



**FORM 2B
LISTING APPLICATION**

TARGETED MICROWAVE SOLUTIONS INC.



**Application for Listing of the Class A Voting Common Shares of
Targeted Microwave Solutions Inc.**

May 11, 2016

*No securities regulatory authority or the TSX Venture Exchange has expressed an
opinion about the securities which are the subject of this application.*

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INTRODUCTION

This Listing Application is furnished in connection with the proposed listing of TMS Shares on the TSX-V by and on behalf of the management of TMS.

On December 24, 2015, TMS completed a share consolidation pursuant to which one (1) new post-consolidation TMS Share was exchanged for every five (5) outstanding pre-consolidation TMS Shares. In this Listing Application, unless otherwise indicated, all outstanding securities information of TMS is presented on a post-consolidation basis.

Any market and industry data contained in this Listing Application is based upon discussions with or information, surveys or studies conducted by independent third parties and independent industry or general publications and TMS's knowledge of, and experience in, the markets in which it operates. TMS has no reason to believe that such information is false or misleading; however, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any statistical survey. This information has not been independently verified by TMS, any of its directors, officers or representatives or any other person involved in the preparation of this Listing Application, and no representation is given as to the accuracy or completeness of any of the data referred to in this Listing Application obtained from any third party sources.

In this Listing Application, unless otherwise indicated, all references to "\$" are to United States dollars and all references to "CDN\$" are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this Listing Application constitutes "forward-looking statements" or "information" (collectively "**statements**"). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect" "is expected", "anticipates" or "does not anticipate", "plans", "aims", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Such forward-looking statements, include, but are not limited to, those with respect to: the timing and completion of listing of the TMS Shares on the TSX-V, including the timing and receipt of TSX-V and/or other regulatory approvals; the benefits of and development and commercialization, if at all, of the TMS Technology; financial information regarding TMS and/or its availability and use of funds; TMS's research into the drying potential of its microwave application to natural mineral aggregates, other naturally occurring raw materials and processed feedstock; the demand for alternatives to conventional thermal drying technologies; the status of environmental and other regulation; the timing, completion or benefits of any joint venture or similar arrangement; the effectiveness of new improvements in TMS's Generation II reactors and TMS's new Generation III reactors; and other factors and events described in this Listing Application.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual plans, results, performance or achievements of TMS to be materially different from any

future plans, results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others: TMS's limited operating history; financing risks; TMS Shareholder influence; technical issues and delays; the commercial viability of processed industrial materials; negative results of TMS Technology testing and development; commercial acceptance of the TMS Technology; construction of commercial plants; management of growth; joint ventures; relationships with strategic partners; foreign operations; foreign subsidiaries and repatriation of earnings; the TMS Technology and protection of intellectual property; invalidation of patents; intellectual property infringement; environmental and safety regulations and risks; dependence on key management personnel, employees and consultants; anti-bribery and anti-corruption regulations; capital cost estimates; increased demand for services and equipment; competition; currency fluctuations; natural and human caused disasters; litigation; possible conflicts of interest of directors and officers of TMS; the market price and listing of TMS Shares on the TSX-V; regulatory risks; tax exposures; changes in laws and regulations; uninsurable risks; current global financial conditions; and other factors discussed herein, including in *"Item 21 – Risk Factors"* of this Listing Application. Although TMS has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this Listing Application.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and TMS undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

Item 2: Glossary

Unless the context otherwise indicates, the following definitions are used in this Listing Application. In the event of a conflict between a term defined in this Glossary and a term defined in the Corporate Finance Manual of the TSX-V, the TSX-V definition will govern.

"**Arrangement**" means an arrangement under Section 192 of the *CBCA* involving MTI, its securityholders and TMS, effective May 21, 2015;

"**Audit Committee**" means the audit committee of the TMS Board, as may be constituted from time to time;

"**BCBCA**" means the *Business Corporations Act*, S.B.C. 2002, c.57, as may be amended, restated or replaced from time to time;

"**Cadila**" means Cadila Pharmaceuticals Limited, an affiliate of SOHL;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as may be amended, restated or replaced from time to time;

"**CCGC**" means the compensation and corporate governance committee of the TMS Board, as may be constituted from time to time;

"**CFPOA**" means the *Corruption of Foreign Public Officials Act*, S.C. 1998, c. 34, as may be amended, restated or replaced from time to time;

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

"**DSUs**" mean deferred share units of TMS issuable under the LTIP Plan;

"**GHz**" means gigahertz;

"**kW**" means kilowatt;

"**kWh**" means kilowatt hour;

"**Listing Application**" means this listing application dated May 11, 2016;

"**Loans**" mean, collectively, the loans issued pursuant to the Loan Agreements in the aggregate principal amount of \$2 million;

"**Loan Agreements**" mean, collectively, the loan agreements between TMS and each of James Young and SOHL, each dated March 8, 2016;

"**LTIP Plan**" means TMS's long-term incentive plan dated May 21, 2015, as may be amended from time to time;

"**MTI**" means La Jolla Capital Inc. (formerly MicroCoal Technologies Inc.), a company existing under the *CBCA*;

"**Named Executive Officer**" or "**NEO**" means the chief executive officer, the chief financial officer and the other three most highly compensated executive officers of TMS, including its subsidiaries, regardless of the amount of compensation earned by such individual, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as an officer of TMS or its subsidiaries at the end of the most recently completed financial year;

"**NASDAQ**" means the NASDAQ Stock Market;

"**Nestle-Purina**" means Nestle-Purina Petcare Company;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"**NYSE**" means the New York Stock Exchange;

"**OTCQX**" means the OTCQX marketplace operated by the OTC Markets Group;

"**PSUs**" mean performance share units of TMS issuable under the LTIP Plan;

"**RSUs**" mean restricted share units of TMS issuable under the LTIP Plan;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval available at www.sedar.com;

"**SOHL**" means Satellite Overseas (Holdings) Limited, an affiliate of Cadila;

"**SOHL Financing**" means the \$10 million private placement financing by SOHL completed in January 2015;

"**Stock Awards**" means incentive stock awards issuable under the LTIP Plan, consisting of Stock Options RSUs, PSUs and DSUs;

"**Stock Options**" means incentive stock options issuable under the LTIP Plan;

"**TMS**" means Targeted Microwave Solutions Inc., a company incorporated under the *BCBCA*, together with its direct and indirect subsidiaries, as the context requires;

"**TMS Board**" means the board of directors of TMS, as same may be constituted from time to time;

"**TMS Preferred Shares**" means class B preferred shares without par value in the authorized share structure of TMS, of which, as of the date hereof, none are issued and outstanding;

"**TMS Shareholder**" means a holder of TMS Shares;

"**TMS Shares**" means class A voting common shares without par value in the authorized share structure of TMS;

"**TMS Technology**" means the patented and unpatented technology of TMS and/or its direct or indirect wholly-owned subsidiaries;

"**TMS USA**" means Targeted Microwave Solutions USA Inc., a wholly-owned subsidiary of TMS existing under the laws of the State of Virginia;

"**TMS Warrants**" means warrants of TMS entitling the holder thereof to acquire TMS Shares at a specified price as set forth herein;

"**TPH**" means tons per hour;

"**TSX**" means the Toronto Stock Exchange;

"**TSX-V**" means the TSX Venture Exchange; and

"**Virginia Facility**" means TMS's commercial demonstration facility located in King William, Virginia.

Item 3: Summary

The following is a summary of certain information relating to TMS and should be read together with the more detailed information and financial data and statements contained or referred to elsewhere in this Listing Application.

Business of TMS

TMS was incorporated on April 10, 2015 under the *BCBCA*. TMS is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and the TMS Shares are listed for trading on the CSE under the symbol "TMS".

TMS is a microwave process developer specializing in clean emission, high-throughput industrial drying solutions. The TMS Technology is being developed for application to a variety of industrial aggregates, including cement, chemicals, pulp and paper, iron and steel, biomass (wood products), minerals, clay, industrial waste and bio-solid industries.

It is generally accepted that increasingly stringent environmental regulations have impacted the industrial sector worldwide. Emissions and disposal compliance costs in the developed world, for example, have impacted profitability and, in part, hindered growth for key commercial sectors, including industrial manufacturing, material processing and refining and energy production. TMS believes that meeting the demand for new technologies capable of efficiently decreasing environmental footprints represents a significant global economic opportunity.

TMS's proprietary microwave beneficiation systems are being developed to specifically address the increasing environmental costs of a cornerstone of the global manufacturing and processing economy, industrial drying. The TMS Technology represents a unique, vertical microwave system that may be deployed to dry, re-size and calcinate industrial aggregates at high throughput capacity. TMS believes that its technology will allow for superior energy efficiency, process control and a clean emission profile, allowing TMS to deliver effective drying solutions that can fundamentally challenge the mainstream narrative that large-scale industry is incompatible with responsible, environmental policy.

The core TMS Technology is a proprietary microwave delivery and process control system being designed to achieve consistent moisture reduction across a wide range of industrial aggregates with challenging bulk densities, particle sizes and flow characteristics. Unlike conventional thermal drying technologies, which have existed for over 50 years, the TMS process generates heat within the input material, as opposed to wasting energy by first heating the environment around the target substance. This unique approach allows for significantly cooler ambient temperatures during processing, which helps mitigate combustion risk and prevent the unwanted release of volatile gases that generate polluting greenhouse emissions. In initial continuous trials conducted at the Virginia Facility, the TMS system has shown heat transfer efficiency rates that are up to four times better than competing conventional thermal rotary drier technologies. Additionally, TMS microwave drying solutions use power only when needed and can be turned on or off instantaneously, making the process compatible for automatic control and real-time calibration based on key control factors, such as resonance time, microwave power and feed rate.

TMS's current "Generation II" system is designed to occupy a small footprint and integrate easily into a variety of manufacturing operations, with the ability to deliver up to 800 kW of concentrated 0.915 GHz microwave power to a variety of target feedstocks (such as industrial minerals, low-rank coal and wood

chips) on a continuous feed basis. Despite its light-industrial characteristics, the TMS system can achieve processing throughput rates traditionally associated with heavy industrial equipment by utilizing a proprietary vertical processing design and in-house processing controls software.

For additional information, see *"Item 5 – Description of the Business"* of this Listing Application. Additional information relating to TMS is also available on SEDAR at www.sedar.com.

Listing

TMS is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The TMS Shares are currently listed on the CSE under the trading symbol "TMS", on the OTCQX under the trading symbol "TGTMF" and on the Börse Frankfurt under the trading symbol "A14TUD".

TMS is seeking to list the TMS Shares on the TSX-V. TMS's authorized share capital consists of an unlimited number of TMS Shares, of which 36,820,010 are issued and outstanding as of the date hereof, and an unlimited number of TMS Preferred Shares, of which none are issued and outstanding as of the date hereof. In addition, as of the date hereof, TMS has an aggregate of 1,497,270 TMS Shares reserved for issuance on the exercise of outstanding TMS Warrants and 7,180,003 TMS Shares reserved for issuance on the exercise of Stock Awards pursuant to the LTIP Plan, of which 4,675,000 Stock Awards are outstanding.

For additional information, see *"Item 9 – Disclosure of Outstanding Security Date on Fully Diluted Basis"* and *"Item 12 – LTIP Plan"* of this Listing Application.

Risk Factors

TMS is subject to various risk factors that could materially adversely affect TMS's future business, operations and financial condition and results and could cause them to differ materially from estimates described in forward-looking statements related to TMS, including, but not limited to, risks involving: TMS's limited operating history; financing risks; TMS Shareholder influence; technical issues and delays; commercial viability of processed industrial materials; negative results of technology testing and development; commercial acceptance; construction of commercial plants; management of growth; joint ventures; relationships with strategic partners; foreign operations; foreign subsidiaries and repatriation of earnings; technology and protection of intellectual property; invalidation of patents; intellectual property infringement; environmental and safety regulations and risks; dependence on key management personnel, employees and consultants; anti-bribery and anti-corruption; capital cost estimates; increased demand for services and equipment; competition; currency fluctuations; natural and human caused disasters; litigation; possible conflicts of interest of directors and officers of TMS; market price and listing of TMS Shares; regulatory risks; tax exposures; changes in laws and regulations; uninsurable risks; current global financial conditions; market risk; liquidity risk; credit risk; and currency risk.

For additional information, see *"Item 21 – Risk Factors"* of this Listing Application.

Financial Information

MTI's annual comparative audited financial statements for the financial year ended June 30, 2014 and 2013, together with the corresponding management's discussion and analysis are incorporated by reference herein, and are available on SEDAR at www.sedar.com.

TMS's audited financial statements for the period ended December 31, 2015, together with management's discussion and analysis for such period, are also incorporated by reference herein, and are available on SEDAR at www.sedar.com.

Item 4: Corporate Structure

Name, Address, Incorporation and Exchange Listing

The applicant's full corporate name is "Targeted Microwave Solutions Inc.". TMS was formed under the *BCBCA* on April 10, 2015. The registered and records office of TMS is located at Suite 1000, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 and the head office of TMS is located at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia V6E 3X2. The phone number for TMS's head office is (778) 995-5833 and its facsimile number is (604) 601-8436. TMS's website is www.tmsenergy.com.

TMS is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. TMS Shares are currently listed on the CSE under the trading symbol "TMS", on the OTCQX under the trading symbol "TGTMF" and on the Börse Frankfurt under the trading symbol "A14TUD".

Intercorporate Relationships

TMS's sole material subsidiary is TMS USA, which was incorporated pursuant to the laws of Virginia and is wholly-owned by TMS.

Item 5: Description of the Business

Corporate Reorganization, Reporting Issuer Status and CSE Listing

Effective May 21, 2015, MTI and TMS completed the Arrangement, pursuant to which MTI caused substantially all of its business, operations, assets and liabilities to be transferred to TMS, following which, among other things: (i) each holder of a MTI common share as at the effective time of the Arrangement received one (1) TMS Share for each MTI common share so held; (ii) holders of MTI warrants were entitled to receive TMS Warrants in place of their MTI warrants, on substantially the same terms; (iii) TMS would have substantially all of the same assets, liabilities, directors, management and consultants as MTI had prior to completion of the Arrangement; and (iv) TMS commenced pursuing the business previously carried on by MTI. Prior to the Arrangement, TMS was a wholly-owned subsidiary of MTI, incorporated for the purposes of, and in connection with, the Arrangement.

As a result of the Arrangement, TMS became a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, and following the effective date of the Arrangement, the TMS Shares were listed on the CSE under the stock symbol "TMS". The MTI common shares, which were listed on the CSE since December 30, 2010, were subsequently delisted.

Technology Overview

TMS is a microwave process developer specializing in clean emission, high-throughput industrial drying solutions. The TMS Technology is being developed for application to a variety of industrial aggregates, including cement, chemicals, pulp and paper, iron and steel, biomass (wood products), minerals, clay, industrial waste and bio-solid industries.

It is generally accepted that increasingly stringent environmental regulations have impacted the industrial sector worldwide. Emissions and disposal compliance costs in the developed world, for example, have impacted profitability and, in part, hindered growth for key commercial sectors, including industrial manufacturing, material processing and refining and energy production. TMS believes that meeting the demand for new technologies capable of efficiently decreasing environmental footprints represents a significant global economic opportunity.

TMS's proprietary microwave beneficiation systems are being developed to specifically address the increasing environmental costs of a cornerstone of the global manufacturing and processing economy, industrial drying. The TMS Technology represents a unique, vertical microwave system that may be deployed to dry, re-size and calcinate industrial aggregates at high throughput capacity. TMS believes that its technology will allow for superior energy efficiency, process control and a clean emission profile, allowing TMS to deliver effective drying solutions that can fundamentally challenge the mainstream narrative that large-scale industry is incompatible with responsible, environmental policy.

The core TMS Technology is a proprietary microwave delivery and process control system being designed to achieve consistent moisture reduction across a wide range of industrial aggregates with challenging bulk densities, particle sizes and flow characteristics. Unlike conventional thermal drying technologies, which have existed for over 50 years, the TMS process generates heat within the input material, as opposed to wasting energy by first heating the environment around the target material. This unique approach allows for significantly cooler ambient temperatures during processing, which helps mitigate combustion risk and prevent the unwanted release of volatile gases that generate polluting greenhouse emissions. In initial continuous trials conducted at the Virginia Facility to-date, the TMS system has shown heat transfer efficiency rates that are up to four times better than competing conventional thermal rotary drier technologies. Additionally, TMS microwave drying solutions use power only when needed and can be turned on or off instantaneously, making the process compatible for automatic control and real-time calibration based on key control factors, such as resonance time, microwave power and feed rate.

TMS's current "Generation II" system is designed to occupy a small footprint and integrate easily into a variety of manufacturing operations, and can deliver up to 800 kW of concentrated 0.915 GHz microwave power to a variety of target feedstocks (such as industrial minerals, low-rank coal and wood chips) on a continuous feed basis. Despite its light-industrial characteristics, the TMS system can achieve processing throughput rates traditionally associated with heavy industrial equipment by utilizing a proprietary vertical processing design and in-house processing controls software.

In early continuous trials completed soon after the Virginia Facility was completed, the TMS "Generation II" system displayed maximum throughput rates of 25 TPH and an optimal energy efficient of 1.15 pounds of water per kWh at 2 TPH per reactor stack. Following design improvements and modifications to venting strategies, TMS was able to improve maximum throughput rates to 42 TPH, and show an optimal energy efficiency of 1.5 to 2.7 pounds of water per kWh at between 2 to 6 TPH per reactor stack. This represents an approximate 35% drying efficiency improvement over conventional rotary driers that are the standard in the clay processing and manufacturing industry. The testing also demonstrated that the TMS process could achieve commercially relevant drying targets without generating any polluting air emissions.

TMS engineers are working towards the construction of a "Generation III" processing reactor that management expects will improve throughput to 50 TPH. Based on flow-modeling software analysis,

TMS believes that the "Generation III" reactor system will be capable of exceeding energy efficiency rates of 4 pounds of water per kWh at greater than 15 TPH. In contrast, many conventional thermal-drying technologies currently in use cannot achieve drying efficiencies better than 1 pound of water removed per kWh. The "Generation III" system is currently expected to be completed in or about the third quarter of 2016, at a budgeted cost of approximately \$300,000.

Certain Significant Developments Since Incorporation

Completion of Commercial Demonstration Facility

In June 2015, TMS announced the completion of construction and commissioning of the Virginia Facility. The Virginia Facility is situated on a five-acre parcel in the Fontaine Industrial Park, and is comprised of three stand-alone structures, consisting of a processing plant, an analytical laboratory and a materials storage facility.



Image 1: The TMS "Generation II" Commercial Demonstration Facility

Following completion of the facility, TMS began actively pursuing a structured research program whereby various materials, including coal, clay, calcium carbonate and biomass (woodchips), were tested and analyzed, including for maximum permitted material throughput, total energy consumption and recycled water analysis.

Research and Development Centre

In August 2015, TMS entered into an approximate 10-year lease with an arm's length party in respect of a 7,500 square-foot building located in the Avenel Business Park, Gaithersburg, Maryland (the "**Gaithersburg Center**"). The space is intended to be used in connection with TMS's research and development activities in addition to those at the Virginia Facility.

Intellectual Property

TMS presently has eight (8) patents, with another eight (8) patent applications currently pending. For additional information, see Appendix "B" of this Listing Application. The TMS Technology development operations centered at the Gaithersburg Center are designed to continue to improve and optimize the TMS Technology and efficiency so that successive iterations of the system can be introduced and commercially deployed to sustain long term revenues. This strategy is designed to mitigate risks of intellectual property infringement that TMS may encounter as the unique advantages and capabilities of the TMS Technology are realized.

Filing of Provisional Patent

In June 2015, TMS announced the filing of a new provisional patent with the United States Patent and Trademark Office relating to the application of its microwave beneficiation technology to materials other than low-rank coal. The patent application highlighted TMS's move toward the diversification of the TMS Technology to a variety of industrial applications. A provisional application is a legal document that establishes an early filing date, but does not mature into an issued patent unless the applicant files a regular non-provisional patent application within one year. Therefore, TMS has one year from the date of filing the provisional patent application to file a non-provisional patent application, failing which the provisional patent will become a non-factor. TMS intends to file a non-provisional application prior to the expiry date.

Joint Commercial Testing with Nestle-Purina

In December 2015, TMS announced the completion of initial joint commercial production testing of montmorillonite clay with Nestle-Purina at the Virginia Facility. Montmorillonite clay is used by Nestle-Purina at its cat litter facility in King William, Virginia, which is directly adjacent to the Virginia Facility. As part of the joint production testing, Nestle-Purina committed to providing TMS with heavy equipment, testing material and engineering and technical support. The decision to conduct joint commercial tests followed several positive preliminary batch microwave tests of the clay in October and November 2015, at which time TMS hosted a delegation of Nestle-Purina engineers. Initial batch tests indicated rapid drying and physical alteration of the clay.

In March 2016, TMS announced that it had completed its data analysis from the initial commercial-scale drying trials. Pursuant to the trials, TMS was able to demonstrate the ability of the "Generation II" system to handle clay at 43 TPH at maximum flow capacity. Optimal input energy to drying ratios were observed between 2 to 6 TPH, with the TMS system achieving Nestle-Purina's drying target of reducing total input moisture from 31.49% total moisture to 9.51% total moisture, representing a drying efficiency rate of 1.5 pounds of water removed per kWh of input energy. The observed drying efficiency represented an approximate 35% drying improvement over conventional rotary driers generally accepted in the clay processing and manufacturing industry. Significantly, the testing also demonstrated that the TMS process could achieve commercially relevant drying targets without generating any polluting air emissions.

Following a second-round of commercial-scale drying trials with Nestle-Purina, and certain improvements to the mechanical venting system, TMS announced in April 2016 that the TMS system showed a 73% improvement in drying efficiency versus traditional kiln drying methods, and a reduction of the total moisture of the test material from approximately 28% to 6%. Preliminary sieve analysis also demonstrated average reduction in particle size after treatment with TMS reactors, suggesting a desired "inside-out" drying phenomenon breaking apart material and achieving desired "re-sizing". Both TMS and Nestle-Purina have committed to preparing an engineering review and business case analysis for potential TMS integration at the Nestle-Purina King William facility.

Competitive Strengths

In commercial-trials conducted at the Virginia Facility, TMS believes that the TMS Technology demonstrated superior performance versus conventional thermal dryers in three core areas: energy efficiency, polluting emissions and industrial footprint.

Conventional thermal drying processes generate heat energy (generally in the form of a hot gas stream) inside an enclosed chamber by combusting fossil fuels such as oil, natural gas or coal. After expending tremendous energy to heat the internal temperature of the closed environment, solid materials are introduced, and the heat energy contained in the chamber transfers to the material via the thermodynamic principles of convection, conduction and radiation. Moisture on the surface of the material is initially liberated, following which, depending upon the surface area of the material and heat conductivity, the heat energy gradually transfers towards the center of the material to release internal or inherent moisture.



Image 2: Illustrative example of a conventional rotary kiln thermal dryer

The conventional thermal drying process is generally considered to have a number of limitations, including:

- a significant amount of energy is lost on heating the environment around the material as opposed to the material itself. This process has the additional drawback of generally greater start-up and cool-down times, resulting in even more energy inefficiency.
- high heat inside thermal dryers is not suitable for drying materials with combustive properties, and in certain cases, causes the unintentional release of organic volatiles from the material in the form of polluting gases.
- thermal dryers generally require an additional mechanical crushing or re-sizing feature in order to increase the surface area of materials for drying. In many applications, this can necessitate some form of briquetting or re-constituting post-drying in order for the subject material to be further handled.
- thermal dryers are mostly powered by fossil fuels that can generate significant polluting emissions.

Unlike thermal heating, the TMS Technology operates under a fundamentally different approach to liberating moisture from solid materials. Under TMS's approach, microwave energy is applied to the target material directly to be selectively absorbed by molecules with a high dielectric property (such as water). This process generates kinetic energy (heat) at the area with the highest concentration of moisture (generally at the center of the material). In many cases, the direct deposit of energy to the water trapped within a material makes it possible to achieve rapid heating of such materials from the "inside-out".

The following table summarizes certain of the competitive advantages that TMS believes the TMS Technology has over thermal drying:

CONVENTIONAL THERMAL DRYING	TMS MICROWAVE DRYING
Fossil fuels are burned to generate heat, resulting in greenhouse emissions.	Powered by electricity, which can utilize renewable energy production from, among other sources, wind, biomass and solar power, resulting in no greenhouse emissions.
<p>Low heat transfer efficiency:</p> <ul style="list-style-type: none"> • materials generally need to be crushed before heating to increase drying surface area. • materials may require to be repeatedly passed through thermal dryer before drying target reached. • high heat environment in processing chamber generally needed to cause application of heat energy to target material. • loss of volatiles caused by high heat environment, which can generate polluting 	<p>High heating efficiency:</p> <ul style="list-style-type: none"> • TMS reactors performed on tested materials without the need to crush or resize before drying. • direct penetration of microwave energy to water molecules, causing drying to commence internally. • material is heated without energy loss related to heating of the drying chamber. • no loss of volatiles resulting in zero polluting omissions.

CONVENTIONAL THERMAL DRYING	TMS MICROWAVE DRYING
emissions.	
Different conventional thermal drying solutions exist, such as rotary dryers, multi-louver dryers, fluid-bed dryers and flash dryers, which are competing for the same market.	No direct microwave-based competition exists today in the industrial drying sector to compete directly with the TMS Technology.
Heavy industrial footprint, resulting in significant capital expenditures and spacing considerations.	Light industrial footprint, allowing easy integration of the TMS Technology into existing manufacturing operations due to its unique vertical processing design.

Industry and Market

Conventional industrial drying is a common value-added step in the global manufacturing and industrial processing sectors, including application in the cement, chemical, pulp and paper, iron and steel, biomass (wood products), mineral, clay, industrial waste and bio-solid industries. Conventional thermal dryers have existed for over 50 years, and generally operate by combusting fossil fuels to create hot streams within an enclosed chamber. Materials introduced into the chamber are then dried as heat energy gradually transfers from the surrounding environment to subject material. Despite new innovations over time, thermal industrial drying remains generally viewed as an inefficient drying process. This limitation is primarily related to the physical constraints of thermodynamics that govern the transfer of heat from an external hot gas stream to a given input material. Industrial drying is also considered a major generator of polluting air emissions, which has been identified by the International Energy Agency as a major contributor to total worldwide carbon dioxide emissions each year. In recent years, increasingly stringent emissions quotas and environmental regulations have created a growing economic problem for industries that generate polluting emissions. In the United States, for example, the Clean Power Plan unveiled by President Obama in August 2015, and the Environmental Protection Agency's expansion of the compliance regime under the *Clean Air Act*, 42 U.S.C. §7401 et seq. (1970) (the "CAA"), are seen by a number of industry commentators as creating a chilling effect on the profitability and production capacity of industrial markets that emit "air pollutants" or "hazardous air pollutants". Many factories that utilize conventional thermal drying solutions, for instance, must acquire "Title V" permits under the CAA, which confer a positive obligation to purchase and install costly emissions abatement equipment (such as scrubbers) and independent emissions monitoring strategies.

With a goal to generating commercial sales in the near to mid-term, TMS has held formal discussions with, or tested materials for, a number of significant industry participants that generally meet the following profile:

- industrial drying represents a major energy cost to core operations;
- the target material for drying demonstrates excellent energy coupling with microwave energy;
- the industrial drying process results in significant emissions abatement costs (for example, in the United States, "Title V" permits); and
- existing conventional thermal drying solutions are considered unsuitable, or demonstrate low energy efficiency, for material drying, calcining and upgrading.

Some of TMS's target materials and markets are summarized below:

MATERIAL	USES	TMS TARGET FUNCTIONALITY	MARKET VALUE (estimated)⁽¹⁾	INITIAL TMS MARKET FOCUS
Industrial clay absorbents	Cat litter and pet products; desiccant and purification; drilling muds; papermaking; barriers and chemical spill recovery	Dry, re-size, calcine and adjust bulk density	\$4 billion ⁽²⁾	United States
Biomass (such as wood chips, bark chips and hog fuel)	Energy production and gasification	Dry, increase calorific output and sterilize	\$643 billion	United States and Canada
Calcium carbonate (limestone and shells)	Cement production; ceramics; digestive aids and pharmaceuticals; flue gas desulfurization; paints and plastics	Dry and calcine	\$16 billion - \$25 billion ⁽³⁾	United States
Bio-solids	Soil conditioner; fertilizer and poultry Industry	Dry and sterilize	\$134 million - \$175 million ⁽⁴⁾	United States
Coal (low sulphur lignite and sub-bituminous)	Displacement of polluting high sulphur steam coal	Dry and increase calorific output	\$9 billion ⁽⁵⁾	India, China and Indonesia

Notes:

- (1) Source: www.marketsandmarkets.com. Markets and Markets is a market research firm serving 1,700 Fortune organizations across 12 different industry verticals, specializing in consulting assignments and business research.
- (2) Represents the estimated market value by the year 2020.
- (3) The estimated market value was \$6 billion in 2012, and is estimated to reach \$25 billion by 2019.
- (4) The estimated market value was \$134 million in 2014, and is estimated to reach \$175 million by 2020.
- (5) Represents the estimated market value by the year 2020.

Business Models

TMS has reviewed several potential business models that are specific to the bulk-density/flow characteristics of the industrial raw material or aggregate to be dried, the moisture reduction target and the required throughput rate. To date, the principal business models considered by TMS for delivering the TMS Technology to market have been one or a combination of the following:

- turn-key engineering solutions;
- sale of core reactor/microwave systems and critical support systems with recommended in-feed and exit feed parameters;
- joint ventures with providers of critical support systems to deliver complete TMS solutions; and
- joint ventures with national engineering firms.

Within each potential business model, TMS's revenue generation is based on:

- (i) the collection of an equipment and/or design surcharge;
- (ii) securing a maintenance and services contract; and
- (iii) realizing a recurring technology-processing fee or royalty, tied either to material throughput, proprietary exclusivity to a given material or market value of the upgraded/processed input material.

In the case of materials such as calcium carbonate or lignite coal, TMS believes that economic and market conditions may favor a "streaming" revenue model, where, as consideration for capital to develop and operate a TMS plant, the capital provider would be entitled to purchase the TMS processed end-product at below market prices.

Existing Joint Ventures

India Joint Venture

TMS entered into a joint venture agreement dated January 14, 2015, as amended (the "**India JV Agreement**") with Cadila, an arm's length party, for the purposes of establishing a testing and demonstration facility for the TMS Technology in India. The India JV Agreement sets forth, among other things, the terms and conditions upon which a joint venture company is to be incorporated and managed, and the conditions upon which each of the parties have agreed to subscribe for equity shares in the joint venture company. Pursuant to the terms of the India JV Agreement, each of the parties have agreed to incorporate a joint venture company on or before May 31, 2017, and each of Cadila and TMS has agreed to subscribe for 50% of the equity shares in the joint venture company, each in consideration for 100,000 Indian Rupees. TMS and Cadila are continuing to work towards establishing the joint venture company in India to, among other things, operate a testing and demonstration facility for the TMS Technology that will market and promote the technology with the goal of developing one or more commercial-scale facilities in India. In the near term, TMS intends to establish a sales office in India, which office will be led by Rajiv Modi, a TMS director. As of the date hereof, TMS is not economically dependent on the India JV Agreement. For additional information, see Note 8 of TMS's audited financial statements for the period ended December 31, 2015.

China Joint Venture

TMS is party to a joint venture agreement (the "**China JV Agreement**") with Rubyfield Holdings Limited, an arm's length party and an affiliate of Jiu Feng Investments Inc., a private Hong Kong company. Pursuant to the China JV Agreement, TMS agreed to licence the TMS Technology to a joint venture company ("**Target HK**") to carry out activities in China and elsewhere in Asia. Target HK is permitted to lease and operate a commercial-scale test facility in Songjiang Industrial Park near Shanghai, China (the "**Shanghai Facility**"). The Shanghai Facility includes a research and development facility featuring a TMS batch oven system, a materials storage area and analytical laboratory and is designed to be capable of supporting a commercial-scale operating reactor tower. The Shanghai Facility is also intended to serve as a promotional showroom with scale models of commercial TMS equipment. TMS has a 51% equity interest in Target HK, with its joint venture partner holding the remaining 49% equity interest. As of the date hereof, TMS is not economically dependent on the China JV Agreement. For

additional information, see Note 8 of TMS's audited financial statements for the period ended December 31, 2015.

Human Resources

As at April 29, 2016, TMS had a total of 15 employees and consultants.

Continued development of the TMS Technology will require a skilled team with a depth of relevant industry experience, including in industrial electromagnetic technology development, aggregate and material process handling, emissions control, laminar and non-laminar hydro-flow management and commercialized industrial automation. TMS's research and technology development team is led by an engineering scientist with over 20 years of relevant industry experience and professional training in electrical engineering, industrial processing and material management. As a whole, the research and development team is comprised of about 15 staff members made up of employees and consultants with an average of 10 years' industry experience as researchers, scientists, engineers and technicians. In addition, TMS has appointed an advisory board that includes individuals with significant experience and high-level academic qualifications in the fields of electromagnetic propagation, material sciences and chemistry.

Bankruptcy and Similar Procedures

There are no bankruptcies, receiverships or similar proceedings against TMS, nor is aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by TMS since incorporation.

Social or Environmental Policies

TMS has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in which it does business or human rights policies). However, TMS's management, with the assistance of contractors and advisors, will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

Item 6: Financings, Available Funds and Use of Funds

TMS is not undertaking a financing concurrently with the filing of this Listing Application, nor has TMS completed an equity financing within the six month period preceding the date hereof.

As at December 31, 2015, TMS's working capital was \$1,551,688. Subsequent to the end of the year, on March 8, 2016, TMS entered into the Loan Agreements with James Young, the chairman of the TMS Board, and SOHL, in the aggregate principal amount of \$2 million. For additional information, see "*Item 27 – Material Contracts*" of this Listing Application.

Upon listing of TMS Shares on the TSX-V, TMS's available funds are estimated to be \$3,463,000. TMS intends to use its estimated available funds, over the next 18 months, as follows:

Use of Available Funds	Estimated Expenditure
General administration and other operating expenses	\$1,778,760
Research and development costs	\$844,995
Business development expenses	\$250,000
Professional fees, including patents, regulatory expenses and insurance	\$415,000
Unallocated funds	\$174,245
Total	\$3,463,000

TMS currently intends to spend its estimated available funds as set out above. There may be circumstances, however, where, for business reasons, a reallocation of funds may be necessary or desirable.

Item 7: Dividends and Other Distributions

As of the date hereof, TMS has not declared or paid any dividends on the TMS Shares. TMS does not anticipate paying any dividends on the TMS Shares in the short or medium term. Any decision to pay dividends on the TMS Shares in the future will be made by the TMS Board in its discretion on the basis of earnings, financial requirements and such other conditions as the TMS Board may consider relevant at such time.

TMS is subject to certain restrictions on the declaration and payment of dividends as set out in the *BCBCA*. In particular, the *BCBCA* provides that a company will not declare or pay a dividend in property, including in money, if there are reasonable grounds for believing that the company is insolvent or the payment of the dividend would render the company insolvent.

Item 8: Management's Discussion and Analysis

MTI's annual comparative audited financial statements for the financial year ended June 30, 2014 and 2013, together with the corresponding management's discussion and analysis are incorporated by reference herein, and are available on SEDAR at www.sedar.com.

TMS's audited financial statements for the period ended December 31, 2015, together with management's discussion and analysis for such period, are also incorporated by reference herein, and are available on SEDAR at www.sedar.com.

Item 9: Disclosure of Outstanding Security Data on Fully Diluted Basis

On December 24, 2015, TMS completed a share consolidation pursuant to which one (1) new post-consolidation TMS Share was exchanged for every five (5) outstanding pre-consolidation TMS Shares. All information with regards to the outstanding securities of TMS set forth herein is presented on a post-consolidation basis.

As of the date hereof, there is an aggregate of 36,820,010 TMS Shares issued and outstanding. The following table (and notes thereto) set forth the securities reserved for issuance, including outstanding Stock Awards, as of the date hereof:

Security Designation	Amount Outstanding
Warrants	1,497,270 ⁽¹⁾
Options	3,375,000 ⁽²⁾
PSUs	500,000 ⁽³⁾
RSUs	800,000 ⁽⁴⁾

Notes:

- (1) Assumes the exercise in full of the outstanding TMS Warrants. An aggregate of: (i) 20,000 TMS Warrants with an exercise price of CDN\$1.30 will expire effective May 24, 2016; (ii) 462,959 TMS Warrants with an exercise price of CDN\$1.30 will expire effective May 31, 2016; (iii) 207,563 TMS Warrants with an exercise price of CDN\$1.75 will expire effective May 31, 2016; (iv) 202,348 TMS Warrants with an exercise price of \$1.50 will expire effective November 26, 2016; and (v) 604,400 TMS Warrants with an exercise price of CDN\$2.25 will expire effective October 21, 2018.
- (2) Each Stock Option represents, on vesting, one (1) TMS Share. For additional information, see "Item 12 – LTIP Plan" of this Listing Application.
- (3) Each PSU represents, on vesting, one (1) TMS Share. The reported PSUs vest 18 months from the date of the grant, subject to TMS meeting certain specified share price targets. For additional information, see "Item 12 – LTIP Plan" of this Listing Application.
- (4) Each RSU represents, on vesting, one (1) TMS Share. The reported RSUs vest 18 months from the date of grant, provided the holder remains a director, officer or key employee of TMS, as the case may be, on the vesting date. For additional information, see "Item 12 – LTIP Plan" of this Listing Application.

Item 10: Description of Securities to be Listed

TMS is seeking to list the TMS Shares on the TSX-V. TMS's authorized share capital consists of an unlimited number of TMS Shares, of which 36,820,010 are issued and outstanding as of the date hereof, and an unlimited number of TMS Preferred Shares, of which none are issued and outstanding as of the date hereof. In addition, as of the date hereof, TMS has an aggregate of 1,497,270 TMS Shares reserved for issuance on the exercise of outstanding TMS Warrants and 7,180,003 TMS Shares reserved for issuance on the exercise of Stock Awards pursuant to the LTIP Plan, of which 4,675,000 Stock Awards are outstanding.

For additional information, see "Item 9 – Disclosure of Outstanding Security Date on Fully Diluted Basis" of this Listing Application.

The holders of TMS Shares are entitled to receive notice of any meeting of shareholders and to attend and vote at those meetings, except those meetings at which only the holders of shares of another class or of a particular series are entitled to vote. Each TMS Share entitles the holder to one vote. Subject to the prior rights of the holders of any TMS Preferred Shares, the holders of TMS Shares are entitled to receive, on a proportionate basis, dividends as and when declared by the TMS Board out of funds legally available therefor. In the event of the dissolution, liquidation, winding-up or other distribution of TMS's assets among shareholders, the holders of TMS Shares are entitled to receive, on a proportionate basis, all of the assets remaining after payment of all of TMS's liabilities, subject to the rights of holders of any TMS Preferred Shares. The TMS Shares carry no pre-emptive or conversion rights, and are not subject to redemption.

The TMS Board may issue TMS Preferred Shares from time to time in one or more series, with each series to consist of such number of TMS Preferred Shares as may be determined by the TMS Board. Before the issuance of a series of TMS Preferred Shares, the TMS Board may, in its sole discretion,

determine the designation, rights, privileges, restrictions and conditions attaching to such series of TMS Preferred Shares.

Item 11: Consolidated Capitalization

Other than as set forth below, there has been no material change in the share and loan capital of TMS, on a consolidated basis, since December 31, 2015, the date of TMS's last financial statements incorporated by reference in this Listing Application.

On December 24, 2015, TMS completed a share consolidation pursuant to which one (1) new post-consolidation TMS Share was exchanged for every five (5) outstanding pre-consolidation TMS Shares.

On March 8, 2016, TMS entered into the Loan Agreements in the aggregate principal amount of \$2 million. For additional information, see "*Item 6 – Financings, Available Funds and Use of Funds*" and "*Item 27 – Material Contracts*" of this Listing Application.

Item 12: LTIP Plan

TMS intends to seek TMS Shareholder approval at its next annual meeting of TMS Shareholders to amend the LTIP Plan, as necessary, to comply with the policies of the TSX-V. Until such amendments are made, TMS is required to apply the LTIP Plan as if the amendments have been made so as to comply with the policies of the TSX-V. Until the amendments are made, participants under the LTIP Plan will not be able to exercise Stock Options under the LTIP Plan.

Effective May 21, 2015, the TMS Shareholders approved and adopted the LTIP Plan. The LTIP Plan is available to directors, key employees and consultants of TMS, as determined by the TMS Board. The LTIP Plan is a fixed number stock option plan and, as of the date hereof, 7,180,003 TMS Shares are reserved for issuance on the exercise of Stock Awards pursuant to the LTIP Plan, of which 4,675,000 Stock Awards are outstanding. The following sets forth a summary of certain of the provisions of the LTIP Plan, as same is in force on the date hereof, and prior to the above noted amendments.

The TMS Board may at any time, in its sole and absolute discretion and without the approval of TMS Shareholders, amend, suspend, terminate or discontinue the LTIP Plan and may amend the terms and conditions of any grants thereunder, subject to (a) any required approval of any applicable regulatory authority or any exchange upon which the TMS Shares are then listed for trading (the "**Exchange**") and (b) approval of the TMS Shareholders as required by the rules of the Exchange or applicable law, provided that TMS Shareholder approval will not be required for the following amendments and the TMS Board may make changes which may include but are not limited to: (i) amendments of a "housekeeping nature"; (ii) any amendment for the purpose of curing any ambiguity, error or omission in the LTIP Plan or to correct or supplement any provision of the LTIP Plan that is inconsistent with any other provision of the LTIP Plan; (iii) an amendment which is necessary to comply with applicable law or Exchange requirements; (iv) amendments respecting administration and eligibility for participation under the LTIP Plan; (v) changes to terms and conditions on which awards may be or have been granted pursuant to the LTIP Plan, including changes to the vesting provisions and terms of any awards; (vi) amendments which alter, extend or accelerate the terms of vesting applicable to any award; and (vii) changes to the termination provisions of an award or the LTIP Plan which do not entail an extension beyond the original fixed term. If the LTIP Plan is terminated, prior awards will remain outstanding and in effect in accordance with their applicable terms and conditions. The TMS Board may waive any conditions or rights under, or amend any terms of, any awards, provided that no such amendment or alteration will be

made which would impair the rights of any participant, without such participant's consent, unless the TMS Board determines that such amendment or alteration either: (i) is required or advisable in order to conform to any law, regulation or accounting standard or (ii) is not reasonably likely to diminish the benefits provided under such award.

Restricted Share Units. The LTIP Plan provides that the TMS Board may, from time to time, in its sole discretion, grant awards of RSUs to directors and key employees. Each RSU will represent one TMS Share. RSUs will be subject to such restrictions as the TMS Board may establish in the applicable award agreement. All RSUs will vest and become payable by the issuance of TMS Shares at the end of the applicable restriction period if all applicable restrictions have lapsed. Restrictions on any RSUs will lapse immediately and become fully vested in 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 Plan. 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 Plan. No RSUs may be redeemed by a participant at any time during a leave of absence. In the case of directors, if a participant ceases to be a director for any reason, 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 Plan.

The following RSUs are outstanding as of the date hereof:

Name	Position with TMS	Total RSUs (#)
James Young	Chairman and Director	800,000 ⁽¹⁾

Note:

(1) The reported RSUs vest: (i) 50% on May 21, 2016 and (ii) 50% on November 21, 2016.

Performance Share Units. The LTIP Plan provides that the TMS Board may, from time to time, in its sole discretion, grant awards of PSUs to key employees. Each PSU will, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one TMS Share. The performance criteria will be established by the TMS Board which, without limitation, may include criteria based on the participant's individual performance and/or financial performance of TMS and its subsidiaries, which will determine vesting of the PSUs. The TMS Board may, in its sole discretion, 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 TMS 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 TMS Board. PSUs granted to a participant will 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 TMS 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 TMS 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. No PSUs may be redeemed by a participant at any time during a leave of absence.

The following PSUs are outstanding as of the date hereof:

Name	Position with TMS	Total PSUs (#)
Lawrence Siegel	Chief Executive Officer	500,000 ⁽¹⁾

Note:

- (1) Represents the maximum number of TMS Shares issuable in the 18-month performance period following the date of grant, being May 21, 2015, determined based on the increase, if any, in the market price of the TMS Shares at any time in the performance period.

The CCGC may elect for Mr. Siegel to be paid the equivalent value of the TMS Shares underlying his vested PSUs in cash, calculated based on the closing market price of the TMS Shares on November 21, 2016.

Deferred Share Units. The LTIP Plan provides that the TMS Board may, from time to time, in its sole discretion, grant awards of DSUs to directors in lieu of director fees. A director becomes a participant effective as of the date he or she is first appointed or elected as a director and ceases to be a participant at the time he or she ceases to be a director for any reason. The number of DSUs to be granted to a participant will 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 Plan as the volume weighted average trading price of a TMS Share for the five trading days on which trading in the TMS Shares took place prior to the grant date.

Each participant will be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason, either: (i) that number of TMS Shares equal to the number of DSUs granted to such participant or (ii) 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 will be entitled to receive, within 120 days, a cash payment or TMS Shares that would otherwise have been payable upon such participant ceasing to be a director.

As of the date hereof, no DSUs are issued and outstanding.

Stock Options. The LTIP Plan provides that the TMS Board may, from time to time, in its discretion, grant awards of Stock Options to directors, key employees and consultants. The number of Stock Options to be granted, the exercise price and the time(s) at which a Stock Options may be exercised will be determined by the TMS Board in its sole discretion, provided that the exercise price of Stock Options will not be lower than the exercise price permitted by the Exchange, and further provided that the term of any Stock Option will not exceed ten years.

In the event of a change of control, each outstanding Stock Option will automatically become fully and immediately vested and exercisable, subject to the policies of the Exchange. Upon the death of an optionee, any Stock Option held by such optionee will be exercisable by the person(s) to whom the rights of the optionee under the Stock Option will pass by will or the laws of descent and distribution for a period of 120 days or prior to the expiration of the option period in respect of the Stock Option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the Stock Option at the date of death of such optionee. If an optionee will cease to be an eligible person for cause, no Stock Option held will be exercisable following the date on which such optionee ceases to be an eligible person. If an optionee ceases to be an eligible person by reason of termination without cause, by voluntary termination or in the case of retirement, subject to the applicable award agreement, any Stock Option held will remain exercisable in full for a period of 60 days after the date on which the optionee's employment is terminated without cause, voluntarily or due to retirement or prior to the expiration of the option period in respect of the Stock Option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the Stock Option at such time. If an optionee becomes afflicted by a disability, all Stock Options granted to the optionee will continue to vest in accordance with the terms of such Stock Options. Where a participant's employment is terminated due to disability, subject to the applicable award agreement, any Stock Option held by such optionee will remain exercisable for a period of 120 days after the date of termination due to disability of the optionee or prior the expiration of the option period in respect of the Stock Option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the Stock Option at the date of termination.

The following Stock Options are outstanding as of the date hereof:

Name	Position with TMS	Total Stock Options (#)	Exercise Price of Stock Options	Expiry Date of Stock Options
James Young	Chairman and Director	700,000	CDN\$0.75	May 21, 2020
Stephen D. Crocker	Director	175,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Ian Hume	Director	135,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
William Hudson	Director	135,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Lawrence Siegel	Chief Executive Officer	400,000	CDN\$0.75	May 21, 2020
Tom Stefan	Chief Financial Officer	300,000 ⁽¹⁾⁽⁴⁾	CDN\$0.75	May 21, 2020
Jan Kindler	Vice-President, Business Development and Corporate Secretary	240,000 ⁽¹⁾⁽⁵⁾	CDN\$0.75	May 21, 2020
Steve Lawson	Vice-President, Research and Technology Development, TMS USA	240,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Larry Palmer ⁽⁶⁾	Vice President, Administration, TMS USA	180,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Randall Johnson ⁽⁷⁾	Senior Project Manager, TMS USA	180,000 ⁽¹⁾	CDN\$0.75	May 21, 2020

Name	Position with TMS	Total Stock Options (#)	Exercise Price of Stock Options	Expiry Date of Stock Options
Barry Anderson	Mechanical Systems Design Manager, TMS USA	100,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Michael D. Broz	Advisory Board Member	10,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
David S. Robinson, Jr.	Advisory Board Member	10,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Katherine Smalley	Advisory Board Member	20,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Dave Driedger	Advisory Board Member	80,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
John Reynolds	Advisory Board Member	50,000 ⁽²⁾	CDN\$0.80	January 6, 2021
Judi Beach	Hourly Consultant	60,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Deidre Darmanjian	Hourly Consultant	20,000 ⁽¹⁾	CDN\$0.75	May 21, 2020
Justin Farmer	Lab Technician, TMS USA	20,000 ⁽³⁾	CDN\$0.85	September 18, 2020
Joe Slaughter	Site Manager, TMS USA	20,000 ⁽⁴⁾	CDN\$0.85	September 18, 2020
Tad Valdez	Chief Plant Operator, TMS USA	100,000 ⁽³⁾	CDN\$0.85	September 18, 2020
Kin Communications Inc.	Investor Relations	200,000 ⁽⁸⁾	CDN\$0.75	February 1, 2019
Total	-	3,375,000	-	-

Notes:

- (1) The reported Stock Options vest and are exercisable as follows: (i) 12.5% on June 30, 2015; (ii) 12.5% on September 30, 2015; (iii) 12.5% on December 31, 2015; (iv) 12.5% on March 31, 2016; (v) 12.5% on June 30, 2016; (vi) 12.5% on September 30, 2016; (vii) 12.5% on December 31, 2016; and (viii) 12.5% on March 31, 2017.
- (2) The reported Stock Options vest and are exercisable as follows: (i) 12.5% on March 31, 2016; (ii) 12.5% on June 30, 2016; (iii) 12.5% on September 30, 2016; (iv) 12.5% on December 31, 2016; (v) 12.5% on March 31, 2017; (vi) 12.5% on June 30, 2017 (vii) 12.5% on September 30, 2017; and (viii) 12.5% on December 31, 2017.
- (3) The reported Stock Options vest and are exercisable as follows: (i) 12.5% on December 18, 2015; (ii) 12.5% on March 18, 2016 (iii) 12.5% on June 18, 2016; (iv) 12.5% on September 18, 2016; (v) 12.5% on December 18, 2016; (vi) 12.5% on March 18, 2017; (vii) 12.5% on June 18, 2017; and (viii) 12.5% on September 18, 2017.
- (4) The reported Stock Options are registered in the name of Jemi Ventures Inc., a private British Columbia company owned and controlled by Mr. Stefan.
- (5) The reported Stock Options are registered in the name of 100867 B.C. Ltd., a private British Columbia company owned and controlled by Mr. Kindler.
- (6) Mr. Palmer resigned as Vice-President, Administration of TMS USA effective April 30, 2016. Following his resignation, Mr. Palmer agreed to act as a consultant to TMS for a period of twelve months, during which time Mr. Palmer will continue to be able to exercise his reported Stock Options. For additional information, see "Item 17 – Executive Compensation" of this Listing Application.
- (7) Mr. Johnson resigned as Senior Project Manager of TMS USA effective April 30, 2016. Following his resignation, Mr. Johnson agreed to act as a consultant to TMS for a period of twelve months, during which time Mr. Johnson will continue to be able to exercise his reported Stock Options. For additional information, see "Item 17 – Executive Compensation" of this Listing Application.
- (8) The reported Stock Options vested immediately upon the date of grant.

Item 13: Prior Sales

On December 24, 2015, TMS completed a share consolidation pursuant to which one (1) new post-consolidation TMS Share was exchanged for every five (5) outstanding pre-consolidation TMS Shares. The following table (and notes thereto) sets forth the details of the securities issued by TMS since incorporation, on a post-consolidation basis:

Date	Securities (#)	Designation of Security
April 10, 2015	1 ⁽¹⁾	TMS Share
May 21, 2015	35,900,010 ⁽²⁾	TMS Shares
May 21, 2015	7,601,732 ⁽³⁾	TMS Warrants
May 21, 2015	3,105,000 ⁽⁴⁾	Stock Options
May 21, 2015	800,000 ⁽⁴⁾	RSUs
May 21, 2015	500,000 ⁽⁴⁾	PSUs
May 21, 2015	920,000 ⁽⁵⁾	TMS Shares
September 18, 2015	140,000 ⁽⁴⁾	Stock Options
January 6, 2016	50,000 ⁽⁴⁾	Stock Options
February 1, 2016	200,000 ⁽⁴⁾	Stock Options

Notes:

- (1) Incorporator's share, which was subsequently cancelled on May 21, 2015.
- (2) Issued pursuant to the Arrangement. For additional information, see "Item 5 – Description of the Business" of this Listing Application.
- (3) Issued pursuant to the Arrangement. The TMS Warrants were exchanged on a one-for-one basis with the MTI warrants outstanding at the effective time of the Arrangement. As of the date hereof, TMS has an aggregate of 1,497,270 TMS Shares reserved for issuance on the exercise of outstanding TMS Warrants. For additional information, see "Item 9 – Disclosure of Outstanding Security Data on Fully Diluted Basis" of this Listing Application.
- (4) For additional information, see "Item 9 – Disclosure of Outstanding Security Data on Fully Diluted Basis" and "Item 12 – LTIP Plan" of this Listing Application.
- (5) On May 21, 2015, the TMS Board approved the issuance of 920,000 TMS Shares, at a deemed price of CDN\$0.75 per TMS Share, to various members of management of TMS in full settlement of outstanding cash bonuses awarded to such members. For additional information, see "Item 17 – Executive Compensation" of this Listing Application.

Trading Prices and Volume Traded

The TMS Shares commenced trading on the CSE under the symbol "TMS" on May 22, 2015. On December 24, 2015, TMS completed a share consolidation pursuant to which one (1) new post-consolidation TMS Share was exchanged for every five (5) outstanding pre-consolidation TMS Shares. The following table sets forth, for the periods indicated, the reported high and low sales prices and aggregate volume of trading of the TMS Shares on the CSE, assuming completion of the consolidation on May 22, 2015:

Period	High	Low	Volume
May 1 to 9, 2016	CDN \$0.70	CDN \$0.62	64,100
April 2016	CDN \$0.70	CDN \$0.55	287,506
March 2016	CDN \$0.72	CDN \$0.58	232,452
February 2016	CDN \$0.74	CDN \$0.59	170,684
January 2016	CDN \$0.95	CDN \$0.57	479,368
December 2015	CDN \$0.84	CDN \$0.50	690,442
November 2015	CDN \$0.60	CDN \$0.40	571,934
October 2015	CDN \$0.825	CDN \$0.65	76,880

Period	High	Low	Volume
September 2015	CDN \$1.00	CDN \$0.775	176,618
August 2015	CDN \$1.05	CDN \$0.85	465,936
July 2015	CDN \$0.90	CDN \$0.70	269,514
June 2015	CDN \$0.975	CDN \$0.675	269,813
May 22 to 31, 2015	CDN \$1.25	CDN \$0.85	49,238

Item 14: Escrowed Securities and Securities Subject to Restrictions on Transfer

Restrictions on TMS Shares

As of the date hereof, 15,809,333 TMS Shares, representing approximately 42.94% of the currently issued and outstanding TMS Shares, are subject to contractual restrictions on transfer. Pursuant to the SOHL Financing, SOHL agreed that, for a period of six months following closing of the financing, it would not dispose of any of its TMS Shares. In addition, for a period of twelve months following the expiration of the initial six month period, SOHL agreed that it would not dispose of any of its TMS Shares in any three-month period in excess of 10% of the issued and outstanding TMS Shares as at the first day of such three-month period without first providing TMS written notice of its intention to dispose of such shares and providing TMS the opportunity to identify a private purchaser thereof.

The following table (and the note thereto) sets forth the designation and number of securities that are subject to a contractual restriction on transfer, and the percentage that number represents of the outstanding securities of that class as of the date hereof:

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of Class
Common Shares	15,809,333 ⁽¹⁾	42.94%

Note:

(1) The reported TMS Shares are controlled and directed by SOHL, an affiliate of Cadila. Rajiv Modi, a TMS director, is responsible for the investment decisions regarding such TMS Shares held by SOHL.

As of the date hereof, no securities of TMS are held in escrow.

Item 15: Principal Securityholders

To the knowledge of the directors and executive officers of TMS, other than as set forth below, no person or company holds, directly or indirectly, as of the date hereof or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued TMS Shares as of the date hereof:

Name	TMS Shares (#)	Percentage of Issued and Outstanding TMS Shares
SOHL, Inc. ⁽¹⁾	15,809,333	42.94% ⁽²⁾

Notes:

(1) The reported TMS Shares are controlled and directed by SOHL, an affiliate of Cadila.

- (2) As of the date hereof, on a fully diluted basis, SOHL owns approximately 37.09% of the issued and outstanding TMS Shares. Rajiv Modi, a TMS director, is responsible for the investment decisions regarding such TMS Shares held by SOHL.

Item 16: Directors and Executive Officers

Directors and Officers

The following table (and notes thereto) states the name, province or state and country of residence of each director and executive officer of TMS, all offices of TMS now held by him, the period of time for which he has been a director or executive officer of TMS and the number and percentage of TMS Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof:

Name, Province or State and Country of Residence	Position	Director or Officer Since	TMS Shares Beneficially Owned or Controlled and Directed (#)	TMS Shares Beneficially Owned or Controlled and Directed (%)
James Young ⁽¹⁾⁽²⁾ Maryland, USA	Chairman and Director	April 10, 2015	635,010 ⁽³⁾⁽⁴⁾	1.72%
Rajiv Modi ⁽¹⁾⁽²⁾ Gujarat, India	Director	May 21, 2015	Nil ⁽⁵⁾	Nil
Stephen D. Crocker ⁽¹⁾⁽²⁾ Maryland, USA	Director	May 21, 2015	Nil ⁽⁶⁾	Nil
Ian Hume ⁽²⁾ Washington, D.C., USA	Director	May 21, 2015	97,920 ⁽⁷⁾	0.27%
William Hudson ⁽¹⁾ Texas, USA	Director	May 21, 2015	125,899 ⁽⁸⁾	0.34%
Lawrence Siegel California, USA	Chief Executive Officer	April 10, 2015	600,000 ⁽⁹⁾	1.63%
Tom Stefan British Columbia, Canada	Chief Financial Officer	April 10, 2015	Nil ⁽¹⁰⁾	Nil
Jan Kindler British Columbia, Canada	Vice-President, Business Development and Corporate Secretary	May 21, 2015	16,400 ⁽¹¹⁾⁽¹²⁾	0.04%
All Directors and Executive Officers as a Group (8 persons)			1,475,229	4.01%

Notes:

- (1) A member of the TMS Audit Committee, which is composed of Messrs. Crocker (Chair), Young, Modi and Hudson. For additional information, see "Item 19 – Audit Committees and Corporate Governance" of this Listing Application.
- (2) A member of the CCGC, which is composed of Messrs. Young (Chair), Modi, Crocker and Hume. For additional information, see "Item 19 – Audit Committees and Corporate Governance" of this Listing Application.
- (3) The reported TMS Shares do not include 700,000 Stock Options to purchase TMS Shares on a one-for-one basis and 100,010 TMS Warrants to purchase TMS Shares on a one-for-one basis held by Dr. Young. The TMS Warrants have an exercise price of CDN\$2.25 and expire on October 21, 2018. Dr. Young also holds 800,000 RSUs. Each RSU represents, on vesting, one (1) TMS Share. For additional information, see "Item 12 – LTIP Plan" of this Listing Application.
- (4) Dr. Young has control and direction, but not beneficial ownership, of 60,000 of the reported TMS Shares.
- (5) The reported TMS Shares excludes an aggregate of 15,809,333 TMS Shares owned or controlled and directed by SOHL. Pursuant to the SOHL Financing, Dr. Modi is the SOHL representative to the TMS Board and is also a director of SOHL. For additional information, see "Item 15 – Principal Securityholders" of this Listing Application.
- (6) The reported TMS Shares do not include 175,000 Stock Options to purchase TMS Shares on a one-for-one basis held by Dr. Crocker. For additional information, see "Item 12 – LTIP Plan" of this Listing Application.
- (7) The reported TMS Shares do not include 135,000 Stock Options to purchase TMS Shares on a one-for-one basis held by Mr. Hume. For additional information, see "Item 12 – LTIP Plan" of this Listing Application.

- (8) The reported TMS Shares do not include 135,000 Stock Options to purchase TMS Shares on a one-for-one basis and 38,899 TMS Warrants to purchase TMS Shares on a one-for-one basis held by Mr. Hudson. The TMS Warrants have an exercise price of CDN\$1.30 and expire on May 31, 2016. For additional information, see "*Item 12 – LTIP Plan*" of this Listing Application.
- (9) The reported TMS Shares do not include 400,000 Stock Options to purchase TMS Shares on a one-for-one basis held by Mr. Siegel. Mr. Siegel also holds 500,000 PSUs. Each PSU represents, on vesting, one (1) TMS Share. For additional information, see "*Item 12 – LTIP Plan*" of this Listing Application.
- (10) The reported TMS Shares do not include 300,000 Stock Options to purchase TMS Shares on a one-for-one basis held by Jemi Ventures Inc., a private British Columbia company owned and controlled by Mr. Stefan. For additional information, see "*Item 12 – LTIP Plan*" of this Listing Application.
- (11) The reported TMS Shares are held indirectly by 100768 B.C. Ltd., a private British Columbia company owned and controlled by Mr. Kindler.
- (12) The reported TMS Shares do not include 240,000 Stock Options to purchase TMS Shares on a one-for-one basis held by Mr. Kindler. For additional information, see "*Item 12 – LTIP Plan*" of this Listing Application.

As set forth above, the TMS Board is currently comprised of five (5) members, being Messrs. Young, Modi, Crocker, Hume and Hudson. Members of the TMS Board will be elected at each annual meeting of TMS Shareholders by the TMS Shareholders entitled to vote thereat. Each director will cease to hold office immediately before the election of directors at the annual meeting, unless they earlier resign or are removed in accordance with the articles of TMS and the *BCBCA*, but is eligible for re-election.

The officers of TMS will be appointed annually by the TMS Board following TMS's annual meeting and serve until the earlier of their resignation or removal with or without cause by the TMS Board.

Management of TMS

Set out below are profiles of TMS's executive officers and directors, including particulars of their principal occupations for the past five years.



James Young, age 63, Chairperson and Director. Dr. Young has served as chairman of the board of directors of Novavax, Inc. (NASDAQ: NVAX), a clinical-stage vaccine company, since April 2010, and has been on the board of directors of 3-V Biosciences, Inc., a private drug company, since 2010. Dr. Young was head of research and development for MedImmune, Inc. ("**MedImmune**"), a biotechnology development enterprise, from 1989 to 2008 following its \$15.6 billion sale to AstraZeneca PLC, a British-Swedish multinational pharmaceutical and biologics company, in 2007. During his tenure, Dr. Young was directly

involved in the development of approximately 20 clinical programs and the commercialization of numerous key drugs while managing approximately 1,500 people and controlling an annual budget in excess of \$700 million. Prior to MedImmune, Dr. Young was the director of the Department of Molecular Genetics at Smith Kline and French Laboratories, now part of GlaxoSmithKline, a British pharmaceutical company, and prior to that, was a faculty member at Mount Sinai Medical School in New York from 1978 to 1983. Dr. Young has served on the boards of directors of Xencor, Inc., a clinical-stage biopharmaceutical company, from 2006 to 2008, Iomai, Inc., a developer of vaccines and immune system stimulants, from 2002 to 2006 and Arriva Pharmaceuticals, Inc., a privately held biopharmaceutical company, from 2004 to 2006. Dr. Young received his Ph.D. in Microbiology and Immunology from the Baylor College of Medicine, Houston, Texas, United States. Dr. Young currently intends to devote approximately 75% of his working time to the affairs of TMS.



Rajiv I. Modi, age 55, Director. Dr. Rajiv I. Modi has been the chairman of the board of directors and managing director of Cadila, one of the largest privately-held pharmaceuticals companies in India, since February 1991. Being a biotechnologist, Dr. Modi has played a major role in developing Cadila's biotechnology division, focusing on new developments and breakthrough innovations and, under his leadership, Cadila has inked strategic alliances with several research driven international companies. From 2014 to 2015, Dr. Modi also served as the chair of the Confederation of Indian Industry National Committee on Pharmaceuticals, a

committee that supports the Indian government through advisory and consultative processes, in its policy drafting activities in respect of the Indian pharmaceutical industry. Dr. Modi has been elected as Fellow of the Indian National Academy of Engineering, Delhi, India, a top-tier academy with prominent industry leaders, academics and scientists amongst its Fellows. Dr. Modi holds a Ph.D. in Biological Science from the University of Michigan, Ann Arbor, Michigan, United States, a M.Sc. in Biochemical Engineering from University College, London, England and a B.Tech. in Chemical Engineering from the Indian Institute of Technology in Mumbai, Maharashtra, India.



Stephen D. Crocker, age 71, Director. Dr. Crocker has been a member of the board of directors of the Internet Corporation for Assigned Names and Numbers ("ICANN"), a private organization that is responsible for the operational stability of the Internet, since November 2008, and has been the chair of the ICANN board of directors since June 2011. Dr. Crocker is a co-founder of Shinkuro, Inc. ("Shinkuro"), an Internet research and development company building tools for cooperation and collaboration across the Internet and government sponsored projects in Internet security, and has served as its chief executive officer since

February 2002. Dr. Crocker has been involved in the Internet since its inception. In the late 1960's and early 1970's, while Dr. Crocker was a graduate student at the University of California in Los Angeles ("UCLA"), he was part of the team that developed the protocols for the Arpanet and laid the foundation for today's Internet. Dr. Crocker organized the Network Working Group, which was the forerunner of the modern Internet Engineering Task Force, initiated the Request for Comment series of notes through which protocol designs are documented and shared and laid the foundation for the open architectural structure of the Internet Protocols. For this work, Dr. Crocker was awarded the 2002 IEEE Internet Award. Dr. Crocker remains active in the Internet standards work through the Internet Engineering Task Force and the Internet Architecture Board and served as the first security area director on the Internet Engineering Steering Group from 1989 to 1994. Dr. Crocker's other experience includes research management at the Defense Advanced Research Projects Agency, which commissions advanced research for the United States Department of Defense, from 1971 to 1974, the University of Southern California Information Sciences Institute, which researches and develops advanced information processing, computer and communications technologies, from 1974 to 1981 and the Aerospace Corporation, a non-profit corporation that operates a federally funded research and development center, from 1981 to 1986. Dr. Crocker also served as vice-president of Trusted Information Systems, a computer security research and development company, from 1986 to 1993 and was a co-founder of CyberCash, Inc., an Internet payment service for electronic commerce, and Longitude Systems, Inc., which develops telecommunications infrastructure solutions. Dr. Crocker earned his Bachelor of Arts in Mathematics and a Ph.D. in computer science at UCLA, and studied artificial intelligence at the Massachusetts Institute of Technology. Dr. Crocker has an honorary doctorate from the University of San Martin des Porres in Lima, Perú and was selected in the initial group of members of the Internet Society's Internet Hall of Fame Pioneers.



Ian Hume, age 76, Director. Mr. Hume joined the World Bank in 1969 as an economist. Mr. Hume's career at the World Bank included macroeconomic work, project assignments and management positions, including as Division Chief, Assistant Director of Energy, Resident Representative and Country Director in Poland. Since 1994, Mr. Hume has worked on a range of private energy ventures in electric power and coal industries, including technical advisor to EUROGAZ Gas Pipeline from 1995 to 1996, and coordinator of a consortium for an LNG Feasibility Study in Poland in 2007. From 2007 to 2012, Mr. Hume undertook

several internal consulting studies for the World Bank, including for its Independent Evaluation Group in the fields of internal controls, procurement policy and anti-corruption. He was also part of a private consulting team headed by the firm ICF International of Fairfax, Virginia, that, in 2012 and 2013, wrote the Gas Master Plan for Mozambique under contract to the Ministry of Energy and Natural Resources, which was financed by the World Bank. Mr. Hume has been a self-employed consultant since 1996.



William Hudson, age 61, Director. In 1992, Mr. Hudson founded the Domus Group, a private holding company formed to invest in and develop real estate properties in South Texas, including a 1,000-acre planned community with 2,600 households. In 1989, Mr. Hudson also co-founded International UNP Holdings Ltd. ("UNP"), a company that privatized manufacturing companies in Poland, and was a key member in its going public transaction, helping raise the initial \$20 million investment capital. Prior to UNP, Mr. Hudson co-founded Hudson & Hudson Partners, a Texas general partnership that managed real estate, mineral

exploration and production and securities investments. Mr. Hudson worked as a geologist with the Continental Oil Company from 1975 to 1980. From 1968 to 1997, Mr. Hudson was a director of First Valley Bank Group, Inc., located in the Rio Grande Valley of Texas. Mr. Hudson is currently a self-employed consultant and investor, and also serves as chairman of the board and chief executive officer of several private companies in the United States.



Lawrence Siegel, age 67, Chief Executive Officer. Mr. Siegel is a seasoned executive with 40 years' of international business experience. A graduate of UCLA, Mr. Siegel holds a degree in history, as well as a degree in geography. Mr. Siegel has been the president of Yellow Pearl, Inc., a consulting company, since 1983 and a partner/investor in Flickback Media, Inc., a publishing company, since 2004. Mr. Siegel has been the president of a number of corporations, including Seeburg Corporation (NASDAQ: XCOR), an

American design and manufacturing company of automated musical equipment, from 1979 to 1983, Atari, Inc. (ASE: ATI), a video game and home computer company, from 1987 to 1992, U.S. Digital Communications, Inc. (NASDAQ: USDI), a telecommunications company, from 1996 to 1998 and Sega Europe Limited (NIKKEI: SGAMY), an interactive entertainment company, from 1972 to 1976. Mr. Siegel has also held managerial or consulting positions with such well-known companies as Bally Manufacturing, a slot machine and game machine provider from 1998 to 1999, WMS Gaming, a scientific games company, from 1976 to 1978, Sony Corporation, a multinational conglomerate corporation involved in consumer and professional electronics, gaming, entertainment and financial services, from 1999 to 2000, Mattel, Inc., an American multinational toy manufacturing company, from 2000 to 2001, Silicon Graphics, Inc., an American manufacturer of high-performance computing solutions, from 1992 to 1993, Konami Holdings Corporation, a Japanese producer of toys and a developer of video games, from 1992 to 1993, Taito Corporation, a Japanese video game developer, from 1993 to 1994, Data East Corporation, a Japanese video game developer, from 2000 to 2001, and THQ, Inc., an American video game developer, from 1993 to 1995. Mr. Siegel was appointed chief executive officer of TMS on April

10, 2015. Pursuant to Mr. Siegel's consulting with TMS, Mr. Siegel has agreed to devote substantially all of his business time, care and attention to TMS in order to properly discharge his duties.



Tom Stefan, age 50, Chief Financial Officer. Mr. Stefan is a seasoned executive with 29 years' experience in both United States and Canadian based corporate finance and financial management. Mr. Stefan was most recently, from 2004 to 2013, chief financial officer and vice-president finance and corporate services at Taiga Building Products Ltd., an independent wholesale distributor of building products in Canada, where he was responsible for executing a strategic realignment and re-financing program. Mr. Stefan's career includes working in forestry products, mining, public accounting and real estate. Mr. Stefan was a director of NorskeCanada (TSX), a pulp and paper company, from 1998 to 2003, a financial analyst at Bema Gold Corporation (TSX), an intermediate gold producer, from 1996 to 1998, a senior mine accountant at Teck Resources Limited (NYSE, TSX), a diversified mining company, from 1990 to 1993 and a tax accountant at KPMG LLP from 1986 to 1989. Pursuant to Mr. Stefan's consulting agreement with TMS, Mr. Stefan has agreed to devote substantially all of his business time, care and attention to TMS in order to properly discharge his duties.



Jan Kindler, age 31, Vice-President, Business Development and Corporate Secretary. Prior to joining MTI in 2014, Mr. Kindler was principal of Carbon 2 Power Ventures Inc., a private energy consulting firm retained to help develop MTI's business in Asia, from 2013 to 2015. Subsequently, Mr. Kindler was named Vice-President, Business Development and Corporate Secretary of TMS on May 21, 2015. Mr. Kindler was directly responsible for helping broker one of MTI's first commercial contracts related to the TMS Technology. Mr. Kindler, a former corporate attorney and a current member of the Law Society of British Columbia, graduated from the University of British Columbia with a Bachelor of Arts (International Relations/Mandarin Chinese) and a Juris Doctor of Law, before pursuing a career structuring cross-border commercial transactions in Canada, Indonesia, Hong Kong, and the People's Republic of China. Pursuant to Mr. Kindler's consulting agreement with TMS, Mr. Kindler has agreed to devote substantially all of his business time, care and attention to TMS in order to properly discharge his duties.

Other Directorships

The following table summarizes the experience of TMS's directors and executive officers with other reporting issuers in the five year period preceding the date hereof:

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
James Young	Novavax, Inc. (Delaware)	NASDAQ	Chairman	April 19, 2011	Present
			Director	April 5, 2010	Present
Rajiv Modi	Novavax, Inc. (Delaware)	NASDAQ	Director	April 1, 2009	Present
Tom Stefan	Jemi Fibre Corp. (British Columbia)	TSX-V	Director	July 24, 2015	Present
			Chief Financial Officer	December 24, 2014	July 24, 2015

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
	Taiga Building Products Ltd. (British Columbia)	TSX	Chief Financial Officer and Vice-President, Finance and Administration	September 1, 2005	February 21, 2013

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of TMS's directors or executive officers is, as of the date hereof, or was, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including TMS) that:

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

Other than as described herein, none of TMS's directors, executive officers or TMS Shareholders holding a sufficient number of securities of TMS to affect materially the control of TMS:

- (i) is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including TMS) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or TMS Shareholder.

Mr. Lawrence Siegel, the chief executive officer of TMS, previously made a voluntary assignment in bankruptcy for which he was subsequently discharged.

Conflicts of Interest

Other than as disclosed herein, to TMS's knowledge, there are no known existing or potential conflicts of interest among TMS directors and officers as a result of their outside business interests, except that

certain of the directors and officers serve as directors, officers and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director and officer of TMS and their duties as a director, officer or member of management of such other companies.

TMS's directors and officers have been advised of the existence of laws governing accountability of directors and officers regarding corporate opportunity and requiring disclosures by directors of conflicts of interest, and TMS will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance with the *BCBCA*, and they are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Item 17: Executive Compensation

Compensation Discussion and Analysis

The principal objective of TMS's compensation policy is to attract and retain key executive officers that are considered critical to the growth and success of TMS. The CCGC, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the TMS Board in respect of compensation paid to TMS's directors and officers, including salary, incentive and other compensation levels. Presently, TMS relies on discussions of the TMS Board and the CCGC without any formal objectives, criteria and analysis in determining compensation, which generally consists of base salary and grants of long-term incentive plan awards the LTIP Plan, which may include share-based and/or option-based awards. TMS does not assess its compensation through benchmarks or peer groups at this time.

Elements of Compensation

Under TMS's compensation structure, compensation for executive officers may consist of:

Base Salary. Base salary is currently the foundation of TMS's compensation policy and is intended to compensate competitively based on the past experience of the executive, while taking into consideration TMS's current level of development. The desire is for base salary to be high enough to secure exceptional executives that can further the annual and long-term objectives of TMS, while at the same time not being excessive with a view to TMS's available cash resources. The CCGC reviews salary levels periodically and may recommend adjustments to the TMS Board, if warranted, as a result of competitive positioning, the stage of development of TMS or an increase in responsibilities assumed by an executive.

LTIP Awards. The TMS Board may also grant awards under the LTIP Plan as part of an executive's compensation package. The primary objective of making grants of such awards is to encourage executive officers to acquire an ownership interest in TMS over a period of time, thus better aligning the interests of executive officers with the interests of TMS Shareholders, and thereby discouraging excessive risk taking. Additionally, awards may be granted to help enhance the overall competitiveness of an executive's compensation package, where necessary, while helping maintain TMS's available cash resources.

TMS considers various factors when determining the number of awards to be granted to specific individuals, including the level of responsibility and base salary level associated with the position held by such individual. The CCGC periodically submits to the TMS Board for approval its recommendations in

respect of the number of Stock Awards to be granted to specific individuals. When determining possible future Stock Award grants, the TMS Board considers past grants. The Black-Scholes model is used to determine the fair value of Stock Options on the date of grant.

Bonus. From time to time, TMS may grant bonus awards to members of management, in the form of cash or TMS Shares, in light of TMS's accomplishment of certain milestones or achievements and the member's level of involvement in accomplishing such milestones or achievements. In the financial period ended December 31, 2015, TMS granted an aggregate of 920,000 TMS Shares, at a deemed price of \$0.75 per TMS Share, in full settlement of cash bonuses as follows: (i) 600,000 TMS Shares to Lawrence Siegel; (ii) 60,000 TMS Shares to Jan Kindler; (iii) 40,000 TMS Shares to Ian Hume; (iv) 40,000 TMS Shares to William Hudson; (v) 60,000 TMS Shares to Randall Johnson; (vi) 60,000 TMS Shares to Larry Palmer; and (vii) 60,000 TMS Shares to Steve Sears.

Risk Management

Neither the TMS Board nor the CCGC has undertaken a formal evaluation of the implications of any risks associated with TMS's compensation policies and practices. Neither the TMS Board nor the CCGC believes that TMS's compensation program results in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on TMS.

Hedging

TMS does not have any formal policy respecting the purchase by an NEO or a director of financial instruments.

Compensation Governance

The CCGC is currently comprised of four (4) members, being Messrs. Young (Chair), Crocker, Modi and Hume. All such members are "independent" within the meaning of NI 52-110, in that they are free from any interest which could reasonably interfere with their exercise of independent judgment as directors of TMS, with the exception of Dr. Modi, who is a SOHL representative to the TMS Board and is also a director of SOHL. Dr. Modi is also not considered "independent" under the rules and policies of the TSX-V. The rules and policies of the TSX-V also effectively provide that a director who is also a chairman is not "independent". Accordingly, Dr. Young is not considered "independent" under the rules and policies of the TSX-V.

The CCGC operates under TMS's CCGC charter. Among other things, the CCGC has the responsibility of assessing the performance of the chief executive officer, evaluating the chief executive officer's contribution to the overall success of TMS and recommending to the TMS Board the chief executive officer's level of compensation. The CCGC, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the TMS Board in respect of compensation paid to TMS's directors and officers, including salary, bonus, incentive and other compensation levels.

All members of the CCGC have experience in compensation matters, either as members of compensation committees of other public companies and/or from having served as senior executives with significant responsibility for or involvement in compensation matters.

Summary Compensation Table

The following table (and notes thereto) states the name of each NEO and the salary received by the NEO from TMS for the period from May 21, 2015 to December 31, 2015:

Name and Principal Position	Salary
Lawrence Siegel ⁽¹⁾ Chief Executive Officer	\$224,113 ⁽²⁾
Tom Stefan ⁽³⁾ Chief Financial Officer	\$108,034 ⁽⁴⁾
Steve Lawson ⁽⁵⁾ Vice-President, Research and Technology Development, TMS USA	\$110,157 ⁽⁶⁾
Randall Johnson ⁽⁷⁾ Senior Project Manager, TMS USA	\$146,875 ⁽⁸⁾
Larry Palmer ⁽⁹⁾ Vice-President, Administration, TMS USA	\$104,436 ⁽¹⁰⁾

Notes:

- (1) Mr. Siegel was appointed chief executive officer of TMS effective April 10, 2015.
- (2) Mr. Siegel's annual salary in 2015 was \$360,000.
- (3) Mr. Stefan was appointed chief financial officer of TMS effective April 10, 2015.
- (4) Mr. Stefan's annual salary in 2015 was CDN\$216,000. The amount reported represents the United States dollar equivalent translated at the average Bank of Canada nominal noon exchange rate for the period ending December 31, 2015, as published at www.bankofcanada.ca, being \$0.7665 to each Canadian dollar.
- (5) Mr. Lawson was appointed Vice-President, Research and Development of TMS USA effective May 21, 2015.
- (6) Mr. Lawson's annual salary in 2015 was \$180,000.
- (7) Mr. Johnson was appointed Senior Project Manager of TMS USA effective May 21, 2015, but resigned from such position effective April 30, 2016.
- (8) Mr. Johnson's annual salary in 2015 was \$240,000.
- (9) Mr. Palmer was appointed Vice-President, Administration of TMS USA effective May 21, 2015, but resigned from such position effective April 30, 2016.
- (10) Mr. Palmer's annual salary in 2015 was \$180,000.

In accordance with applicable securities laws, additional compensation information for each of the individual NEOs will be set forth in TMS's management proxy circular to be prepared in connection with TMS's annual meeting of TMS Shareholders to be held in 2016.

Incentive Plan Awards – Named Executive Officers

Outstanding Option-Based Awards for Named Executive Officers

The following table (and notes thereto) states the name of each NEO, the number of Stock Options available for exercise and the exercise price and expiration date for each Stock Option, as at December 31, 2015:

Name and Position	Option-Based Awards			
	Number of Securities Underlying Unexercised Stock Options	Stock Option Exercise Price	Stock Option Expiration Date	Value of Unexercised In-The-Money Stock Options ⁽¹⁾
Lawrence Siegel ⁽²⁾ Chief Executive Officer	400,000	CDN\$0.75	May 21, 2020	\$11,560
Tom Stefan ⁽³⁾	300,000 ⁽⁴⁾⁽⁸⁾	CDN\$0.75	May 21, 2020	\$8,670

Name and Position	Option-Based Awards			
	Number of Securities Underlying Unexercised Stock Options	Stock Option Exercise Price	Stock Option Expiration Date	Value of Unexercised In-The-Money Stock Options ⁽¹⁾
Chief Financial Officer				
Steve Lawson ⁽⁵⁾ Vice-President, Research and Technology Development, TMS USA	240,000 ⁽⁸⁾	CDN\$0.75	May 21, 2020	\$6,936
Randall Johnson ⁽⁶⁾ Senior Project Manager, TMS USA	180,000 ⁽⁸⁾	CDN\$0.75	May 21, 2020	\$5,202
Larry Palmer ⁽⁷⁾ Vice-President, Administration, TMS USA	180,000 ⁽⁸⁾	CDN\$0.75	May 21, 2020	\$5,202

Notes:

- (1) Calculated based on the difference between the closing price of the TMS Shares on the CSE as at December 31, 2015, being CDN\$0.79 per TMS Share, and the noted Stock Option exercise price. The amount reported represents the United States dollar equivalent translated on December 31, 2015 based on the Bank of Canada's nominal noon exchange rates as published at www.bankofcanada.ca, being \$0.7225 to each Canadian dollar.
- (2) Mr. Siegel was appointed chief executive officer of TMS effective April 10, 2015.
- (3) Mr. Stefan was appointed chief financial officer of TMS effective April 10, 2015.
- (4) The reported Stock Options are registered in the name of Jemi Ventures Inc., a private British Columbia company owned and controlled by Mr. Stefan.
- (5) Mr. Lawson was appointed Vice-President, Research and Development of TMS USA effective May 21, 2015.
- (6) Mr. Johnson was appointed Senior Project Manager of TMS USA effective May 21, 2015, but resigned from such position effective April 30, 2016. Following his resignation, Mr. Johnson agreed to act as a consultant to TMS for a period of twelve months, during which time Mr. Johnson will continue to be able to exercise his reported Stock Options. For additional information, see "Item 17 – Executive Compensation" of this Listing Application.
- (7) Mr. Palmer was appointed Vice-President, Administration of TMS USA effective May 21, 2015, but resigned from such position effective April 30, 2016. Following his resignation, Mr. Palmer agreed to act as a consultant to TMS for a period of twelve months, during which time Mr. Palmer will continue to be able to exercise his reported Stock Options. For additional information, see "Item 17 – Executive Compensation" of this Listing Application.
- (8) The reported Stock Options vest and are exercisable as follows: (i) 12.5% on June 30, 2015; (ii) 12.5% on September 30, 2015; (iii) 12.5% on December 31, 2015; (iv) 12.5% on March 31, 2016; (v) 12.5% on June 30, 2016; (vi) 12.5% on September 30, 2016; (vii) 12.5% on December 31, 2016; and (viii) 12.5% on March 31, 2017.

As at December 31, 2015, the aggregate value of the "in-the-money" unexercised Stock Options held by the Named Executive Officers was \$37,570.

The TMS directors and the Named Executive Officers have not exercised any Stock Options from incorporation to the period ended December 31, 2015.

Incentive Plan Awards - Value Vested or Earned During the Year for Named Executive Officers

In accordance with applicable securities laws, the aggregate dollar value that would have been realized, if any, by each of the NEOs if Stock Options under option-based awards had been exercised on the vesting-date, as well as the aggregate dollar value, if any, realized upon vesting of share-based awards by each of the NEOs will be set forth in TMS's management proxy circular to be prepared in connection with TMS's annual meeting of TMS Shareholders to be held in 2016.

Pension Plan Benefits

As at December 31, 2015, TMS did not maintain any defined benefit plans, defined contribution plans or deferred compensation plans.

Consulting Agreements

Lawrence Siegel

TMS entered into a consulting agreement with Mr. Siegel in May 2015 in connection with his engagement as chief executive officer of TMS. Pursuant to the consulting agreement, Mr. Siegel is entitled to an annual base salary of \$360,000, and is eligible to receive, in respect of each fiscal year, additional variable cash compensation in an amount, if any, determined by the TMS Board in its sole discretion. Mr. Siegel is also entitled to participate in the LTIP Plan, and to receive certain benefits and perquisites consistent with the practices of TMS and commensurate with his position.

If Mr. Siegel's engagement is terminated due to his death or in the event that he is unable to perform his material duties because of a disability, Mr. Siegel, or his estate, will be entitled to 90 days' severance, payable in accordance with TMS's normal payroll practices, plus any accrued benefits. If Mr. Siegel's engagement is terminated by TMS other than for just cause, he will be entitled to 60 days' severance, payable in a single lump sum, plus any accrued benefits. All Stock Awards then held by Mr. Siegel will expire 60 days following such termination. In the event that Mr. Siegel terminates his engagement with good reason, he will be entitled to 60 days' severance, payable in a single lump sum, plus any accrued benefits. All Stock Awards then held by Mr. Siegel will expire 30 days following such termination. Mr. Siegel's consulting agreement does not contain any change of control provisions.

Upon any termination of Mr. Siegel without cause by TMS or for good reason by Mr. Siegel, Mr. Siegel has agreed to provide certain consulting services to TMS related to his role as chief executive officer, for a period of 24 months. Pursuant to this arrangement, Mr. Siegel will be entitled to a salary of \$1,000 per month for such consultation services. Any outstanding Stock Awards held by Mr. Siegel on termination of his consulting agreement will continue in full effect during the period Mr. Siegel provides his consulting services.

Tom Stefan

TMS entered into a consulting agreement with Mr. Stefan in May 2015 in connection with his engagement as chief financial officer of TMS. Pursuant to the consulting agreement, Mr. Stefan was entitled to an annual base salary in 2015 of CDN\$216,000, and is eligible to receive, in respect of each fiscal year, additional variable cash compensation in an amount, if any, determined by the TMS Board in its sole discretion. Mr. Stefan is also entitled to participate in the LTIP Plan, and to receive certain benefits and perquisites consistent with the practices of TMS and commensurate with his position.

If Mr. Stefan's engagement is terminated due to his death or in the event that he is unable to perform his material duties because of a disability, Mr. Stefan, or his estate, will be entitled to 90 days' severance, payable in accordance with TMS's normal payroll practices, plus any accrued benefits. If Mr. Stefan's engagement is terminated by TMS other than for just cause, he will be entitled to 60 days' severance, payable in a single lump sum, plus any accrued benefits. All Stock Awards then held by Mr. Stefan will expire 60 days following such termination. In the event that Mr. Stefan terminates his engagement with good reason, he will be entitled to 60 days' severance, payable in a single lump sum, plus any accrued benefits. All Stock Awards then held by Mr. Stefan will expire 30 days following such termination. Mr. Stefan's consulting agreement does not contain any change of control provisions.

Additional Information

TMS entered into consulting agreements with each of Steve Lawson, Randall Johnson and Larry Palmer in May 2015. Each of these consulting agreements contains substantially the same provisions relating to compensation and termination and change of control benefits as Mr. Stefan's consulting agreement with TMS, except that (i) Mr. Lawson is entitled to an annual base salary of \$180,000, (ii) Mr. Johnson was entitled to an annual base salary of \$240,000 and (iii) Mr. Palmer was entitled to an annual base salary of \$180,000.

Director Compensation

TMS implemented a directors' compensation policy effective May 22, 2015, pursuant to which directors are compensated by TMS for their services in their capacity as directors, for committee participation and involvement in special assignments and for services as consultants or experts. The directors are also reimbursed for reasonable expenses incurred in connection with their services as directors and are eligible for the grant of Stock Awards under the LTIP Plan. Pursuant to the directors' compensation policy, the chairman of the TMS Board is entitled to an annual retainer of CDN\$48,000 and TMS's "outside" directors are entitled to an annual retainer of CDN\$36,000. Members of the Audit Committee and the CCGC also receive an annual fee of CDN\$3,600 for each committee on which they serve and the chair of each such committee is entitled to an additional annual fee of CDN\$1,400.

The following table (and note thereto) states the name of each director and the fees earned by him from incorporation to the period ended December 31, 2015:

Name	Fees Earned⁽¹⁾
James Young	\$25,734
Rajiv Modi	Nil
Stephen D. Crocker	\$20,278
Ian Hume	\$18,005
William Hudson	\$18,005

Note:

- (1) The amounts reported represent the United States dollar equivalents of fees paid to each director, translated at the Bank of Canada nominal noon exchange rate for each payment date.

In accordance with applicable securities laws, additional compensation information for each of the individual directors will be set forth in TMS's management proxy circular to be prepared in connection with TMS's annual meeting of TMS Shareholders to be held in 2016.

Incentive Plan Awards – Directors

Outstanding Option-Based Awards for Directors

The following table (and notes thereto) states the name of each director, the number of Stock Options available for exercise, the exercise price and the expiration date for each Stock Option, as at December 31, 2015:

Name	Option-based Awards			
	Number of Securities Underlying Unexercised Stock Options	Stock Option Exercise Price	Stock Option Expiration Date	Value of Unexercised In-The-Money Stock Options ⁽¹⁾
James Young	700,000	CDN\$0.75	May 21, 2020	\$20,230
Stephen D. Crocker	175,000 ⁽²⁾	CDN\$0.75	May 21, 2020	\$5,058
Ian Hume	135,000 ⁽²⁾	CDN\$0.75	May 21, 2020	\$3,902
William Hudson	135,000 ⁽²⁾	CDN\$0.75	May 21, 2020	\$3,902

Notes:

- (1) Calculated based on the difference between the closing price of the TMS Shares on the CSE as at December, 2015, being CDN\$0.79 per TMS Share, and the noted Stock Option exercise price. The amount reported represents the United States dollar equivalent translated on December 31, 2015 based on the Bank of Canada's nominal noon exchange rates as published at www.bankofcanada.ca, being \$0.7225 to each Canadian dollar.
- (2) The reported Stock Options vest and are exercisable as follows: (i) 12.5% on June 30, 2015; (ii) 12.5% on September 30, 2015; (iii) 12.5% on December 31, 2015; (iv) 12.5% on March 31, 2016; (v) 12.5% on June 30, 2016; (vi) 12.5% on September 30, 2016; (vii) 12.5% on December 31, 2016; and (viii) 12.5% on March 31, 2017.

Incentive Plan Awards - Value Vested or Earned During the Year for Directors

In accordance with applicable securities laws, the aggregate dollar value that would have been realized by a director if Stock Options under option-based awards had been exercised on the vesting-date will be set forth in TMS's management proxy circular to be prepared in connection with TMS's annual meeting of TMS Shareholders to be held in 2016.

Item 18: Indebtedness of Directors and Executive Officers

Indebtedness of Directors and Executive Officers of TMS

No individual who is or was a former director, executive officer or employee of TMS, or an associate or affiliate of such an individual, is, or has been since TMS's incorporation, indebted to TMS or any of its subsidiaries, or is or has been indebted to another entity that is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by TMS or any of its subsidiaries during that period.

Item 19: Audit Committees and Corporate Governance

Audit Committee Disclosure

The TMS Board appoints the Audit Committee to assist in monitoring: (i) the integrity of TMS's financial statements; (ii) TMS's compliance with legal and regulatory requirements; and (iii) the qualifications, appointment, independence and performance of TMS's external auditors and senior financial executives.

The Audit Committee's authority and responsibilities include meeting with TMS's auditor and reviewing TMS's annual financial statements and making recommendations for the approval of such financial statements to the TMS Board. Material issues related to the audit of TMS's internal accounting controls and information systems are discussed with the Audit Committee as such issues arise. The Audit Committee has direct access to TMS's auditors.

Audit Committee Charter

The Audit Committee charter sets out the responsibilities and duties, qualifications for membership, procedures for committee member appointment and reporting to the TMS Board. A copy of the Audit Committee charter is attached hereto as Appendix "C".

Composition of Audit Committee

The Audit Committee is currently comprised of four (4) members, being Messrs. Crocker (Chair), Young, Modi, and Hudson. All such members are "financially literate" and "independent" within the meaning of NI 52-110, with the exception of Dr. Modi, who is a SOHL representative to the TMS Board and is also a director of SOHL. Dr. Modi is also not considered "independent" under the rules and policies of the TSX-V. The rules and policies of the TSX-V also effectively provide that a director who is also a chairman is not "independent". Accordingly, Dr. Young is not considered "independent" under the rules and policies of the TSX-V.

As the current composition of the Audit Committee is not in compliance with the policies of the TSX-V, TMS is required to reconstitute the Audit Committee on or prior to listing of the TMS Shares on the TSX-V so as to comply with the policies of the TSX-V.

Relevant Education and Experience

Set out below is a description of the education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as a member of the Audit Committee:

Stephen D. Crocker. Dr. Crocker has held senior executive and director positions with several public and private companies, including as chair of the ICANN board of directors, chief executive officer of Shinkuro, Inc. and vice-president of Trusted Information Systems, and is familiar with the reporting requirements of public companies. Dr. Crocker earned his Bachelor of Arts in Mathematics and a Ph.D. in computer science at UCLA, and studied artificial intelligence at the Massachusetts Institute of Technology. Dr. Crocker has an honorary doctorate from the University of San Martin des Porres in Lima, Perú and was selected in the initial group of members of the Internet Society's Internet Hall of Fame Pioneers.

James Young. Dr. Young has served as chairman of the board of directors of Novavax, Inc. since April 2010 and has been on the board of directors of 3-V Biosciences, Inc., a private drug company, since 2010. Dr. Young was head of research and development for MedImmune, Inc. from 1989 to 2008, following its \$15.6 billion sale to AstraZeneca PLC in 2007. During his tenure, Dr. Young managed approximately 1,500 people and controlled an annual budget in excess of \$700 million. Dr. Young has served on the boards of directors of Xencor, Inc. from 2006 to 2008, Iomai, Inc. from 2002 to 2006 and Arriva Pharmaceuticals, Inc. from 2004 to 2006.

Rajiv I. Modi. Dr. Rajiv I. Modi has been the chairman of the board of directors and managing director of Cadila since February 1991. Being a biotechnologist, Dr. Modi has played a major role in developing Cadila's biotechnology division, focusing on new developments and breakthrough innovations. Under his leadership, Cadila inked strategic alliances with many research driven international companies. Dr. Modi was also the chair of the Confederation of Indian Industry National Committee on Pharma from 2014 to 2015, and was elected as Fellow of the Indian National Academy of Engineering, Delhi, India. Dr. Modi holds a Ph.D. in Biological Science from the University of Michigan, Ann Arbor, Michigan, United States, a M.Sc. in Biochemical Engineering from University College, London, England and a B.Tech. in Chemical Engineering from the Indian Institute of Technology in Mumbai, Maharashtra, India.

William Hudson. Mr. Hudson has significant experience dealing with several public and private companies, including as founder of the Domus Group, co-founder of UNO Holdings Ltd. and director of First Valley Bank Group, Inc., and is familiar with the reporting requirements of public companies. Mr. Hudson earned his Bachelor of Science in Geology from the University of Texas.

Pre-Approval Policies and Procedures

The Audit Committee charter includes responsibilities regarding the provision of non-audit services by TMS's external auditors. The Audit Committee charter states that the Audit Committee will: (i) pre-approve the retention of the independent auditor for all audit and non-audit services, including tax services, and the fees for such non-audit services which are provided to TMS and its subsidiaries; (ii) consider whether the provision of non-audit services is compatible with maintaining the auditor's independence; and (iii) if so determined by the Audit Committee, recommend that the TMS Board take appropriate action to satisfy itself of the independence of the auditor.

Audit Committee Oversight

At no time since incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the TMS Board. The Audit Committee's authority and responsibility include meeting with TMS's external auditors at such times as it determines necessary, which, as at the date hereof, is conducted on an annual basis.

Audit Fees

The aggregate fees billed by TMS's external auditor for audit fees were CDN\$59,750 for the period ended December 31, 2015.

Audit-Related Fees

The aggregate fees billed for assurance and related services by TMS's external auditor that were reasonably related to the performance of the audit or review of TMS's financial statements were CDN\$8,902 for the period ended December 31, 2015.

Tax Fees

The aggregate fees billed for professional services rendered by TMS's external auditor for tax compliance, tax advice and tax planning were nil for the period ended December 31, 2015.

All Other Fees

The aggregate fees billed for professional services provided by TMS's external auditor, other than for the services reported above, were nil for the period ended December 31, 2015.

Corporate Governance Disclosure

Board of Directors

The directors are responsible for managing and supervising the management of TMS's business and affairs. Each year, the TMS Board must review the relationship that each director has with TMS in order to satisfy themselves that the relevant independence criteria have been met.

Other than interests arising from shareholdings in TMS, and other than as set forth herein, all of the current directors of TMS are "independent" within the meaning of NI 52-110, with the exception of Dr. Modi, who is a SOHL representative to the Board and is also a director of SOHL. Dr. Modi is also not considered "independent" under the rules and policies of the TSX-V. The rules and policies of the TSX-V also effectively provide that a director who is also a chairman is not "independent". Accordingly, Dr. Young is not considered "independent" under the rules and policies of the TSX-V.

In order to facilitate its exercise of independent judgment in carrying out its responsibilities, the TMS Board may establish informal committees on an as needed basis consisting solely of independent directors to consider certain matters to be considered by the TMS Board. The TMS Board, or any committee, may also seek advice from outside advisors. The TMS Board also follows a practice whereby any director who has an interest in a matter that the TMS Board is considering will either abstain from voting on the matter or exit the TMS Board meeting. The independent directors, as necessary, may hold meetings at which non-independent directors and members of management are not in attendance. However, in order to facilitate open and candid discussion among independent directors, communication among the independent directors also occurs on an informal and ongoing basis as such need arises.

Board Committees

The Audit Committee and the CCGC are the only standing committees of the TMS Board. The Audit Committee is currently comprised of Messrs. Crocker (Chair), Young, Modi and Hudson. The CCGC is currently comprised of Messrs. Young (Chair), Crocker, Modi and Hume.

For additional information, see "*Item 16 – Directors and Executive Officers*" of this Listing Application.

Special committees may be formed by the TMS Board from time to time as required to review particular matters or transactions.

Orientation and Continuing Education

The TMS Board does not have any formal procedures to orient new directors, nor does it have a formal policy of providing continuing education for directors. When a new director is appointed, he or she has the opportunity to meet other directors, executives, management and employees of TMS with orientation tailored to the needs and experience of the new director, as well as overall needs of the TMS Board. New directors are provided with information respecting TMS and its business and operations.

TMS relies upon the advice of its professional advisors to update the knowledge of its directors in respect of changes in relevant policies and regulations. Some of TMS's directors are also directors of other publicly traded companies and benefit from exposure to boards of directors of such companies. New directors are generally selected on the basis of their breadth of experience with respect to TMS's business, having regard to the requirements for appropriate skill sets required by TMS.

Directors are also encouraged to communicate with executives, management, auditors and technical consultants to keep themselves current with the business and affairs of TMS. Directors have access to TMS's records at all times.

Ethical Business Conduct

The TMS Board relies upon the selection of directors, officers, employees and consultants whom it considers as meeting the highest ethical standards to promote a culture of ethical business conduct.

The TMS Board itself must comply with the conflict of interest provisions of applicable Canadian corporate law, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. To this end, the TMS Board has adopted a Code of Business Conduct and Ethics, an Anti-Bribery and Corruption Policy, a Securities Law Compliance Policy and a Whistleblower Policy.

Nomination and Assessment

The CCGC is responsible for making recommendations to the TMS Board in respect of filling of vacancies on the TMS Board and as to nominees for the TMS Board. On an annual basis, the TMS Board reviews its strategies to determine the composition of the TMS Board and the appropriate candidates to be put forth for election as directors at annual general meetings. The review takes into account the desirability of maintaining a balance of skills, experience and background, required for the discharge of the TMS Board's fiduciary duty to TMS.

Compensation

The CCGC is responsible for assisting the TMS Board discharge its responsibilities relating to compensation of TMS's directors and officers. This committee, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the TMS Board in respect of compensation paid to TMS's directors and officers.

Assessments

The TMS Board is responsible for keeping management informed of its evaluation of the performance of TMS and its executive officers in achieving and carrying out the TMS Board's established goals and policies, and is also responsible for advising management of any remedial action or changes which it may consider necessary. Additionally, directors are expected to devote the time and attention to TMS's business and affairs as necessary to discharge their duties as directors effectively.

The TMS Board does not have a formal process to monitor the effectiveness of the TMS Board, its committee(s) and individual members, but rather relies on an informal review process. In order to gauge performance, the TMS Board considers the following:

- (i) input from directors, where appropriate;
- (ii) attendance of directors at meetings of the TMS Board and any committee;
- (iii) the charter(s) of committee(s); and
- (iv) the competencies and skills each individual director is expected to bring to the TMS Board and any committee.

Item 20: Agent, Sponsor or Advisor

In connection with this Listing Application, TMS has received a waiver from the sponsorship requirements from the TSX-V.

Item 21: Risk Factors

Risk Factors Relating to the Business of TMS

The following risk factors, as well as risks not currently known to TMS, could materially adversely affect TMS's future business, operations and financial condition and could cause them to differ materially from estimates described in forward-looking statements relating to TMS. Readers should carefully consider the risk factors set out below.

Limited Operating History

TMS was incorporated in April 2015 and has no history of earnings or operations. Its lack of operating history or revenue precludes management from forecasting operating results based on historical results. TMS's proposed business strategies incorporate its senior management's current best analysis of potential markets, opportunities and difficulties that it faces. No assurance can be given that the underlying assumptions accurately reflect current trends in its industry, terms of possible project investments, that it will successfully develop any products, its potential customers' reactions to any such products or that such products will be successful. Its business strategies may and likely will change substantially from time to time as TMS's senior management reassesses its opportunities and reallocates its resources, and any such strategies may be changed or abandoned at any time. If TMS is unable to develop or implement these strategies through its projects and its technology, it may never achieve profitability, which could impair TMS's ability to continue as a going concern. Even if TMS does achieve profitability, it may not be sustainable, and management cannot predict the level of such profitability.

Financing Risks

TMS has no history of earnings and, due to the nature of its business, there can be no assurance that TMS will be profitable. TMS has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The primary present source of funds available to TMS is expected to be cash on hand. Even if the results of the development and/or commercialization of its technology are encouraging, TMS may not have sufficient funds to conduct such further testing and development as may be necessary to successfully commercialize its technology. While TMS may generate additional working capital through further equity offerings or related party loans, there is no assurance that any such funds will be available on terms acceptable to TMS, or at all. If available, future equity financing may result in

substantial dilution to shareholders. At present, it is impossible to determine with any certainty what amounts of additional funds, if any, may be required.

TMS Shareholder Influence

SOHL has control of a significant portion of TMS's Shares, representing, as at the date hereof, approximately 42.94% of the issued and outstanding TMS Shares. SOHL may be able to exercise significant influence over matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of TMS or its assets. This concentration of ownership may make it more difficult for other shareholders to effect substantial changes in TMS, may have the effect of delaying, preventing or expediting, as the case may be, a change in control of TMS and may adversely affect the market price of the TMS Shares. Further, the interests of SOHL may not necessarily be aligned in all respects with TMS's other shareholders. In addition, SOHL has certain contractual rights under the private placement financing, including, designating one individual to be appointed or nominated for election as a director of TMS for so long as it holds at least 5% of the then issued and outstanding TMS Shares.

For additional information, see "*Item 15 – Principal Securityholders*" of this Listing Application.

Technical Issues and Delays

As TMS develops, refines and implements its technology, it may have to solve technical, manufacturing, construction and/or equipment-related issues. Because the TMS Technology is under development, some of these issues may be unanticipated. If TMS must revise existing processes, hire or retain additional staff or contractors or order specialized equipment to address a particular issue, it may not meet its projected timetables for further developing or commercializing its technology. Such delays may interfere with projected construction or operating schedules and delay receipt of, or result in the loss of, revenues from operations.

Commercial Viability of Processed Raw Materials

TMS does not yet know whether raw materials processed using its technology can be produced and sold on a commercial basis in a cost effective manner. Because TMS has not established any full scale commercial operation, it has not yet fully developed an efficient cost structure or revenue model. TMS is currently using the estimates for anticipated pricing and costs, as well as the qualities of raw materials processed in the testing facility (including at the Virginia Facility) and laboratory setting, to make such estimates. TMS may experience technical problems that could make the processed raw materials more expensive than anticipated. Failure to address both known and unforeseen technical challenges may materially and adversely affect TMS's business, results of operations and financial condition.

Negative Results of Technology Testing and Development

TMS has been evaluating the attributes of raw materials processed using its technology on a laboratory scale and, since completion of the Virginia Facility, on a limited size commercial scale. TMS does not currently know if or to what extent these or future evaluations will result in positive findings concerning the moisture content, heat value, emission-levels, burn qualities or other aspects of its processed raw materials. Furthermore, even if TMS's evaluations indicate that raw materials processed using its technology perform to design specifications, TMS does not know if later tests or larger scale processing will confirm these results or that the processed raw materials will be readily accepted by the market. The

process of introducing its technology into the market may be further delayed if these tests do not produce the expected results or if potential customers conduct their own tests of the processed raw materials to determine whether it meets their individual requirements and the results are not acceptable. TMS has historically conducted a number of tests of the technology using a variety of feedstocks in its current and former facilities. The ability to use feedstocks from other locations in the United States or overseas will depend on the results of future tests on different types of raw materials. If these tests limit the range of viable raw materials feedstock for use in TMS's process, site locations for future plants may be limited and the commercial appeal of the process may be less than anticipated. If this continuing process of evaluation and market introduction results in negative findings concerning the technology, it could have a material adverse effect on the marketability of the technology and on TMS's financial condition, results of operations and future prospects. There is no assurance that the Virginia Facility will perform as expected, or that further additional costs will not be required to help the Virginia Facility perform, or continue to perform, as expected.

Commercial Acceptance

While TMS believes that a commercial market will develop for its products, TMS may face the following risks, among others, due to the developing market for industrial drying technologies:

- limited pricing information;
- unknown costs and methods of transportation to bring processed raw materials to market;
- the cost and availability of emission-reducing equipment or competing technologies;
- failure of governments to implement and enforce new environmental standards; and
- a decline in energy prices which could make processed raw materials less price competitive.

If TMS is unable to develop markets for its processed raw materials, its ability to generate revenues and profits will be negatively impacted.

Construction of Commercial Plants

TMS's future success depends, in part, on its ability to secure partners to locate, develop and construct future commercial plants and generate profits therefrom. A number of different variables, risks and uncertainties affect such commercialization, including:

- the complex, lengthy and costly regulatory permit and approval process;
- local opposition to development of projects, which can increase costs and delay timelines;
- increases in construction costs, such as for contractors, workers and raw materials;
- transportation costs and availability of transportation;
- the inability to acquire adequate amounts of raw material feedstock at forecasted prices to meet projected goals;
- engineering, operational and technical difficulties; and
- possible price fluctuations of raw materials which could impact profitability.

Management of Growth

TMS may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of TMS to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its

employee base. The inability of TMS to successfully deal with this growth could have a material adverse impact on its business, operations and prospects.

Joint Ventures

The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on TMS's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on TMS's future cash flows, earnings, results of operations and financial condition: (i) failure to establish joint ventures pursuant to, and consistent with, the terms of joint venture agreements; (ii) disagreement with joint venture partners on how to develop and commercialize the TMS Technology effectively; (iii) inability of joint venture partners to meet their obligations under the joint venture or to third parties; (iv) inability of TMS to meet its obligations under the joint venture, which could result in restrictions on or loss of its ability to conduct operations in the jurisdictions covered by such joint venture; and (v) litigation or arbitration between joint venture partners regarding joint venture matters.

Termination of any of TMS's joint ventures or other key business relationships may require it to seek another collaborative relationship in that territory. There can be no assurance that a suitable alternative third party would be identified and, even if identified, that the terms of any new relationship would be commercially acceptable to TMS or that a definitive agreement with such third party will be entered into.

Relationships with Strategic Partners

TMS will depend, in part, on its relationships with its strategic partners (including its joint venture partners) to accelerate its expansion, fund development efforts, better understand market practices and regulatory issues and more effectively handle challenges that may arise. TMS's future success will depend, in part, on these relationships and any other strategic relationships that it may enter into. There can be no assurance that TMS will satisfy the conditions required to maintain these relationships under existing agreements or that it can prevent the termination of these agreements. There can also be no assurance that TMS will be able to enter into relationships with future strategic partners on acceptable terms. The termination of any relationship with an existing strategic partner or the inability to establish additional strategic relationships may limit TMS's ability to successfully market and commercialize its technology and may have a material adverse effect on its business and financial condition.

Foreign Operations

Political and related legal and economic uncertainty may exist in countries where TMS may operate, including China, India and Indonesia. TMS's activities may be adversely affected by political instability and changes to government regulation relating to utilities, raw material processing industries or the environment generally. Other risks of foreign operations include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, currency controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to its technology from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, and increased financing costs. These risks may limit or disrupt TMS's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

In addition, certain countries in which TMS may operate have historically had management, financial control and reporting and other business practices which may differ significantly from the standards governing Canadian reporting issuers. As a result, TMS may have difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices consistent with accepted practices for Canadian reporting issuers.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on TMS's operations or profitability.

Foreign Subsidiaries and Repatriation of Earnings

TMS may conduct its operations through foreign subsidiaries, joint ventures or divisions, and some or a large portion of its assets may be held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict TMS's ability to fund its operations efficiently. Any such limitations, or the perception of such limitations, could have an adverse impact on TMS's valuation and share price. There is no assurance that China, India, Indonesia, the United States or any other foreign country in which TMS may operate in the future will not impose or strengthen restrictions on the repatriation of earnings to foreign entities.

Technology and Protection of Intellectual Property

Building and maintaining a competitive position will require TMS to establish a technological lead by developing new features which meet market needs. Linked to maintaining a technological lead is the successful protection of intellectual property. TMS's ability to compete and grow its business could suffer if these rights are not adequately protected. To establish and protect its intellectual property rights, TMS will rely on a combination of copyright, trade secret and trademark laws, patents, confidentiality procedures, contractual provisions, and other similar measures to protect its proprietary information, all of which offer only limited protection.

There can be no assurance that TMS's patent applications will result in patents being issued or that current or additional patents will afford protection against competitors. No guarantee can be given that others will not independently develop substantially equivalent proprietary information or techniques, or otherwise gain access to TMS's proprietary technology.

As patents or patent applications do not cover a significant part of TMS's intellectual property, it will seek to protect this proprietary intellectual property in part by confidentiality agreements with its customers, strategic partners, distributors, contractors and employees. These agreements afford limited protection and may not provide TMS with adequate remedies for any breach or prevent other persons or institutions from asserting rights to intellectual property arising out of these relationships.

Furthermore, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which TMS conducts, directly or through its joint venture partners, research and development activities or will market any future products. The steps TMS has or will take to protect its intellectual property may not prevent the misappropriation of proprietary rights or the reverse engineering of its technology. Moreover, others may independently develop technologies that are competitive with or superior to those of TMS or that infringe its intellectual property. The enforcement of TMS's intellectual property rights may depend on it taking legal action against such infringing parties, and TMS cannot be sure that these actions will be successful, even when its rights have been infringed.

Enforcing TMS's rights to its technology could be costly, time-consuming and distracting. Any significant failure or inability to adequately protect TMS's proprietary assets will harm its business and reduce its ability to compete.

In addition, courts outside of Canada may be less willing than Canadian courts to protect trade secrets or other intellectual property rights. If TMS's competitors independently develop equivalent knowledge, methods and know-how, TMS may not be able to assert its trade secrets against them and its business could be harmed.

Invalidation of Patents

Third parties may seek to challenge, invalidate, circumvent or render unenforceable any patents or proprietary rights owned by or licenced to TMS based on, among other things:

- subsequently discovered prior application;
- lack of entitlement to the priority of an earlier, related application; or
- failure to comply with the written description, best mode, enablement or other applicable requirements.

Patent law in certain jurisdictions requires that a patent must disclose the "best mode" of creating and using the invention covered by a patent. If the inventor of a patent knows of a better way, or "best mode", to create the invention and fails to disclose it, that failure could result in the loss of patent rights. Any decisions of TMS to protect certain elements of its proprietary technologies as trade secrets and to not disclose such technologies in patent applications, may serve as a basis for third parties to challenge and ultimately invalidate certain of its related patents based on a failure to disclose the best mode of creating and using the invention claimed in the applicable patent. If a third party is successful in challenging the validity of TMS's patents, TMS's inability to enforce its intellectual property rights could seriously harm its business.

Intellectual Property Infringement

The TMS Technology may be the subject of claims of intellectual property infringement in the future. The TMS Technology may not be able to withstand any third party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle, could divert resources and attention and could require TMS to obtain a licence to use the intellectual property of third parties. TMS may be unable to obtain licences from these third parties on favourable terms, if at all. Even if a licence is available, TMS may have to pay substantial royalties to obtain it. If TMS cannot defend such claims or obtain necessary licences on reasonable terms, TMS may be precluded from offering most or all of its technology and its business and results of operations will be adversely affected.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of TMS. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant

liabilities could be imposed on TMS in the future for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, TMS expects to generally rely on recognized designers and development contractors from which TMS expects to, in the first instance, seek indemnities. TMS intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making TMS's operations more expensive.

In addition, these laws and regulations may require obtaining a permit before construction and/or operations at a facility commence. All aspects, from design to construction and, ultimately, operation, may be highly regulated. At various stages, environmental impact assessment reports or feasibility studies may be required to be presented to and approved by various levels of government and may first require community or stakeholder engagement. TMS may be required to expend significant resources to comply with such requirements or may experience significant delays in completing projects while it seeks to comply with these requirements.

Dependence on Key Management Personnel, Employees and Consultants

The success of TMS is and/or will be dependent on a relatively small number of key management personnel and consultants. The loss of the services of one or more of such key management personnel could have a material adverse effect on TMS. TMS's ability to manage its research and development activities and commercialize its technology, and hence its success, will depend in large part on the efforts of these individuals. TMS faces intense competition for qualified personnel, and there can be no assurance that TMS will be able to attract and retain such personnel.

Anti-bribery and Anti-corruption

TMS's activities will be subject to a number of laws that prohibit various forms of corruption, including local laws that prohibit both commercial and official bribery and anti-bribery laws that have a global reach, including the *CFPOA*. The increasing number and severity of enforcement actions in recent years present particular risks with respect to TMS's business activities, to the degree that any employee or other person acting on TMS's behalf might offer, authorize, or make an improper payment to a foreign government official, party official, candidate for political office, political party, employee of a foreign state-owned or state-controlled enterprise, or an employee of a public international organization.

Certain countries in which TMS operates or may in the future operate present heightened risks from an anti-corruption perspective. TMS has entered into joint venture agreements with third parties and may have limited ability to control the activities of its joint venture partners.

TMS is developing internal controls and procedures intended to address compliance and business integrity issues, and TMS advises its employees on anti-bribery compliance on a global basis. However, despite careful establishment and implementation there can be no assurance that these or other anti-bribery, anti-fraud or anti-corruption policies and procedures are or will be sufficient to protect against fraudulent and/or corrupt activity. In particular, TMS, in spite of its best efforts, may not always be able to prevent or detect corrupt or unethical practices by employees or third parties, such as sub-contractors or joint venture partners, which may result in reputational damage, civil and/or criminal liability (under the *CFPOA* or any other relevant compliance, anti-bribery, anti-fraud or anti-corruption laws) being imposed

on TMS or its officers or directors, which could have a material adverse effect on its business, financial condition, results of operations or prospects.

Capital Cost Estimates

Capital and operating cost estimates made in respect of TMS's current and future research and development and commercial projects may not prove to be accurate. Capital and operating costs are estimated based on TMS's management's current expectations. Any of the following events, among the other events and uncertainties described herein, could affect the ultimate accuracy of such estimates: delay in construction schedules; unanticipated transportation costs; cost and availability of financing; the accuracy of major equipment and construction cost estimates; availability and cost of skilled personnel; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, and permitting); and prices for raw materials.

Increased Demand for Services and Equipment

If personnel, services or equipment cannot be obtained in a timely manner due to inadequate availability, this may increase potential scheduling difficulties and costs due to the need to coordinate the availability of personnel, services or equipment, any of which could materially increase project construction costs or result in project delays or both. Any such material increase in costs would adversely affect TMS's results of operations and financial conditions.

Competition

The market for the TMS Technology may become highly competitive on a global basis, with a number of competitors having significantly greater resources and/or gaining more market share than TMS. Some of TMS's competitors may have greater financial and/or technical resources and more widely known brand names, which may enable them to adapt more quickly to changes in TMS's industry or devote greater resources to the development and sale of new technologies and products. TMS's ability to compete is dependent on the success of its technology, which may take time to develop and be accepted by the market. To improve its competitive position, TMS may need to make significant ongoing investments in research and development, intellectual property protection, marketing, sales, and service and support. TMS may have insufficient resources to continue to make such investments or to secure a competitive position. In addition, TMS or its technologies may also compete indirectly with companies or technologies that provide or market alternative industrial drying technologies.

Currency Fluctuations

TMS maintains accounts in United States and Canadian dollars. TMS expects to conduct its business using various currencies depending on the location of the operations in question and the payment obligations involved. Accordingly, the results of TMS's operations are subject to currency exchange risks, particularly to changes in the exchange rate between the United States and Canadian dollars. To date, TMS has not engaged in any formal hedging program to mitigate these risks. The fluctuations in currency exchange rates, particularly between the United States and Canadian dollars, may significantly impact TMS's financial position and results of operations in the future.

Natural and Human Caused Disasters

TMS's current and future operations may be subject to adverse natural or human caused events such as fires, severe weather conditions, floods, earthquake activity, explosions, sabotage or terrorism. These events could damage or destroy TMS's physical facilities, and similar events could also affect the facilities of TMS's suppliers or customers. Any such damage or destruction could adversely affect TMS's financial results.

Litigation

TMS may from time to time become party to claims and litigation proceedings that arise in the course of business. Such matters are subject to many uncertainties, and TMS cannot predict with assurances the outcomes and ultimate financial impacts of them. There can be no guarantees that actions that may be brought against TMS in the future will be resolved in its favour or that any insurance TMS carries will be available or paid to cover any litigation exposure. Any losses from settlements or adverse judgments arising out of these claims could be materially adverse to TMS.

Possible Conflicts of Interest of Directors and Officers of TMS

Certain of the directors and officers of TMS may also serve from time to time as directors and/or officers of other companies, and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Additionally, Dr. Modi serves as a director of SOHL, which may have different interests than TMS with respect to any of TMS's operations in India. TMS expects that any decision made by any of such directors and officers involving TMS will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of TMS and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in applicable corporate law.

Market Price and Listing of TMS Shares

An investment in TMS's securities is highly speculative. Securities of companies involved in the research and development or clean energy industries have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of TMS Shares may also be significantly affected by changes in commodity prices proposed or enacted legislation or regulations or in TMS's financial condition or results of operations as reflected in its financial statements.

There can be no assurance that an active trading market will be sustained for TMS Shares. TMS Shareholders may not be able to readily resell their TMS Shares, which may affect their pricing in the secondary market. There is no assurance that TMS will maintain its listing on the CSE or any other exchange or quotation service, including the TSX-V. If an active or liquid market for TMS Shares fails to develop or be sustained, the price at which TMS Shares trade may be adversely affected.

Regulatory Risks

TMS's current and anticipated future operations are or will be subject to extensive general and industry-specific federal, state, provincial, municipal and other local laws and regulations, including those governing utilities, exports, taxes, employees, labour standards, occupational health and safety, waste

disposal, environmental protection and remediation, protection of endangered and protected species and land use and expropriation. TMS or its projects may be subject to the laws of Canada, the United States, Indonesia, China and India, among others. TMS will be required to obtain approvals, permits and licences for its operations, which may impose conditions that must be complied with. If TMS is unable to extend or renew, or is delayed in extending or renewing, a material approval permit or licence, its operations or financial condition could be adversely affected. There is no assurance that these laws, regulations or government policies, or the administrative interpretation or enforcement of existing laws, regulations and government policies, will not change in the future in a manner that may require TMS to incur significant capital expenditures or could adversely affect its operations or financial condition. Failure to comply with applicable laws or regulations, including approvals, permits and licences and new laws and regulations, could result in fines, penalties or enforcement actions, including orders suspending or curtailing TMS's operations or requiring corrective measures or remedial actions.

Tax Exposures

In the normal course of business, TMS will take various tax filing positions without the assurance that tax authorities will accept and not challenge such positions. In addition, TMS is subject to further uncertainties concerning the interpretation and application of tax laws in various operating jurisdictions. TMS maintains reserves for known estimated tax exposures in all jurisdictions. These exposures are settled primarily through the closure of audits with the jurisdictional taxing authorities. In addition, TMS has agreed to indemnify MTI in respect of certain tax positions taken in connection with the Arrangement and in the course of the MTI's business prior to the effective time of the Arrangement.

Changes in Laws and Regulations

A significant factor in expanding the potential market for the TMS Technology is the application of numerous federal, state and local environmental regulations, which provide various requirements for industrial facilities and operations. TMS is unable to predict future regulatory changes and their impact on the demand for its technology, and such changes could have a material adverse effect on TMS's prospects.

Uninsurable Risks

TMS's business may be subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to TMS's or its customers' facilities, personal injury or death, environmental damage to its projects, delays in operations, monetary losses and possible legal liability.

Although TMS has obtained such insurance as its senior management determines is commercially reasonable for a company of its size, stage of development and industry, there can be no assurance that TMS will not incur losses beyond the limits of, or outside the coverage of, any such insurance. From time to time, various types of insurance for companies in the research and development or utilities industries have not been available on commercially acceptable terms or, in some cases, have been unavailable. In addition, there can be no assurance that in the future TMS will be able to maintain existing coverage or that premiums will not increase substantially.

Current Global Financial Conditions

The recent events in global financial markets have had a profound impact on the global economy. The volatility in global equities, commodities, foreign exchange, and a lack of market liquidity, may adversely affect the development or commercial viability of the TMS Technology. A global credit/liquidity crisis could also impact the cost and availability of financings and the price of TMS Shares on any exchanges where the TMS Shares are traded.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations and commodity and equity prices. Market conditions can cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. TMS's ability to raise capital to fund activities is subject to risks associated with fluctuations in the market. TMS's management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by TMS

Liquidity Risk

Liquidity risk is the risk that TMS will not be able to meet its obligations as they become due. TMS's ability to continue as a going concern is dependent on management's ability to raise necessary funds through future equity financings, debt financings, asset sales, sales from commercial contracts and/or licensing or royalty arrangements or a combination thereof. TMS currently has no regular cash flow from its operating activities. TMS manages its liquidity risk by forecasting cash flow requirements for its planned research, development and corporate activities, and anticipating investing and financing activities. TMS's management and the TMS Board are actively involved in the review, planning and approval of annual and quarterly budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further research and development of the TMS Technology.

Credit Risk

Credit risk is the risk of loss associated with a financial instrument's counterparty's failure to discharge its contractual obligations. Financial instruments which are potentially subject to credit risk for TMS consist primarily of cash. TMS reduces such risk by placing its cash with institutions of high credit worthiness (Schedule I Canadian banks or United States chartered banks). Accordingly, TMS's management believes that TMS's credit risk is minimal.

Currency Risk

TMS is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States dollars. TMS's management does not hedge its exposure to foreign exchange risk and does not believe TMS's net exposure to foreign currency risk is significant at the current time. Management of TMS will continue to review future planned expenditures and currency risk.

Item 22: Promoters

MTI may be considered a promoter of TMS.

For additional information, see *"Item 5 – Description of the Business"* of this Listing Application.

Item 23: Legal Proceedings

Since incorporation, TMS has not been subject to any legal or other regulatory actions, and, to TMS's knowledge, no legal proceedings are contemplated.

Item 24: Interest of Management and Others in Material Transactions

Except as may be disclosed herein, since incorporation, no "Informed Person" of TMS, or an associate or affiliate of any informed person had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect TMS or any of its subsidiaries. "Informed Person" means: (a) a director or executive officer of TMS; (b) a director or officer of a person or company that is itself an informed person or subsidiary of TMS; or (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of TMS carrying more than 10% of the voting rights attached to all outstanding voting securities of TMS.

On March 8, 2016, TMS entered into the Loan Agreements with James Young, the chairman of the TMS Board, and SOHL, in the aggregate principal amount of \$2 million. For additional information, see *"Item 27 – Material Contracts"* of this Listing Application.

Item 25: Investor Relations Arrangements

Pursuant to an investor relations agreement dated February 1, 2016 (the "**IR Agreement**"), TMS engaged Kin Communications Inc. ("**Kin**"), an investor relations firm based in Vancouver, British Columbia, to provide investor relations services to TMS, including, among other things, assisting TMS to increase public awareness by helping manage TMS's corporate communications, marketing endeavors and ongoing engagement with shareholders, finance professionals and media contacts. Pursuant to the IR Agreement, TMS agreed to pay Kin CDN\$30,000 over an initial three month period, beginning February 1, 2016, and CDN\$7,500 on a month-to-month basis thereafter. The IR Agreement will remain in force, subject to earlier termination as provided therein, until January 1, 2017. Thereafter, the IR Agreement will continue on a month-to-month basis, unless otherwise agreed by Kin and TMS. Kin was also granted 200,000 Stock Options at an exercise price of CDN\$0.75 per Stock Option, which vested immediately on the date of grant and are exercisable for a period of three years from the date of grant. TMS has been advised that neither Kin nor its principals, as of February 1, 2016, owned any TMS Shares. For additional information, see *"Item 12 – LTIP Plan"* of this Listing Application.

Item 26: Auditors, Transfer Agents and Registrars

Auditors

The auditor of TMS is BDO Canada LLP, Chartered Professional Accountants ("**BDO**"). The address of the auditors is Suite 600, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

Transfer Agent and Registrar

The registrar and transfer agent of TMS is Computershare Investor Services Inc. The address of the transfer agent and registrar is 510 Burrard Street, Second Floor, Vancouver, British Columbia V6C 3B9.

Item 27: Material Contracts

MTI, TMS, 9286390 Canada Inc. and 9286420 Canada Inc. entered into an arrangement agreement dated May 11, 2015 (the "**Arrangement Agreement**") pursuant to which the Arrangement was completed. For additional information, see "*Item 5 – Description of the Business*" of this Listing Application.

TMS entered into the Loan Agreements dated March 8, 2016 with James Young, the chairman of the TMS Board, and SOHL, in the aggregate principal amount of \$2 million. Each Loan Agreement provides for the issuance of a promissory note by TMS in the aggregate principal amount of \$1 million. The notes mature on March 8, 2018 and will accrue interest at a rate of 3% per annum, calculated semi-annually.

Item 28: Experts

Effective May 21, 2015, BDO were appointed as auditors of TMS by the TMS Board. To the knowledge of TMS, the designated professionals of BDO do not have any registered or beneficial interest, director or indirect, in any securities or property of TMS, or any of TMS's associates or affiliates, nor does it expect to receive any such securities or other property.

For additional information, see "*Item 19 – Audit Committees and Corporate Governance*" of this Listing Application.

Item 29: Other Material Facts

None.

Item 30: Additional Information – Mining or Oil and Gas Applicants

Not applicable.

Item 31: Exemptions

None.

Item 32: Financial Statement Disclosure for Issuers

MTI's annual comparative audited financial statements for the financial year ended June 30, 2014 and 2013, together with the corresponding management's discussion and analysis, are incorporated by reference herein, and are available on SEDAR at www.sedar.com.

TMS's audited financial statements for the period ended December 31, 2015, together with management's discussion and analysis for such period are also incorporated by reference herein, and are available on SEDAR at www.sedar.com.

Item 33: Significant Acquisitions

For additional information, see "*Item 4 – Corporate Structure*" and "*Item 5 – Description of the Business*" of this Listing Application.

Item 34: Certificates

34.1 Certificate of Applicant

May 11, 2016

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

LAWRENCE SIEGEL

TOM STEFAN

/s/ Lawrence Siegel

Chief Executive Officer

/s/ Tom Stefan

Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

JAMES YOUNG

STEPHEN D. CROCKER

/s/ James Young

Director

/s/ Stephen D. Crocker

Director

34.2 Certificate of Sponsor

This item is not applicable. For additional Information, see "*Item 20 – Agent, Sponsor or Advisor*" of this Listing Application.

34.3 Acknowledgement – Personal Information

"Personal Information" means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the TSX-V of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Appendix "A" to this Listing Application.

May 11, 2016

TARGETED MICROWAVE SOLUTIONS, INC.

Per:

/s/ Lawrence Siegel _____

Lawrence Siegel
Chief Executive Officer

APPENDIX "A"
FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

APPENDIX "B"**PATENT INFORMATION**

Country	Patent/Application No.	Status	Title
Australia	2004322058	Granted	ENERGY MANAGEMENT IN A POWER GENERATION PLANT
Canada	2576115	Granted	ENERGY MANAGEMENT IN A POWER GENERATION PLANT
Eurasian Patent	010201	Granted	ENERGY MANAGEMENT IN A POWER GENERATION PLANT
India	263717	Granted	ENERGY MANAGEMENT IN A POWER GENERATION PLANT
New Zealand	553550	Granted	ENERGY MANAGEMENT IN A POWER GENERATION PLANT
South Africa	200701075	Granted	ENERGY MANAGEMENT IN A POWER GENERATION PLANT
Canada	2766333	Pending	METHOD AND SYSTEM FOR SEPARATION OF CONTAMINANTS FROM COAL
China	200980123186.7	Granted	SYSTEM AND METHOD FOR TREATMENT OF MATERIALS BY ELECTROMAGNETIC RADIATION (EMR)
United States	14/368597	Pending	APPARATUS AND METHODS FOR TREATING SOLIDS BY ELECTROMAGNETIC RADIATION

Country	Patent/Application No.	Status	Title
Japan	2014-554927	Pending	APPARATUS AND METHODS FOR TREATING SOLIDS BY ELECTROMAGNETIC RADIATION
Canada	2865060	Pending	APPARATUS AND METHODS FOR TREATING SOLIDS BY ELECTROMAGNETIC RADIATION
Europe	13740678.1	Pending	APPARATUS AND METHODS FOR TREATING SOLIDS BY ELECTROMAGNETIC RADIATION
South Korea	10-2014-7023664	Pending	APPARATUS AND METHODS FOR TREATING SOLIDS BY ELECTROMAGNETIC RADIATION
United States	9184593	Granted	METHOD AND APPARATUS FOR STORING POWER FROM IRREGULAR AND POORLY CONTROLLED POWER SOURCES
Canada	2908161	Pending	METHODS AND APPARATUS FOR ELECTROMAGNETIC ENERGY PENETRATION ANALYSIS
United States	62/174763	Pending	METHODS AND APPARATUS FOR ELECTROMAGNETIC PROCESSING OF PHYLLOSILICATE MINERALS

APPENDIX "C"

AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee is appointed by the Board to assist the Board in monitoring: (i) the integrity of the financial statements of the Company; (ii) the compliance by the Company with legal and regulatory requirements; and (iii) the qualifications, appointment, independence and performance of the Company's external auditor and senior finance executives.

2. COMPOSITION

The Audit Committee will consist of at least three (3) directors, as determined by the Board. The members of the Audit Committee will meet the independence, education and experience requirements prescribed by all applicable securities laws and any exchange or quotation system upon which the Company's securities are listed or quoted. In particular, every member of the Audit Committee must be financially literate within the meaning of, and in accordance with, applicable securities laws. The members of the Audit Committee will be appointed by the Board.

3. MEETINGS

The Audit Committee may request any officer or employee of the Company and its subsidiaries or the Company's outside counsel or independent auditor to attend meetings of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

4. EXPENSES

The Company will provide funding to compensate: (i) any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and (ii) any independent legal, accounting or other consultants employed by the Audit Committee. The Company will also provide funding for the Audit Committee's ordinary administrative expenses that are necessary or appropriate in carrying out its duties.

5. RESPONSIBILITIES AND DUTIES

The Audit Committee will have the following authority and responsibilities:

Financial Disclosure, Risk Management and Internal Controls

1. To review, prior to public disclosure thereof, the annual audited financial statements and management's discussion and analysis with management and the Company's independent auditor, including: (i) matters required to be reviewed under applicable legal and regulatory requirements; (ii) major issues regarding accounting and auditing principles and practices; and (iii) the adequacy of internal controls that could significantly affect the Company's financial statements.
2. To review major changes to the Company's auditing and accounting principles and practices, as suggested by the Company's independent auditor, internal accounting or financial personnel or management.

3. To review an analysis prepared by management and the Company's independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative GAAP methods on the Company's financial statements.
4. To review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and variable interest entities on the Company's financial statements.
5. To review with the Company's independent auditor any problems or difficulties the auditor may have encountered and any disagreements between the auditor and management of the Company and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
 - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management;
 - (b) the internal accounting and financial responsibilities; and
 - (c) the investigation and implementation of the resolution of any disagreement between the auditor and management.

The Audit Committee will be directly responsible for the resolution of disagreements between management and the Company's independent auditor regarding financial reports.

6. To review and discuss with management and the Company's independent auditor, as appropriate, the Company's quarterly financial statements, including the results of the auditor's review of the quarterly financial statements and earnings press releases, and submit to the board for approval all quarterly financial statements, earnings press releases and financial information provided to rating agencies before public disclosure thereof.
7. To confirm that all annual and interim financial statement filings are certified by the chief executive officer and the chief financial officer if and as required by applicable law.
8. To review and approve the disclosures required by applicable securities laws to be included in the Company's management information circular (or other prescribed securities document) relating to the Audit Committee and audit and non-audit services and fees.
9. To meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
10. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
11. To review the significant reports to management prepared by the internal accounting and financial personnel and management's responses to such reports.

Independent Auditor

12. Recommend to the Board the nomination and appointment of the Company's independent auditor for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company. Each independent auditor or registered public accounting firm engaged for the Company or the Audit Committee will report directly to the Audit Committee.
13. To review and discuss with the Company's independent auditor the scope of the annual audit and the results of the annual audit examination by the auditor.
14. The sole authority to approve all audit engagement terms and fees to be paid to the Company's independent auditor for audit services.
15. Overseeing the work of the Company's independent auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services.
16. To review the experience and qualifications of the senior members of the Company's independent auditor team, the quality control procedures of the Company's independent auditor and the rotation of the lead partner and reviewing partner of the Company's independent auditor.
17. To evaluate the performance of the Company's independent auditor and whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis. If so determined by the Audit Committee, to recommend that the Board replace the Company's independent auditor.
18. To receive periodic reports from the Company's independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.
19. To meet at least quarterly with the chief financial officer and the Company's independent auditor in separate executive sessions.

Non-Audit Services

20. The authority to engage independent counsel and other advisors as it deems necessary to carry out the duties and responsibilities of the Audit Committee.
21. To pre-approve the retention of the Company's independent auditor for all audit and non-audit services to be provided to the Company or its subsidiaries by any independent public accountants, including tax services, and the fees for such non-audit services.

Internal Control

22. To review with management and the Company's independent auditor the adequacy and effectiveness of the Company's internal controls over annual and interim financial reporting, as required by applicable securities laws and exchange rules, including information technology security and control and controls related to the prevention and detection of fraud and improper or

illegal transactions or payments and the status of the remediation of any identified control deficiencies, and to elicit recommendations for improvements.

23. To understand the scope of the independent auditor's review of internal control over financial reporting, and obtain and review reports on significant findings and recommendations, including respecting the Company's accounting principles or changes to such principles or their application and the treatment of financial information discussed with management, together with management's responses.

Compliance

24. To obtain reports/confirmation from management, the Company's senior accounting and financial personnel and the Company's independent auditor that the Company's subsidiaries are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics, including disclosures of insider and affiliated party transactions.
25. To review and consider compliance with statutes relating to areas for which the Audit Committee has responsibility.
26. To review with management and the Company's independent auditor any correspondence with regulators or governmental agencies and any employee or anonymous complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
27. To advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and the Company's Code of Business Conduct and Ethics.

General

28. To report regularly to the Board on Audit Committee activities, issues and related recommendations.
29. To review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
30. To review and assess the Company's Whistleblower Policy and all reports thereunder as scheduled and otherwise as required.
31. To review and assess the Company's Anti-Bribery and Corruption Policy and all reports thereunder as scheduled and otherwise as required.
32. To establish procedures for: (i) the receipt, retention, processing, treatment and resolution of complaints regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by the Company's employees of concerns regarding auditing or accounting matters.
33. To review and investigate any matters pertaining to the integrity of management, including conflicts of interest or adherence to standards of business conduct as required in the policies of the Company.

34. To review and pre-approve the hiring policies of the Company regarding partners, employees and former partners and employees of the Company's independent auditor who were engaged on the Company's account.
35. To review the appointment and replacement of the Company's senior accounting and financial executives.
36. To review with management material matters relating to tax and insurance.
37. To review and consider transactions with related parties and/or affiliated transactions.
38. In its discretion, to review and approve or ratify, on at least an annual basis, summary expense reports and reimbursements of the chief executive officer and chief financial officer.
39. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Company's independent auditor. It is not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the Company's independent auditor (other than as set out herein) or to ensure compliance with laws and regulations and the Company's Code of Conduct.

6. ACCOUNTABILITY

The minutes of all meetings of the Audit Committee will be made available for review by any member of the Board on request to the Chair of the Audit Committee.

INDICATIVE SCHEDULE FOR AUDIT COMMITTEE MATTERS

<i>Agenda Items</i>	J	F	M	A	M	J	J	A	S	O	N	D
Financial Disclosure, Risk Management and Internal Controls												
(i) Review the Company's annual audited financial statements and adequacy and effectiveness of the Company's internal controls with management and the Company's independent auditor and related CEO and CFO certifications		•										
(ii) Review analysis prepared by management and the Company's independent auditor of significant financial reporting issues and judgments			•			•			•			•
(iii) Review with management and the Company's independent auditor			•			•			•			•

Agenda Items	J	F	M	A	M	J	J	A	S	O	N	D
the effect of regulatory and accounting initiatives as well as off-balance sheet structures and variable interest entities												
(iv) Review with the Company's independent auditor any problems and difficulties the auditor may have encountered and any disagreements with management			•			•			•			•
(v) Review with management and the Company's independent auditor the Company's quarterly financials, the adequacy and effectiveness of the Company's internal controls and related CEO and CFO certifications			•			•			•			•
(vi) Review the report required for the Company's management information circular or other document prescribed by applicable securities laws			•									
(vii) Meet with management and review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures					•							
(viii) Review the significant reports to management prepared by the internal accounting and financial personnel			•			•			•			•
External Auditor												
(i) Review and discuss with the Company's independent auditor the scope of the annual audit and results												•
(ii) Review qualifications of the senior members of the Company's independent auditor's team, quality control procedures and the rotation of partners					•						•	
(iii) Pre-approve the retention of independent public accountants for all audit and permitted non-audit services					•							

Agenda Items	J	F	M	A	M	J	J	A	S	O	N	D
Compliance												
(i) Obtain confirmation from management and the Company's independent auditor re: compliance with legal requirements and the Company's Code of Business Conduct and Ethics			•			•			•			•
(ii) Review and consider compliance with statutes relating to areas for which the Audit Committee has responsibility			•			•			•			•
(iii) Review with management and the Company's independent auditor any correspondence with regulators or governmental agencies and any employee or anonymous complaints which raise material issues regarding the Company's financials and accounting policies			•			•			•			•
General Duties												
(i) Review and reassess the adequacy of the Audit Committee Charter					•							
(ii) Review the Company's Whistleblower Policy and all reports thereunder as scheduled and otherwise as required					•							
(iii) Review the Company's Anti-Bribery and Corruption Policy and all reports thereunder as scheduled and otherwise as required					•							
(iv) Review and investigate any matters pertaining to the integrity of management (as needed)			•			•			•			•
(v) Review and pre-approve any hiring by the Company of employees of the Company's independent auditor (as needed)			•			•			•			•
(vi) Review the appointment and replacement of the senior accounting and financial executives (as needed)					•							
(vii) Review with management material matters relating to tax and insurance			•			•			•			•

<i>Agenda Items</i>	J	F	M	A	M	J	J	A	S	O	N	D
(viii) Review and consider transactions with related parties as scheduled and otherwise as required			•			•			•			•
(ix) Review summary expense reports and reimbursement of the Chair and senior officers			•			•			•			•