shares without par value on a basis to be determined by the directors of the Company, in their sole discretion, provided that the consolidation shall be no greater than five (5) pre-consolidation common shares to one (1) post-consolidation common share;
2. if, as a result of the consolidation, a holder of common shares would otherwise be entitled to a fraction of a post-consolidation common share, any fraction, if it is less than one-half of a share, shall be cancelled, and if it is at least one-half of a share, shall be rounded up to one whole share;
3. any director or officer of the Company be and is hereby authorized and directed on behalf of the Company to prepare, sign and deliver all documents and to do all things necessary and advisable to give effect to these resolutions;
4. notwithstanding the shareholders' approval by this resolution of the proposal to consolidate the issued share capital of the Company, the directors of the Company be and they are hereby authorized without further approval of the Shareholders to modify, vary or amend such terms and conditions in respect of the consolidation as may be required by the regulatory authorities having jurisdiction or as the board of directors may in its sole discretion deem in the best interests of the Company; and
5. notwithstanding the shareholders' approval by this resolution of the proposal to consolidate the issued share capital of the Company, the directors of the Company be and they are hereby authorized without further approval of the shareholders to revoke the resolution consolidating the issued share capital of the Company before it is acted upon.

For the reasons indicated herein, the Board and management of the Company believe that the proposed Share Consolidation is in the best interests of the Company and, accordingly, recommend that Shareholders vote FOR the ordinary resolution. To be effective, the Consolidation must be approved by not less than a simple majority of the votes cast by holders of Shares present in person or represented by proxy and entitled to vote at the Meeting.

The Board recommends that shareholders vote FOR the adoption of this resolution. If the Consolidation Resolution is approved by Shareholders, the Directors will have the authority, in their sole discretion, to implement or revoke the Consolidation Resolution and otherwise implement or abandon the Share Consolidation.

In the event that the Company proceeds with the Share Consolidation, it will send letters of transmittal to holders of its Shares for use in transmitting their share certificates to the Company's registrar and transfer agent, Computershare Investor Services Inc., in exchange for new certificates of the Company. Once properly completed letters of transmittal together with any share certificates representing Shares issued

prior to the Share Consolidation have been received in accordance with instructions contained in the letters of transmittal, certificates for the appropriate number of common shares reflecting the Share Consolidation will be issued.

**Certain Risks Associated with the Share Consolidation:** There can be no assurance that the total market capitalization of the Company (the aggregate value of all Shares at the market price then in effect) immediately after the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation. In addition, there can be no assurance that the per-share market price of the Shares following the Share Consolidation will equal or exceed the direct arithmetical result of the Share Consolidation. The Share Consolidation may result in some shareholders owning “odd lots” of less than 100 common shares on a post-Share Consolidation basis, which may be more difficult to sell or require greater transaction costs per share to sell.

**Management of the Company recommends that Shareholders vote in favour of the Consolidation Resolution, and the persons named in the enclosed form of proxy intend to vote for the approval of the Consolidation Resolution at the Meeting unless otherwise directed by the Shareholders appointing them.**

## 6. New Articles

From time to time, it is appropriate for a public corporation to review its form of Articles to ensure that they are up to date with the current legislation and standard practices with respect to the management and administration of a reporting issuer. Accordingly, the Company is proposing to delete its existing Articles in their entirety and replace them with a new set of Articles (the “**New Articles**”). The New Articles will make the Company’s Articles consistent with the current terminology and provisions of the British Columbia *Business Corporations Act* (the “**Act**”). A complete copy of the proposed New Articles of the Company will be available for inspection at the Meeting and at the Company’s registered office, located at Unit 109 – 3551 Viking Way, Richmond, British Columbia, during regular business hours up to the day before the Meeting.

Most of the changes in the New Articles are minor in nature, and will not affect shareholders or the day to day administration of the Company. However, there are some changes of note, designed to facilitate the administration of the Company’s affairs and reduce the overhead and administrative costs related to implementing such matters, including:

1. The chair of the meetings of directors will have a second or casting vote, in the case of an equality of votes.
2. The New Articles provide for advance notice of shareholder nominees for election of directors (the “**Advance Notice Provision**”), which will: (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings; (ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote, having been afforded reasonable time for appropriate deliberation.

In regards to the last item noted above, as part of its ongoing commitment to good corporate governance practices, the Board has reviewed and approved the form of the New Articles to provide for advance notice of nominees from shareholders for the election of directors. The purpose of the Advance Notice Provision is to provide shareholders, directors, and management of the Company with direction on the

procedure for a shareholder's nomination of directors. The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of Shares of the Company must submit nominations for director to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders. For shareholders who wish further information, further details on the effect of the Advance Notice Provision are set out below.

***Effect of the Advance Notice Provision:*** The following information is intended as a brief description of the Advance Notice Provision and is qualified in its entirety by the full text of the Advance Notice Provision set out as Article 14.12 of the New Articles.

The Advance Notice Provision provides that advance notice to the Company must be made in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) a "proposal" made in accordance with Division 7 of the Act; or (ii) a requisition of the shareholders made in accordance with section 167 of the Act.

Among other things, the Advance Notice Provision fixes a deadline by which holders of record of common shares of the Company must submit director nominations to the Secretary of the Company prior to any annual or special meeting of shareholders and sets forth the specific information that a Shareholder must include in the written notice to the Secretary of the Company for an effective nomination to occur. No person nominated by a Shareholder will be eligible for election as a director of the Company, unless nominated in accordance with the provisions of the Advance Notice Provision.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provision.

At the Meeting, shareholders will be asked to approve a special resolution deleting the existing Articles of the Company in their entirety and replacing them with the new form of Articles. The text of the special resolution to be considered and, if thought fit, approved at the Meeting is as follows:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The existing Articles of the Company be deleted in their entirety, and the form of Articles presented to the shareholders at the annual general and special meeting of the Company, be adopted as the Articles of the Company.
2. Any one director or officer of the Company be and is hereby authorized to do all things and execute all instruments necessary or desirable to give effect to this special resolution, including without limitation delivering a certified copy of this special resolution to the British Columbia Registrar of Companies.

3. Notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the directors of the Company be and are hereby authorized and empowered to revoke this resolution at any time prior to the effective date hereof, and to determine not to proceed with the alteration of the Articles of the Company without further approval of the shareholders of the Company.”

Approval of the special resolution will require the affirmative votes of the holders of not less than two-thirds of the votes cast at the Meeting in respect thereof. As set out in the text of the special resolution, notwithstanding its approval, the Board of Directors may determine not to proceed with the alteration of the Articles at any time prior to its effective date.

**Management of the Company recommends that Shareholders vote in favour of the special resolution altering the Articles of the Company, and the persons named in the enclosed form of proxy intend to vote for the approval of the resolution at the Meeting unless otherwise directed by the Shareholders appointing them.**

#### **EXECUTIVE COMPENSATION (For the financial year ended December 31, 2023)**

**Executive Compensation:** For purposes of this Circular, “named executive officer” of the Company means:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as a Chief Executive Officer (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as a Chief Financial Officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer, other than individuals identified in paragraphs (a) and (b) above at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraphs (a), (b) or (c) above, but for the fact that the individual not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

(each a “**Named Executive Officer**” or “**NEO**”).

Based on the foregoing definition, during the last completed financial year of the Company, the Named Executive Officers were as follows:

- Jason Birmingham: interim President, interim CEO, former CFO and former Corporate Secretary
- Swapan Kakumanu: CFO and Corporate Secretary
- Simon Fan: former Chief Technology Officer (“**CTO**”)
- Ronald MacDonald: former Executive Chair, former President and former CEO
- Sorin Spinu: former CFO

Mr. Keith Morlock was appointed Chief Operating Officer (“COO”) of the Company in February 2024.

**Director and NEO Compensation, excluding Compensation Securities:** The following table provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company to each NEO and director of the Company during the last two fiscal years ended December 31, 2022 and 2023:

Name and Principal Position	Year	Salary, Consulting, Fee, Retainer of Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisite (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
<b>Jason Birmingham</b> <sup>(1)</sup> Interim President, Interim CEO, Director, former CFO	2023	25,000 <sup>(2)</sup>	Nil	nil	nil	nil	25,000
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Simon Fan</b> <sup>(3)</sup> Director and former CTO	2023	213,456	nil	nil	nil	nil	213,456
	2022	170,057	4,000	nil	nil	nil	174,057
<b>Chief Roy S. Jones</b> <sup>(4)</sup> Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Keith Morlock</b> <sup>(5)</sup> Director and COO	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Robert Schwetzke</b> <sup>(6)</sup> Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Michael L. Simpson</b> <sup>(7)</sup> Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Swapan Kakumanu</b> <sup>(8)</sup> CFO and Corporate Secretary	2023	5,000 <sup>(9)</sup>	nil	nil	nil	nil	5,000
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Storm Boswick</b> <sup>(10)</sup> Former Director	2023	nil	nil	nil	nil	nil	nil
	2022	nil	nil	nil	nil	nil	nil
<b>Sean Charland</b> <sup>(11)</sup> Former Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	nil	nil	35,000	nil	nil	35,000
<b>Charn Deol</b> <sup>(12)</sup> Former Director	2023	nil	nil	nil	nil	nil	nil
	2022	nil	nil	25,000	nil	nil	25,000
<b>David Hodge</b> <sup>(13)</sup> Former Director	2023	nil	nil	nil	nil	nil	nil
	2022	nil	nil	37,500	nil	nil	37,500
<b>W. Thomas Hodgson</b> <sup>(14)</sup> Former Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	nil	nil	nil	nil	nil	nil
<b>Scott Larson</b> <sup>(15)</sup> Former Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Ronald MacDonald</b> <sup>(16)</sup> Former President, former CEO, former Executive Chair and former Director	2023	279,500 <sup>(17)</sup>	nil	nil	nil	nil	279,500
	2022	418,500 <sup>(17)</sup>	25,000 <sup>(17)</sup>	nil	nil	nil	443,500
<b>Robert F. Parker</b> <sup>(18)</sup> Former Director	2023	60,000	nil	nil	nil	nil	60,000
	2022	N/A	N/A	N/A	N/A	N/A	N/A



Name and Principal Position	Year	Salary, Consulting, Fee, Retainer	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisite (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
		of Commission (\$)					
Bernard I. Pinsky <sup>(19)</sup> Former Director	2023	nil	nil	nil	nil	nil	nil
	2022	nil	nil	nil	nil	nil	nil
Sorin Spinu <sup>(20)</sup> Former CFO	2023	134,377	nil	nil	nil	nil	134,377
	2022	136,000	nil	nil	nil	nil	136,000

- (1) Mr. Birmingham was appointed a director of the Company on November 2, 2023, and interim President and interim CEO of the Company on November 2, 2023. He was Corporate Secretary of the Company from November 9, 2023 to November 29, 2023 and CFO of the Company from November 29, 2023 to December 6, 2023.
- (2) Management fees paid to Birmingham Consulting Inc, a company owned and controlled by Mr. Birmingham.
- (3) Mr. Fan was appointed as a director of the Company on October 10, 2023. Mr. Fan was CTO of the Company from October 5, 2022 to October 6, 2023.
- (4) Chief Jones was appointed as a director of the Company on July 29, 2024.
- (5) Mr. Morlock was appointed as a director of the Company on January 4, 2024, and as COO of the Company on February 21, 2024.
- (6) Mr. Schwetzke was appointed as director of the Company on June 6, 2024.
- (7) Mr. Simpson was appointed as director of the Company on March 8, 2024.
- (8) Mr. Kakumanu was appointed CFO of the Company on December 6, 2023, and as Corporate Secretary of the Company on June 6, 2024.
- (9) Management fees paid to RTB LLP, a company owned and controlled by Mr. Kakumanu.
- (10) Mr. Boswick resigned as a director of the Company on May 13, 2023.
- (11) Mr. Charland resigned as a director of the Company on June 7, 2022.
- (12) Mr. Deol resigned as a director of the Company on September 11, 2023.
- (13) Mr. Hodge resigned as a director of the Company on January 4, 2024.
- (14) Mr. Hodgson resigned as a director of the Company on October 3, 2022.
- (15) Mr. Larson was a director of the Company from January 30, 2024 to July 29, 2024.
- (16) Mr. MacDonald resigned as director, Executive Chair, President and CEO on September 15, 2023.
- (17) Management fees paid to 2562100 Ontario Ltd., a company wholly owned and controlled by Ron MacDonald.
- (18) Mr. Parker was a director of the Company from June 14, 2023 to January 30, 2024.
- (19) Mr. Pinsky resigned as a director of the Company on May 10, 2023.
- (20) Mr. Spinu resigned as CFO of the Company on October 31, 2023.

**Stock Options and Other Compensation Securities:** There were compensation securities granted to directors and/or NEOs by the Company during the year ended December 31, 2023, as follows:

#### Compensation Securities

Name and position	Type of Compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Charn Deol <sup>(1)</sup> Former director	DSUs	15,173 DSUs <sup>(1)</sup>	Apr 26, 2023	N/A	1.25	0.15	N/A <sup>(2)</sup>
	DSUs	26,102 DSUs <sup>(1)</sup>	Jul 26, 2023	N/A	0.75	0.15	N/A <sup>(2)</sup>
David Hodge <sup>(3)</sup> Former director	DSUs	15,173 DSUs	Apr 26, 2023	N/A	1.25	0.15	N/A <sup>(2)</sup>
	DSUs	26,102 DSUs	Jul 26, 2023	N/A	0.75	0.15	N/A <sup>(2)</sup>
Storm Boswick <sup>(4)</sup> Former director	DSUs	15,173 DSUs	Apr 26, 2023	N/A	1.25	0.15	N/A <sup>(2)</sup>
	DSUs	12,631 DSUs	Jul 26, 2023	N/A	0.75	0.15	N/A <sup>(2)</sup>
Bernard Pinsky <sup>(5)</sup> Former director	DSUs	15,173 DSUs	Apr 26, 2023	N/A	1.25	0.15	N/A <sup>(2)</sup>
	DSUs	12,410 DSUs	Jul 26, 2023	N/A	0.75	0.15	N/A <sup>(2)</sup>

Name and position	Type of Compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Robert Parker</b> <sup>(6)</sup> Former director	RSUs	40,000 RSUs	Jan 5, 2023	1.90	1.25	0.15	N/A <sup>(2)</sup>

<sup>(1)</sup> These compensation securities were granted to Spiral Investments Corp., a private company controlled by Mr. Deol. Mr. Deol resigned as a director of the Company on September 11, 2023.

<sup>(2)</sup> Please refer to the Company's LTIP for further information, a copy of which is available for viewing on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

<sup>(3)</sup> Mr. Hodge resigned as a director of the Company on January 4, 2024.

<sup>(4)</sup> Mr. Bostwick resigned as a director of the Company on May 13, 2023

<sup>(5)</sup> Mr. Pinsky resigned as a director of the Company on May 10, 2023.

<sup>(6)</sup> Mr. Parker was a director of the Company from June 14, 2023 to January 30, 2024.

As at the year ended December 31, 2023, the following compensation securities were issued and outstanding to directors and NEOs:

Name	Number of Compensation Securities (Options, RSUs, DSUs or PSUs)	Price per Compensation Securities (\$)	Grant Date	Expiry Date
Charn Deol <sup>(1)</sup>	3,454 DSUs	N/A	Aug 16, 2022	N/A <sup>(2)</sup>
	9,294 DSUs	N/A	Oct 17, 2022	N/A <sup>(2)</sup>
	25,769 DSUs	N/A	Apr 26, 2023	N/A <sup>(2)</sup>
	26,102 DSUs	N/A	Jul 26, 2023	N/A <sup>(2)</sup>
David Hodge <sup>(3)</sup>	3,454 DSUs	N/A	Aug 16, 2022	N/A <sup>(2)</sup>
	9,294 DSUs	N/A	Oct 17, 2022	N/A <sup>(2)</sup>
	25,769 DSUs	N/A	Apr 26, 2023	N/A <sup>(2)</sup>
	26,102 DSUs	N/A	Jul 26, 2023	N/A <sup>(2)</sup>
	130,000 RSUs	0.19	May 27, 2022	Jan 4, 2024 <sup>(4)</sup>

<sup>(1)</sup> These compensation securities were granted to Spiral Investments Corp., a private company controlled by Mr. Deol. Mr. Deol resigned as a director of the Company on September 11, 2023.

<sup>(2)</sup> Please refer to the Company's LTIP for further information, a copy of which is available for viewing on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

<sup>(3)</sup> Mr. Hodge resigned as a director of the Company on January 4, 2024.

<sup>(4)</sup> Mr. Hodge's RSU's expired upon his resignation as a director of the Company on January 4, 2024.

**Exercise of Compensation Securities by Directors and NEOs:** The following compensation securities were exercised by Directors and NEOs during the year ended December 31, 2023:

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

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Simon Fan</b> <sup>(1)</sup> Director and former CTO	RSU	70,000	2.50	Apr 12, 2023	1.35	1.15	94,500
<b>Storm Boswick</b> <sup>(2)</sup> Former director	RSU	21,250	1.90	Apr 12, 2023	1.35	0.65	28,688
	DSU	51,149	1.57	Sep 5, 2023	0.55	1.02	28,132
<b>Sean Charland</b> <sup>(3)</sup> Former director	RSU	12,500	1.90	Apr 12, 2023	1.35	0.65	16,875
<b>Charn Deol</b> <sup>(4)</sup> Former director	RSU	12,500	1.90	Apr 12, 2023	1.35	0.65	16,875
<b>Ronald MacDonald</b> <sup>(5)</sup> Former President, former CEO, former Executive Chair and former Director	RSU	75,000	1.90	Apr 12, 2023	1.35	0.65	101,250
<b>Robert Parker</b> <sup>(6)</sup> Former director	RSU	20,000	1.90	Apr 12, 2023	1.35	0.65	27,000
		10,000	1.90	Jul 26, 2023	0.65	1.35	6,500
		10,000	1.90	Nov 9, 2023	0.10	1.80	1,000
<b>Bernard Pinsky</b> <sup>(7)</sup> Former director	DSU	57,836	1.63	Sep 5, 2023	0.55	1.08	31,810
<b>Sorin Spinu</b> <sup>(8)</sup> Former CFO	RSU	37,500	2.50	Apr 12, 2023	1.35	0.65	50,625

<sup>(1)</sup> Mr. Fan was appointed as a director of the Company on October 10, 2023. Mr. Fan was CTO of the Company from October 5, 2022 to October 6, 2023.

<sup>(2)</sup> Mr. Boswick resigned as a director of the Company on May 13, 2023.

<sup>(3)</sup> Mr. Charland resigned as a director of the Company on June 7, 2022.

<sup>(4)</sup> Mr. Deol resigned as a director of the Company on September 11, 2023.

<sup>(5)</sup> Mr. MacDonald resigned as director, Executive Chair, President and CEO on September 15, 2023.

<sup>(6)</sup> Mr. Parker was a director of the Company from June 14, 2023 to January 30, 2024.

<sup>(7)</sup> Mr. Pinsky resigned as a director of the Company on May 10, 2023.

<sup>(8)</sup> Mr. Spinu resigned as CFO of the Company on October 31, 2023.

**Stock Option Plans and Other Incentive Plans**

**Stock Option Plan:** The Company's current incentive stock option plan (the "Plan"). The purpose of the Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity acquire an equity interest in the Company through options granted under the Plan.

The Plan provides that unless authorized by the shareholders in accordance with applicable securities laws, the aggregate number of Shares reserved for issuance under the Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, is subject to the restrictions imposed under applicable securities laws.

The Plan is intended to emphasize management's commitment to the growth of the Company. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. Stock option grants are based on the total of stock options available under the Plan. In granting stock options, the Board reviews the total of stock options available under the Plan and recommends grants to newly retained executive officers at the time of their appointment and considers recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding options held by an executive are taken into account when determining whether and how new option grants should be made to the executive. The exercise periods are to be set at the date of grant. Options granted under the Plan will have an exercise price of not less than the minimum prevailing price of the Company's Shares permitted by the Exchange on the day prior to the date of the grant.

The Board establishes the expiry date for each option at the time such option is granted. The expiry date cannot be longer than the maximum exercise period as determined by the applicable securities laws and the policies of the Exchange. No Option is exercisable until it has vested. The Board establishes a vesting period or periods at the time each option is granted to an optionee, subject to the compliance with applicable securities laws and the policies of the Exchange. An optionee who wishes to exercise an Option must pay the exercise price in cash, a certified cheque or a bank draft payable to the Company for the aggregate exercise price for the optioned Shares being acquired.

**LTIP:** The Company maintains a LTIP. For information regarding the material terms of the Company's LTIP, please refer to the heading "Particulars of Other Matters to be Acted Upon – *Long Term Incentive Plan*" above.

**Termination and Change of Control Benefits:** There are no management or consulting agreements with any directors or officers of the Company, and no arrangements for termination or change of control benefits.

**Oversight and Description of Director and NEO Compensation:** The objectives of the Company's compensation strategy is to align the interests of the Company's NEOs, directors, employees and consultants with the interests of the shareholders. The Compensation Committee of the Board of Directors of the Company consists of two independent directors, namely Michael L. Simpson (Chair) and Robert Schwetzke, and one non-independent director, Keith Morlock. Mr. Morlock is not an independent director as he serves as the Company's COO.

The overall objective of the Company's compensation strategy is to offer short, medium and long-term compensation components to ensure that the Company has in place programs to attract, retain and develop management of the highest caliber and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the chief executive officer in this regard. There are currently no formal performance goals or similar conditions that must be satisfied in connection with the payment of executive compensation.

The compensation of the NEOs and directors of the Company, if any, is reviewed by the Compensation Committee on a periodic basis with reference to the Company's peer groups, state of business affairs as well as any specific criteria that may arise. The compensation of the NEOs and directors is recommended for approval to the Board of Directors of the Company. NEOs that are also directors of the Company are involved in discussion relating to compensation and disclose their interest in and abstain from voting on compensation decisions relating to them, as applicable, in accordance with the applicable corporate legislation.

The Company currently has a short-term compensation component in place, which may include the accrual and/or payment of management fees to certain NEOs, and a long-term compensation component in place, consisting of the grant of stock options under the Equity Incentive Plan. The Company intends to further develop these compensation components. The Board may in the future consider, on an annual basis, an award of bonuses to key executives and senior management. The amount and award of such bonuses is expected to be discretionary, depending on, among other factors, the financial performance of the Company and the position of the executive. The Board considers that the payment of such discretionary annual cash bonuses may satisfy the medium-term compensation component.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain information pertaining to the Company's equity compensation plan as at the end of the most recently completed financial year:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	396,981 Options	\$4.76	2,534,981 Options
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>TOTAL:</b>	<b>396,981 Options</b>	<b>\$4.76</b>	<b>2,534,981 Options</b>

<sup>(1)</sup> As at December 31, 2023, there were 124,902 RSUs, 129,239 DSUs and nil PSUs outstanding.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year, other than as follows:

1. Simon Fan, a director of the Company, was indebted to the Company for a total of \$90,000. As of the date of this Circular, the balance owing is \$10,000; and
2. Sean Charland, a former director of the Company, was indebted to the Company for a total of \$10,202. As of the date of this Circular, the balance owing remains \$10,202.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No Insider of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect 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, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, of any person or company who has been: (a) if the solicitation is made by or on behalf of management of the Company, a director or executive officer of the Company at any time since the beginning of the Company's last financial year; (b) if the solicitation is made other than by or on behalf of management of the Company, any person or company by whom or on whose behalf, directly or indirectly, the solicitation is made; (c) any proposed nominee for election as a director of the Company; or (d) any associate or affiliate of any of the foregoing persons or companies.

## MANAGEMENT CONTRACTS

Management functions of the Company and its subsidiaries are substantially performed by the Company's directors and executive officers. The Company has not entered into any contracts, agreements or arrangements with parties other than its directors and executive officers for the provision of such management functions.

## CORPORATE GOVERNANCE

**General:** The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**") prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

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

The Board is comprised of six (6) directors, of whom each of Chief Roy S. Jones, Robert Schwetzke and Michael L. Simpson are independent for the purposes of NI 58-101. Jason Birmingham is not independent since he serves as interim President and CEO of the Company. Keith Morlock is not independent since he serves as COO of the Company. Simon Fan is not independent as he served as CTO of the Company within the last 3 years.

**Directorships:** Certain of the directors and proposed directors are also directors of other reporting issuers, as follows:

Director	Other Reporting Issuer
Jason Birmingham	Apex Critical Metals Corp. Atlantic Resources Corp. Avaron Mining Corp. Cassius Ventures Ltd.
Robert Schwetzke	New Destiny Mining Corp.

**Orientation and Continuing Education:** New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

**Ethical Business Conduct:** The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

**Nomination of Directors:** The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

**Compensation Governance:** Compensation is determined by the Compensation Committee and is based on the compensation paid for directors and senior officers of companies of a similar size and stage of development. The appropriate compensation reflects the need to provide incentive and compensation for the time and effort expended by the directors and its management while taking into account the financial and other resources of the Company.

**Other Board Committees:** The Board has no other committees, other than the Audit Committee and the Compensation Committee.

**Assessments:** Due to the minimal size of the Company's Board of directors, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

#### AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* ("NI 52-110") reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. The Company's Audit Committee is governed by an audit committee charter, the text of which is set out in Schedule A attached to this Circular.

**Composition of Audit Committee:** Following the election of directors pursuant to this Circular, the following will be members of the Audit Committee:

Michael L. Simpson (Chair)	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Keith Morlock	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Robert Schwetzke	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

<sup>(1)</sup> A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

<sup>(2)</sup> An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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.

**Relevant Education and Experience:** The relevant education and/or experience of each member of the Audit Committee is as follows:

**Michael L. Simpson:** Mr. Simpson has over 25 years of experience in politics, regulatory and policy development, energy, and public administration where he served as an Executive as COO of the Canadian Energy Centre and Assistant Deputy Minister in the Department of Energy for the Government of Alberta. He currently runs SCG, a boutique consulting company supporting a diverse group of clients including Indigenous businesses, traditional energy and clean technology companies. Mr. Simpson holds a Bachelor's Degree from the University of Lethbridge.

**Keith Morlock:** Mr. Morlock brings over two decades of experience, adeptly navigating regulatory environments involving agencies such as the SEC, EPA, OSHA, and the FDA. Proficient in steering high-performing teams and driving innovation, he focuses on supporting the infrastructure, development, and revenue objectives of growing enterprises. Mr. Morlock has successfully developed strategic initiatives with partners such as GE, Siemens, and Honeywell, specifically in designing, implementing, and overseeing water treatment systems for critical areas in pharmaceutical manufacturing and energy/gas produced water reclamation facilities. Throughout his professional journey, Mr. Morlock has held various roles in public and private companies, ranging from Director and Corporate Officer to V.P., President, Chair, and CEO, showcasing his adaptability and leadership across different organizational structures.

**Robert Schwetzke:** Mr. Robert Schwetzke has over two decades of multifaceted experience in engineering, project management, and business administration spanning various sectors including Mining, Ports & Terminals, Construction, and Technology development. Demonstrating a proven history of successfully overseeing intricate projects from conception to fruition and adeptness in international supply-chain management, Mr. Schwetzke offers a strategic viewpoint to ABOUND Energy's Board of Directors, particularly from the perspective of the Middle Eastern market and opportunities. His engineering expertise combined with entrepreneurial flair, will play a pivotal role in fostering innovation and driving sustainable expansion. Mr. Schwetzke's approach to leadership and collaborative nature harmonize seamlessly with ABOUND's mission, making him an indispensable asset to the team.

**Audit Committee Oversight:** At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.



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

**Pre-Approval Policies and Procedures:** The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

**External Auditor Service Fees:** The fees billed by the Company's external auditors in each of the last two financial years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

<b>Financial Year Ended December 31</b>	<b>Audit Fees (\$)</b>	<b>Audit Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
2023	35,500	Nil	2,500	Nil
2022	36,000	Nil	1,500	Nil

#### **ADDITIONAL INFORMATION**

Financial information is provided in the Company's audited annual financial statements and accompanying management's discussions and analysis ("MD&A") for the years ended December 31, 2022 and 2023.

Under National Instrument 51-102 - *Continuous Disclosure Obligations*, any person or company who wishes to receive financial statements from the Company may deliver a written request for such material to the Company or the Company's agent, together with a signed statement that the persons or company is the owner of securities of the Company. Shareholders who wish to receive financial statements are encouraged to send the enclosed mail card, together with the completed form of proxy, in the addressed envelope provided, to the Company's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1. The Company will maintain a supplemental mailing list of persons or companies wishing to receive financial statements.

Shareholders may obtain copies of the Company's financial statements and related MD&A by contacting the Company at Unit 109 – 3551 Viking Way, Richmond, British Columbia, V6V 1W1 or by telephone at (604) 319-6174. Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## GENERAL

Unless otherwise specified, all matters referred to herein for approval by the Shareholders require a simple majority of the Shareholders voting, in person or by proxy, at the Meeting. Where information contained in this Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The contents of this Circular have been approved and this mailing has been authorized by the directors of the Company.

DATED as of the 15<sup>th</sup> day of October, 2024.

BY THE ORDER OF THE BOARD OF DIRECTORS  
OF **ABOUND ENERGY INC.**

*“Jason Birmingham”*

\_\_\_\_\_  
**Jason Birmingham,**

Interim President and Chief Executive Officer

## SCHEDULE A

### ABOUND ENERGY INC. AUDIT COMMITTEE CHARTER

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board in lieu thereof (the "**Audit Committee**"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

#### Composition

- (a) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company, a majority of whom will be independent. Independence of the board members will be as defined by applicable legislation.
- (b) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "**Chair**") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financially Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

#### Meetings

- (a) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (c) *Notice to Auditors.* The Company's auditors (the "**Auditors**") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.
- (d) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

#### Roles and Responsibilities

The roles and responsibilities of the Audit Committee include the following:

## External Auditor

The Audit Committee will:

- (a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.
- (b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.
- (c) *Compensation.* Recommend to the Board the compensation to be paid to the external auditors.
- (d) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board.
- (e) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) *Direct Responsibility for Overseeing Work of Auditors.* Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) *Resolution of Disputes.* Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

## Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

## Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices.* Review management plans regarding any changes in accounting practices or policies and the financial impact thereof
- (d) *Litigation.* Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.
- (e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

## Complaints

- (a) *Accounting, Auditing and Internal Control Complaints.* The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (b) *Employee Complaints.* The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

## **Authority**

- (a) *Auditor.* The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.
- (b) *To Retain Independent Advisors.* The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

## Reporting

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.