

# NEXOPTIC TECHNOLOGY CORP.

500 – 666 Burrard Street  
Vancouver, B.C. V6C 3P6

## MANAGEMENT INFORMATION CIRCULAR FOR THE 2019 ANNUAL AND EXTRAORDINARY MEETING OF SHAREHOLDERS

*This information is given as at October 21, 2019, unless otherwise indicated*

This Information Circular is furnished in connection with the solicitation of proxies by the management (the “**Management**”) of **NexOptic Technology Corp.** (the “**Company**” or “**NexOptic**”), for use at the Annual and Extraordinary Meeting (the “**Meeting**”), of the Shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

### PERSONS MAKING THIS SOLICITATION OF PROXIES

This solicitation is made on behalf of Management of the Company. While it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. The Company may reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute proxies. All costs of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

### PROXY INSTRUCTIONS

#### Appointment of Proxy

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.** A Proxy will not be valid unless the completed, dated and signed Proxy is received by Computershare Trust Company of Canada, Proxy Department, at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 by 5:00p.m. (Toronto time) on November 29, 2019 or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Telephone voting can be completed at 1-866-732-8683, voting by fax can be sent to 1-866-249-7775 or 416-263-9524 and Internet voting can be completed at [www.investorvote.com](http://www.investorvote.com).

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

#### Exercise of Discretion

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in

accordance with the specifications so made. **If you do not provide instructions in your Proxy, the persons named in the enclosed Proxy will vote your shares FOR the matters to be acted on at the Meeting.**

The persons named in the enclosed Proxy will have discretionary authority with respect to any amendments or variations of these matters or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment or other item of business that comes before the Meeting is routine or contested. The persons named in the enclosed Proxy will vote on such matters in accordance with their best judgment. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### REVOCATION OF PROXIES

Any registered shareholder who has returned a proxy may revoke it at any time before it has expired. In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy either by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a Shareholder present in person, whereupon such proxy shall be deemed to have been revoked. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders (as defined below under “Non-Registered Holders of Common Shares”) who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.**

### NON-REGISTERED HOLDERS OF COMPANY’S SHARES

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

**Only registered Shareholders or duly appointed proxyholders for registered Shareholders are permitted to vote at the Meeting. Most of the Shareholders of the Company are “non-registered” Shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.**

More particularly, a person is not a registered Shareholder in respect of shares of the Company which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either (a) in the name of an intermediary (the “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively referred to as the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Meeting Materials you will either:

- (a) be given a form of **proxy which has already been signed by the Intermediary** (typically by a facsimile stamped signature) which is restricted to the number of shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the proxy, this proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a proxy you should otherwise properly complete the executed proxy provided and deposit it with **Computershare Trust Company of Canada**, as provided above; or
- (b) more typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy”, “proxy authorization form” or “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one-page pre-printed form. Sometimes, instead of the one-page printed form, the voting instruction form will consist of a regular printed proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy, properly complete and sign the proxy **and return it to the Intermediary or its service company (not the Company or Computershare Trust Company of Canada)** in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Meeting in person as proxyholder for the shares owned by you, you should strike out the names of the management designated proxyholders named in the proxy authorization form or voting instruction form and insert your name in the blank space provided. **In either case, you should carefully follow the instructions of your Intermediary, including when and where the proxy, proxy authorization or voting instruction form is to be delivered.**

The materials with respect to the Meeting are being sent to both registered Shareholders and Non-Registered Holders who have not objected to the Intermediary through which their shares are held disclosing ownership information about themselves to the Company (“NOBOs”). If you are a NOBO, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary on your behalf.

If you are a Non-Registered Holder who has objected to the Intermediary through which your shares are held disclosing ownership information about you to the Company (an “OBO”), you should be aware that the Company does not intend to pay for Intermediaries to forward the materials with respect to the Meeting, including proxies or voting information forms, to OBOs and therefore an OBO will not receive the materials with respect to the Meeting unless that OBO’s Intermediary assumes the cost of delivery.

### NOTICE AND ACCESS

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily accessible website, rather than mailing physical copies of the materials.

This year the Company has decided to deliver the Proxy Solicitation Materials to Shareholders by posting the Meeting Materials on its website (<https://www.nexoptic.com>). The Proxy Solicitation Materials will be available on the Company’s website as of November 12, 2019, and will remain on the website for one full year thereafter. The Proxy Solicitation Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of November 12, 2019.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, none of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at October 21, 2019, there are 135,924,298 common shares issued and outstanding. Each Common Share carries the right to one vote. At a general meeting of the Company, on a show of hands, every Shareholder present in person shall have one vote and, on a poll, every Shareholder shall have one vote for each share of which he is the holder.

Only Shareholders of record on the close of business on the 21<sup>st</sup> day of October, 2019, who either personally attend the Meeting or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Company only the following own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

NAME OF SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF ISSUED AND OUTSTANDING SHARES
Darcy Daugela	40,265,798 <sup>(1)</sup>	29.6%

1. Shares are held by 3DB Inc., a private company controlled by Mr. Darcy Daugela. In addition, 3DB Inc. holds 2,856,883 conditional warrants at prices ranging from \$1.12 to \$1.75, with terms expiring from February 23, 2019 to June 7, 2022, but which may only be exercised as the associated warrants and stock options to which they are related have been exercised. Refer to the audited annual financial statements for the year ended December 31, 2018 for additional details with respect to the conditional warrants. As a result of the vesting terms, the conditional warrants have not been included in the partially diluted number.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar regulatory authorities in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this information circular:

- Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the period ended September 30, 2019.
- Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the period ended June 30, 2019;
- Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the period ended March 31, 2019;
- Audited Annual Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2018;

- Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the period ended March 31, 2018;
- Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the period ended June 30, 2018; and
- Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis for the period ended September 30, 2018.

Copies of the documents incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company's registered and records offices at 2080-777 Hornby Street, Vancouver, B.C., V6Z 1S4. These documents are also available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

## **AUDIT COMMITTEE**

The audit committee has various responsibilities as set forth in National Instrument 52-110 ("**MI 52-110**").

### **Audit Committee Charter and Composition of the Audit Committee**

The audit committee's charter is set out below:

#### **1. Purpose of the Committee**

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

#### **2. Members of the Committee**

- 2.1. The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.
- 2.2. At least one Member of the Audit Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### **3. Meeting Requirements**

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

#### **4. Duties and Responsibilities**

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

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

## 5. Miscellaneous

- 5.1. Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the

Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

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

The Audit Committee consists of three directors. Unless it is a 'venture issuer' (an issuer the securities of which are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America other than the over-the-counter market, or a market outside of Canada and the U.S.A.) as of the end of its last financial year, NI 52-110 requires each of the members of the Audit Committee to be independent and financially literate. Since the Company is a 'venture issuer', it is exempt from this requirement. In addition, The Company's governing corporate legislation requires NexOptic to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of NexOptic.

The members of NexOptic's audit committee are Ms. Karen Fleming, Mr. Mel Klohn, and Mr. Arch Meredith. All members are considered independent members of the Audit Committee. All members are considered to be financially literate.

As Ms. Fleming is not standing for re-election as a director at the Meeting, she will be replaced on the Audit Committee following the end of her term, by Stephen Petranek, who will be an independent member of the Audit Committee and is financially literate.

A member of the audit committee is independent if the member has no direct or indirect material relationship with NexOptic. A material relationship means a relationship which could, in the view of NexOptic's board of directors, reasonably interfere with the exercise of a member's independent judgment.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by NexOptic.

### **Relevant Education and Experience**

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and any education or experience that would provide the member with:

1. an understanding of the accounting principles used by NexOptic to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by NexOptic financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting, are as follows:

**Karen Fleming** – Ms. Fleming is the former General Counsel Canada and Corporate Secretary at Canadian Pacific Railway. As counsel and corporate secretary to Canadian Pacific Railway, Ms. Fleming advised on corporate governance and legal issues including financial transaction, due diligence and securities matters. She received her Bachelor of Laws and a Bachelor of Commerce from the University of Alberta.

**Mel Klohn** – Mr. Klohn, is a Washington State Licensed Geologist who is also a member of the SEG, the SME and the CIM, and is an independent QP as defined by Canadian National Instrument 43-101. Mr. Klohn holds a Masters of Science degree, Geology, from the University of Oregon. Mr. Klohn currently serves as a senior-level consultant for various mid-tier and junior company clients for gold, polymetallic, and energy fuel deposits throughout the world.

**Arch Meredith** – Mr. Meredith is the Managing Partner of a private venture capital firm with a focus in the technology sector. He has served as Chief Financial Officer of an advanced technology development company. He received his B.A degree from Stanford University and his M.B.A. from the Stanford Graduate School of Business.

**Stephen Petranek** – Mr. Petranek is the former editor-in-chief of the world's largest scientific magazine, Discover, and was the senior editor for sciences at Life Magazine. Earlier in his career Petranek was the editor of The Washington Post's magazine and editor-in-chief of The Miami Herald's Sunday magazine. Mr. Petranek is also a recipient of the prestigious John Hancock Award for Business and Financial Writing.

### **Audit Committee Oversight**

The audit committee has not made any recommendations to the board of directors to nominate or compensate any external auditor.

### **Reliance of Certain Exemptions**

The Company's auditors have not provided any material non-audited services.

### **Pre-Approval Policies on Certain Exemptions**

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees**

The audit committee has reviewed the nature and amount of the services provided by Smythe LLP, Chartered Professional Accountants ("**Smythe LLP**"), to the Company to ensure auditor independence. Fees incurred with Smythe LLP for audit services in the last two fiscal years are outlined below:

<b>Nature of Services</b>	<b>Fees Paid to Auditor in Year Ended December 31, 2018</b>	<b>Fees Paid to Auditor in Year Ended December 31, 2017</b>
Audit Fees <sup>(1)</sup>	\$26,000	\$33,200
Audit Related Fees <sup>(2)</sup>	\$-	\$-
Tax Fees <sup>(3)</sup>	\$10,000	\$15,200
All other Fees <sup>(4)</sup>	\$-	\$-
<b>Total</b>	<b>\$36,000</b>	<b>\$48,400</b>

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



- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" includes all other non-audit services".

### **Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition and Reporting Obligations**

Since the Company is a venture issuer, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in '*Composition of the Audit Committee*' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in this Circular).

## **CORPORATE GOVERNANCE**

### **General**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders and considers the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of NexOptic. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, NexOptic is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

### **Board of Directors**

The Board has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The Board sets long term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The Board is responsible for protecting Shareholders interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Company's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and

through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without board approval, on all ordinary course matters relating to the Company's business.

The Board also monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for selecting and appointing senior management and for monitoring their performance.

The Board considers that the following directors are "independent" in that they are free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than interests and relationships arising from shareholding: Richard Geruson, Mel Klohn, Stephen Petranek, Arch Meredith, Dr. Robert Braun and Karen Fleming. The Board considers that Paul McKenzie, the President and Chief Executive Officer is not an independent because he is a member of management or have been within the past three years.

### **Directorships**

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

<b>Name of Director</b>	<b>Other Issuer</b>
Paul McKenzie	DeepMarkit Corp. Doxa Energy Ltd.

### **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business and industry and on the responsibilities of directors. Board meeting may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the audit committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

### **Nomination of Directors**

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

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

### **Compensation**

The Board delegates the oversight of compensation for the Company's officers to a Compensation Committee comprised of Mr. Arch Meredith, Ms. Karen Fleming and Mr. Stephen Petranek. All members are independent.

As Ms. Fleming is not standing for re-election as a director at the Meeting, she will be replaced on the Compensation Committee following the end of her term, by Richard Geruson, who will be an independent member of the Compensation Committee.

The Compensation Committee has not adopted a formal charter and considers industry standards and the Company's financial situation.

### **Other Board Committees**

The Board has no committees other than the Audit Committee as described under the heading "*Audit Committee*" and Compensation Committee as described under the headings "*Executive Compensation*".

### **Assessments**

The Board regularly assesses its own effectiveness and the effectiveness and contribution of each Board committee member and director.

## **EXECUTIVE COMPENSATION**

For the purpose of this information circular:

"CEO" of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"Executive Officer" of an entity means an individual who is:

- a. the chair of the Company, if any;
- b. the vice-chair of the Company, if any;
- c. the president of the Company;
- d. a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production;
- e. an officer of the Company (or subsidiary, if any) who performs a policy-making function in respect of the Company; or
- f. any other individual who performs a policy-making function in respect of the Company;

"Named Executive Officers or NEOs" means:

- a. the CEO of the Company;
- b. the CFO of the Company;

- c. each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000;
- d. any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Company, nor in a similar capacity, as at the end of the most recently completed financial year end.

As of December 31, 2018, the Company had four "Named Executive Officers", namely Darcy Daugela former, Chairman, Paul McKenzie, President, CEO, John Daugela, former CEO and Samantha Shorter, CFO of the Company.

### Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities)) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Company's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Paul McKenzie <sup>(1)</sup> , President, CEO and Director	2018	180,000	Nil	Nil	Nil	Nil	180,000
	2017	144,000	12,000	Nil	Nil	Nil	156,000
Samantha Shorter, CFO <sup>(2)</sup>	2018	106,014	Nil	Nil	Nil	Nil	106,014
	2017	73,975	7,500	Nil	Nil	Nil	81,475
G. Arnold Armstrong <sup>(3)</sup> , Former Chairman and Director	2018	10,000	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	10,000	10,000
Mel Klohn, Director	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	10,000	10,000
J. Garry Clark <sup>(4)</sup> , former Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	3,000	3,000
Kerry Suffolk <sup>(5)</sup> , former Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	3,000	3,000

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
John Daugela <sup>(6)</sup> , Former CEO and Director	2018	228,000	Nil	Nil	Nil	Nil	228,000
	2017	32,000	16,000	Nil	Nil	Nil	48,000
Stephen Petranek <sup>(7)</sup> , Director	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	10,000	10,000
Arch Meredith <sup>(8)</sup> , Director	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Darcy Daugela <sup>(9)</sup> , Former Chairman and Director	2018	345,000	Nil	Nil	Nil	Nil	345,000
	2017	33,333	5,000	Nil	Nil	Nil	38,333
Karen Fleming <sup>(10)</sup> , Director	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Robert D. Braun <sup>(11)</sup> , Director	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil

## Notes:

1. Mr. McKenzie resigned as Chief Executive Officer of the Company on November 7, 2017 and was re-appointed as the Chief Executive Officer on April 23, 2019.
2. Ms. Shorter provides services to the Company through Red Fern Consulting Ltd. Compensation paid to Ms. Shorter includes the provision of bookkeeping staff.
3. Mr. Armstrong resigned as Chairman of the Company on November 7, 2017 and as a director on January 31, 2019.
4. Mr. Clark resigned as Director of the Company on November 7, 2017.
5. Ms. Suffolk resigned as Director of the Company on November 7, 2017.
6. Mr. John Daugela was appointed as Chief Executive Officer of the Company on November 7, 2017. Mr. John Daugela provided services to the Company through 3DB Inc. for the year ended December 31, 2017. Compensation paid to Mr. John Daugela reflects figures adjusted for the consolidation of Spectrum Optix Inc. acquired by the Company on November 7, 2017. Annual compensation paid to Mr. John Daugela would have been salary income of \$192,000 and a bonus of \$16,000 for a total of \$208,000 for 2017. John Daugela resigned as Chief Executive Officer and a Director on April 23, 2019.
7. Mr. Petranek was appointed as Director of the Company on January 10, 2017.
8. Mr. Meredith was appointed as Director of the Company on October 23, 2017.
9. Mr. Darcy Daugela was appointed as Chairman and Director of the Company on November 7, 2017. Mr. Darcy Daugela provided services to the Company through 3DB Inc. for the year ended December 31, 2017. Compensation paid to Mr.

Darcy Daugela reflects figures adjusted for the consolidation of Spectrum Optix Inc. acquired by the Company on November 7, 2017. Annual compensation paid to Mr. Darcy Daugela would have been salary income of \$83,000 and a bonus of \$5,000 for a total of \$88,000 for 2017. Darcy Daugela resigned as Chairman and a Director on April 23, 2019.

10. Ms. Fleming was appointed as Director on December 14, 2017.

11. Dr. Braun was appointed as Director on June 26, 2018.

### External Management Companies

Mr. John Daugela provided services through 3DB Inc. until June 30, 2018. Mr. Darcy Daugela provided services through 3DB Inc. until November 30, 2017 when he became a direct employee of the Company.

Ms. Shorter provides services through Red Fern Consulting Ltd.

### Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO or director by the Company or its subsidiaries in the year ended December 31, 2018, for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(11)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Paul McKenzie <sup>(1)</sup> , President, CEO and Director.	Stock Options	300,000 (0%)	Jun 26, 2018	\$1.00	\$0.97	\$0.65	June 26, 2023
Samantha Shorter, CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
G. Arnold Armstrong <sup>(2)</sup> , Former Director Chairman	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Mel Klohn, Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
J. Garry Clark <sup>(3)</sup> , former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Kerry Suffolk <sup>(4)</sup> , former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
John Daugela <sup>(5)</sup> , Former CEO and Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Stephen Petranek <sup>(6)</sup> , Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(11)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Arch Meredith <sup>(7)</sup> , Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Darcy Daugela <sup>(8)</sup> , Former Chairman and Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Karen Fleming <sup>(9)</sup> , Director	Stock Options	400,000 (0%)	Jun 26, 2018	\$1.00	\$0.97	\$0.65	Jun 26, 2023
Dr. Robert Braun <sup>(10)</sup> , Director	Stock Options	400,000 (0%)	Jun 26, 2018	\$1.00	\$0.97	\$0.65	Jun 26, 2023

## Notes:

- Mr. McKenzie resigned as Chief Executive Officer on November 7, 2017 and was re-appointed in this role on April 23, 2019.
- Mr. Armstrong resigned as Chairman of the Company on November 7, 2017 and as a director on January 31, 2019.
- Mr. Clark resigned as Director of the Company on November 7, 2017.
- Ms. Suffolk resigned as Director of the Company on November 7, 2017.
- Mr. John Daugela was appointed as Chief Executive Officer of the Company on November 7, 2017 and resigned on April 23, 2019.
- Mr. Petranek was appointed as Director of the Company on January 10, 2017.
- Mr. Meredith was appointed as Director of the Company on October 23, 2017.
- Mr. Darcy Daugela was appointed as Chairman and Director of the Company on November 7, 2017 and resigned on April 23, 2019.
- Ms. Fleming was appointed as Director on December 14, 2017.
- Dr. Robert Braun was appointed as Director on June 26, 2018.
- Class of shares is outstanding common shares 127,458,979 and stock options 9,147,000 as at December 31, 2018 totaling 136,605,979.

The following table discloses the total amount of compensation securities held by the NEOs and directors as at the Company's financial year ended December 31, 2018 and as at June 30, 2019.

Name and Position	Number of Options as at December 31, 2018	Number of Options as at June 30, 2019
Paul McKenzie <sup>(1)</sup> , Director, President, CEO	2,165,000	2,165,000

Samantha Shorter, CFO	715,000	915,000
G. Arnold Armstrong <sup>(2)</sup> , former Director Chairman	1,165,000	360,000
Mel Klohn, Director	215,000	415,000
J. Garry Clark <sup>(3)</sup> , former Director	45,000	45,000
Kerry Suffolk <sup>(4)</sup> , former Director	215,000	215,000
John Daugela <sup>(5)</sup> , former CEO and Director	120,000	120,000
Stephen Petranek <sup>(6)</sup> , Director	475,000	675,000
Arch Meredith <sup>(7)</sup> , Director	400,000	600,000
Darcy Daugela <sup>(8)</sup> , former Chairman and Director	Nil	Nil
Karen Fleming <sup>(9)</sup> , Director	400,000	600,000
Dr. Robert Braun <sup>(10)</sup> , Director	400,000	600,000

## Notes:

1. Mr. McKenzie resigned as Chief Executive Officer on November 7, 2017 and was re-appointed in this role on April 23, 2019.
2. Mr. Armstrong resigned as Chairman of the Company on November 7, 2017 and as a director on January 31, 2019.
3. Mr. Clark resigned as Director of the Company on November 7, 2017.
4. Ms. Suffolk resigned as Director of the Company on November 7, 2017.
5. Mr. John Daugela was appointed as Chief Executive Officer of the Company on November 7, 2017 and resigned on April 23, 2019.
6. Mr. Petranek was appointed as Director of the Company on January 10, 2017.
7. Mr. Meredith was appointed as Director of the Company on October 23, 2017.
8. Mr. Darcy Daugela was appointed as Chairman and Director of the Company on November 7, 2017 and resigned on April 23, 2019.
9. Ms. Fleming was appointed as Director of the Company on December 14, 2017.
10. Dr. Braun was appointed as Director of the Company on June 26, 2018.

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in the Company's financial year ended December 31, 2018.

There are no restrictions or conditions for converting, exercising or exchanging the compensation securities.

The following table discloses the exercise of compensation securities by NEOs and directors during the financial year ended December 31, 2018:



Compensation Securities							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price of security or underlying security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on date of exercise (\$)
G. Arnold Armstrong <sup>(2)</sup> , Former Director Chairman	Stock Options	805,000	\$0.15	Apr 25, 2019	\$0.51	\$0.36	\$289,800

### Stock option plans and other incentive plans

At the Company's last annual general meeting, the Shareholders ratified an incentive stock option plan for the Company (the "**Plan**") under which the Directors were authorized to grant options to purchase up to 10% of the Company's common shares from time to time. The purpose of Fixed Plan is to attract and motivate directors, officers and employees of and consultants to the Company and its subsidiaries and thereby advance the Company's interests by affording such persons with an opportunity to acquire an equity interest in the Company through the stock options.

The Company is currently listed on Tier 2 of the TSX Venture Exchange (the "**TSXV**").

Under the policies of the TSXV options granted under the Plan are not required to have a vesting period, although the directors may continue to grant options with vesting periods, as the circumstances require. The Plan authorizes the Board of Directors to grant stock options to the Optionees on the following terms:

1. The number of shares subject to each option is determined by the Board of Directors provided that the Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12-month period, result in:
  - (a) the number of shares reserved for issuance pursuant to stock options granted to any one person exceeding 5% of the issued shares of the Company;
  - (b) the issuance, within a one-year period, to insiders of the Company of a number of shares exceeding 10%, or to one insider of a number exceeding 5%, or to a consultant of a number exceeding 2%; or to all employees (as defined by the Exchange) who provide Investor Relations services of a number exceeding 2% of the issued shares of the Company.
2. The aggregate number of shares which may be issued pursuant to options granted under the Plan, may not exceed 10% of the issued and outstanding shares of the Company as at the date of the grant.
3. The exercise price of an option may not be set at less than the closing market price during the trading day immediately preceding the date of grant of the option less a maximum discount of 25% if the Company is listed on Tier 2, TSXV or without any allowable discount if the Company is listed on Tier 1, TSXV or on the TSX.
4. The options may be exercisable for a period of up to 10 years.

5. The options are non-assignable, except in certain circumstances. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Plan or within a period of not more than 90 days (30 days for providers of investor relations services) after ceasing to be an eligible optionee or, if the optionee dies, within one year from the date of the optionee's death.
6. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board of Directors will have the right to accelerate the date on which any option becomes exercisable.

The Plan must be approved yearly by the shareholders of the Company in order to re-set the number of shares that can be granted under the Plan.

The Company is proposed amendments to the Plan this year as outlined below at "*Approval of Amendments to Stock Option Plan*" to amend the Plan from a rolling stock option plan to a fixed stock option plan as well as the adoption of a long-term incentive plan as described at "*Approval of Long-Term Incentive Plan*."

### **Employment, consulting and management agreements**

Except as described below, the Company does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

The Company entered into an employment agreement ("**D. Daugela Agreement**") with Darcy Daugela on December 1, 2017 in connection with his acting as Chairman of the Company. Under the D. Daugela Agreement, the Company agrees to pay Mr. Darcy Daugela an annual salary of \$340,000, reimburse all reasonable out-of-pocket expenses and grant incentive stock options from time to time. Mr. Darcy Daugela resigned from his position of Chairman and as a Director of the Company on April 23, 2019. In the event of a change in control Mr. Darcy Daugela will be entitled to receive from the Company, 12 months' compensation, plus accrued but unused vacation to the date of termination. The D. Daugela Agreement will be effective until terminated pursuant to the terms and conditions of the D. Daugela Agreement.

The Company entered into an employment agreement ("**J. Daugela Agreement**") with John Daugela on January 1, 2018 in connection with his acting as Chief Executive Officer of the Company. Under the J Daugela Agreement, the Company agrees to pay Mr. John Daugela an annual salary of \$228,000, reimburse all reasonable out-of-pocket expenses and grant incentive stock options from time to time. J. Daugela resigned from his position of Chief Executive Officer and as a Director of the Company on April 23, 2019. In the event of a change in control Mr. John Daugela will be entitled to receive from the Company, 12 months' compensation, plus accrued but unused vacation to the date of termination. The J Daugela Agreement will be effective until terminated pursuant to the terms and conditions of the J Daugela Agreement.

The Company entered into an employment agreement ("**McKenzie Agreement**") with Paul McKenzie on January 1, 2018 in connection with his acting as Chief Business Officer of the Company. Under the McKenzie Agreement, the Company agrees to pay Mr. McKenzie an annual salary of \$180,000, reimburse all reasonable out-of-pocket expenses and grant incentive stock options from time to time. Mr. McKenzie has resigned as CBO as at April 23, 2019, and was re-appointed as Chief Executive Offer, on same date. In the event of a change in control Mr. McKenzie will be entitled to receive from the Company, 12 months' compensation, plus accrued but unused vacation to the date of termination. The McKenzie Agreement will be effective until terminated pursuant to the terms and conditions of the McKenzie Agreement.

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

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development. The Company has a Compensation Committee comprised of Mr. Arch Meredith, Ms. Karen Fleming and Mr. Stephen Petranek. All members are independent. The Compensation Committee has not adopted a formal charter.

The Company does not have a formal compensation program. The Compensation Committee meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other junior venture companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior venture company without a history of earnings. The Board, as a whole, ensures that total compensation paid to all NEOs is fair and reasonable. The Board relies on the education and experience of its members and of its Compensation Committee, as officers and directors with other companies, in assessing compensation levels.

Compensation for this fiscal year and prior fiscal years have historically been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

#### **Pension Disclosure**

The Company does not have any pension or retirement plan which is applicable to the NEOs or directors. The Company has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The only equity compensation plan which the Company has in place is its stock option plan (the "**Plan**") which was previously approved by the Shareholders on December 13, 2018. The Plan has been established to attract and retain employees, consultants, officers or directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company. The Plan is administered by the directors of the Company. The Plan provides that the number of Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements may not exceed 10% of the total number of issued and outstanding shares. All options expire on a date not later than five years after the date of grant of such option.

**Equity Compensation Plan Information as at December 31, 2018**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options,</b>	<b>Weighted-average exercise price of outstanding options,</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by securityholders	9,147,000 common shares	\$0.97	3,598,897 common shares
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	9,147,000 common shares	\$0.97	3,598,897 common shares

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

No person who is or at any time during the most recently completed financial year was a director, executive officer or senior officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any of the foregoing persons has been indebted to the Company at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as previously disclosed in an Information Circular, no informed person (a director, officer or holder of 10% of more of the Shares) or proposed nominee for election as a director of the Company or any associate or affiliate of any such informed person or proposed nominee, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

**MANAGEMENT CONTRACTS**

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

**PARTICULARS OF MATTERS TO BE ACTED UPON****A. Receipt of Financial Statements**

The Financial Statements of the Company for the financial year ended December 31, 2018 and the auditors' report thereon will be presented to the Meeting. A copy is available online at

[www.sedar.com](http://www.sedar.com)

## **B. Appointment of Auditors**

Unless otherwise specified, the persons named in the enclosed instrument of proxy will vote for the reappointment of Smythe LLP, Chartered Professional Accountants, of Vancouver, B.C. as auditor of the Company for the ensuing year, at a remuneration to be fixed by the directors. Smythe LLP was first appointed auditor of the Company in 2010.

## **C. Election of Directors**

Management intends to propose for adoption an ordinary resolution that the number of directors of the Company be fixed at six. If there are more nominees for election than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected until all such vacancies have been filled.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the Shareholders unless that person ceases to be a director before then. You can vote for all of these Directors, vote for some of them and withhold for others, or withhold for all of them. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as Directors of the Company.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

<b>Name of Nominee and Present Offices Held</b>	<b>Present Principal Occupation <sup>(1)</sup></b>	<b>Director Since</b>	<b>Shares Beneficially Owned or Controlled <sup>(2)</sup></b>
Paul McKenzie, Vancouver, BC, Director, President and Chief Executive Officer	President and Director of NexOptic Technology Corp. from July 2016, prior thereto, CEO of Elissa Resources Ltd. from August 2010 to November 7, 2017	March 19, 2010	1,574,625
Richard Gerson <sup>(4)</sup> , Los Gatos, California, Director, Chairman	Currently Managing Director and General Partner Fifth Floor Venture Partners. Also CEO and Chairman of Global Board Services & Investments. Former CEO, Lexmark International.	April 24, 2019	Nil

Name of Nominee and Present Offices Held	Present Principal Occupation <sup>(1)</sup>	Director Since	Shares Beneficially Owned or Controlled <sup>(2)</sup>
Mel Klohn <sup>(3)</sup> , Spokane Valley, WA, Director	Former Senior Geological Research Specialist, Exxon Corp.  Former Vice President Exploration, Yamana Gold Inc.  Former Vice President Exploration, Aura Gold, Inc.  Former Executive Vice President, Nevoro, Inc.  Senior Geological Consultant and Advisor from 2010 to present.	March 10, 2010	100,000
Stephen Petranek <sup>(3)(4)</sup> , Leesburg, VA, Director	Co-Executive Producer, National Geographic MARS TV Series; President and Co-Founder, Lifetech Programs January 2014 to Present; Editor-in-Chief, Breakthrough Technology Alert at Agora Financial 2013 through 2016; Group Editor-in-Chief, Weider History Group 2006 to 2013. Editor-in-chief Discover Magazine 1998-2006.	January 10, 2017	25,000
Arch Meredith <sup>(3)(4)</sup> , Woodside, CA, Director	Managing Partner, Kite Hill Capital	October 23, 2017	295,160
Dr. Robert Braun, Boulder, CO, Director	Dean of Engineering and Applied Science at the University of Colorado Boulder (2017 – Present. Professor of Space Technology at the Georgia Institute of Technology (2003 – 2016).	June 26, 2018	Nil

## Notes:

1. The information as to principal occupation, business or employment and Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
2. The approximate number of Shares of the Company carrying the right to vote in all circumstances beneficially owned directly or indirectly, or over which control or direction is exercised by each proposed nominee as at the date hereof is based on information furnished by the transfer agent of the Company and by the nominees themselves.
3. Member of the Audit Committee.
4. Member of the Compensation Committee.

Pursuant to the provisions of the *Business Corporations Act* of British Columbia, the Company is required to have an audit committee which, at the present time, is comprised of Karen Fleming, Mel Klohn, and Arch Meredith. For additional information regarding the Company's Audit Committee, please see below. The Company does not have an executive committee.

As at the date of this Information Circular and within the ten years before the date of this Information Circular, no proposed director:

- (a) is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:
  - i. was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within 10 years before the date of the Information Circular become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

#### **D. Approval of Long-Term Incentive Plan**

##### *Introduction*

On October 24, 2019, the Company adopted a long term incentive plan (the "Incentive Plan") intended to provide a broader range of share-based compensation awards which would be separate and apart from the Company's stock option plan.

Stock appreciation rights ("SARs"), DSUs, RSUs and other share-based awards (each an "Award") may be issued pursuant to the Incentive Plan, while stock options would continue to be issued under the Company's stock option plan.

##### *Purpose of the Incentive Plan*

The purpose of the Incentive Plan is to advance the interests of the Company and its affiliates by: (a) attracting, rewarding and retaining highly competent persons as directors, officers, employees and consultants of the Company; (b) providing additional incentives to such persons by aligning their interests with those of the Shareholders; and (c) promoting the success of the Company's business.

### *Administration of the Incentive Plan*

The Incentive Plan will be administered by the Board of Directors which has the power, subject to the specific provisions of the Incentive Plan to, among other things: (a) establish policies, rules and regulations for carrying out the purposes, provisions and administration of the Incentive Plan; (b) interpret, construe and determine all questions arising out of the Incentive Plan and any Award; (c) determine those persons considered Eligible Persons (being directors, officers, employees, management company employees or consultants of the Company or its affiliates); (d) grant and determine the number of Awards; (e) determine the exercise criteria, Option Price (as defined below) of a stock appreciation right (a "SAR") (provided it not be less than the last closing price of the Common Shares on the TSXV on the last trading date immediately preceding the relevant date ("Market Price")), time when Awards will be exercisable or redeemable and whether the Common Shares that are subject to an Award will be subject to any restrictions upon the exercise or redemption thereof; (f) prescribe the form of the instruments or award agreements relating to the Awards; (g) correct any defect or omission, or reconcile any inconsistency in the Incentive Plan and any award agreement; (h) authorize withholding arrangements; and (i) take all other actions necessary or advisable for administering the Incentive Plan. The Board has delegated the administration of the Incentive Plan to the Compensation Committee, but has the authority to revoke or amend such delegation.

### *Eligible Persons*

The Incentive Plan authorizes the Board (or a committee of the Board if so authorized by the Board) to grant Awards to Eligible Persons. Eligible Persons who have received Awards are referred to herein as "Participants".

### *Description of Awards*

Pursuant to the Incentive Plan, the Company is authorized to issue Awards to Eligible Persons, which may be settled in shares issued from treasury, or in cash. The Incentive Plan also gives the Board discretion to make other equity incentive awards, subject to the approval of the TSXV.

#### (a) SARs

A SAR is a right to receive a cash payment equal to the difference between the Option Price and the Market Price of a Common Share on the date of exercise (the "SAR Amount"). A SAR may be granted in relation to an Option or on a stand-alone basis. SARs granted in relation to an Option shall be exercisable only at the same time, by the same persons and to the same extent, that the related Option is exercisable. SARs granted on a stand-alone basis shall be granted on such terms as shall be determined by the Board and set out in the Award agreement, provided that the Option Price shall not be less than the Market Price of the Common Shares on the date of grant. SARs may be settled in cash or (at the election of the Company) Common Shares with an aggregate Market Price equal to the SAR Amount.

#### (b) RSUs

An RSU is a right to receive a Common Share issued from treasury or, if the award agreement so provides, the Participant may elect to have some or all of such person's RSUs settled by a cash payment equal to the Market Price of a Common Share redeemable after the passage of time, the achievement of performance targets or both. RSUs shall be granted on terms determined by the Board based on its assessment, for each Participant, of the current and potential contribution of such person to the success of the Company. The Board shall determine the effective date of the grant and the number of RSUs granted. The Board shall also determine the applicable term, the vesting terms and the exercise criteria of each RSU.



## (c) DSUs

A DSU is a right, redeemable only after the Participant has ceased to hold all positions with the Company or has otherwise ceased to be an Eligible Person, to a cash payment equal to the Market Price of a Common Share on the termination date of a Participant or, if applicable, to one fully paid and non-assessable Share issued from treasury. Participants have no right or ability to exercise, receive or otherwise demand payment of the value of DSUs granted to them prior to ceasing to hold all positions with the Company or to otherwise cease to be an Eligible Person.

## (d) All Awards and Other Awards

Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of the Company or an affiliate. Awards granted in addition to or in tandem with other Awards may be granted either at the same time or at different times. The date of grant, the number of Common Shares, the vesting period and any other terms and conditions of Awards granted pursuant to the Incentive Plan are to be determined by the Board, subject to the express provisions of the Incentive Plan. The Board may also grant other share-based awards to Eligible Persons pursuant to the Incentive Plan. All such awards shall be granted on terms determined by the Board and shall be subject to the approval of the TSXV, if required.

*Share Purchase Program*

The Board may institute a share purchase program (the "SPP") for designated Eligible Persons (each a "SPP Eligible Person"). Pursuant to the SPP, the Board could grant to each SPP Eligible Person one Option and/or one SAR for each Common Share purchased by such person up to a maximum number of Options and/or SARs for each Eligible Person as may be determined from time to time by the Board. Any such Options for SPP Eligible Persons will be granted under and governed by the Option Plan.

*Restrictions on Awards*

The aggregate number of Common Shares issuable: (a) to insiders of the Company within any one year period under the Incentive Plan, together with any other security-based compensation arrangement, cannot exceed 10% of the outstanding Common Shares (on a non-diluted basis); and (b) at any time under the Incentive Plan, together with any other security-based compensation arrangement, cannot exceed 10% of the outstanding Common Shares (on a non-diluted basis). Additionally:

- no Eligible Person (being directors, officers, employees, management company employees or consultants of the Company or its affiliates) may be granted Awards and/or stock options ("Options") to acquire more than 5% of the issued and outstanding Common Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period unless the Company has obtained disinterested shareholder approval in connection therewith;
- no consultant may be granted Awards and/or Options to acquire more than 2% of the issued and outstanding Common Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period; and
- the aggregate number of Awards and/or Options granted to Eligible Persons retained to provide investor relations activities shall not exceed 2% of the issued and outstanding Common Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period.

Furthermore, the aggregate number of Common Shares to be reserved for issuance upon the exercise or redemption of all Awards granted under the Incentive Plan, together with any stock options issuable under the Company's stock option plan, shall not exceed 27,184,860 or such number as may be approved by the TSXV and the Shareholders from time to time.

#### *Substitute Awards*

Subject to TSXV approval, the Board may grant Awards under the Incentive Plan in substitution for share and share-based awards held by employees, directors, consultants or advisors of an Acquired Company (as defined below) in connection with a merger, consolidation or similar transaction involving such Acquired Company and the Company (or an affiliate thereof) or the acquisition by the Company (or an affiliate thereof) of property or stock of the Acquired Company.

#### *Termination*

Subject to the provisions of the Incentive Plan, any express resolution passed by the Board and the terms of any award agreement, all Awards, and all rights to acquire Common Shares pursuant thereto, granted to a Participant shall expire and terminate immediately upon such person's termination date. If, however, before the expiry of an Award, a Participant ceases to be an Eligible Person for any reason, other than termination by the Company for cause, such Award may be exercised or redeemed, as applicable, by the holder thereof at any time within 90 days following their termination date or, if the person is deceased, at any time within six months following his or her death, subject to the provisions of the Incentive Plan, the terms set out in the applicable award agreement and any determination made by the Board to accelerate the vesting of or to extend the expiry of an Award. In any event, the exercise or redemption of an Award must occur prior to any applicable expiry date. In addition, an Award is only exercisable or redeemable to the extent that the Participant was otherwise entitled to exercise or redeem the Award unless otherwise determined by the Board. If a Participant is terminated for cause, all unexercised or unredeemed Awards (vested or unvested) shall be terminated immediately.

#### *Adjustments*

If a formal bid for the Common Shares is made (an "Offer"), all Common Shares subject to outstanding Awards not then exercisable or redeemable shall become exercisable or redeemable and a Participant shall be entitled to exercise or redeem all or any part of the Award and tender the Common Shares acquired into the Offer. In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, acquisition, divestiture, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to Shareholders, or any other change in the capital of the Company affecting Common Shares, the Board will, subject to TSXV approval, make such proportionate adjustments, if any, to outstanding Awards as the Board in its discretion may deem appropriate to reflect such change.

#### *Change of Control*

In the event of a change of control ("CoC") of the Company or of an affiliate of which a Participant is an employee, with respect to all RSU grants, SARs and DSUs that are outstanding for such Participant on the date of the CoC (the "CoC Date"), (i) all vesting criteria and exercise criteria, if any, applicable to such RSUs, SARs and DSUs shall be deemed to have been satisfied as of the CoC Date; and (ii) except as may be otherwise provided under the terms of any other employee benefit plan approved by the Board, each Participant who has received any such RSU grants or SARs shall be entitled to receive, in full settlement of such RSU grants or SARs, a cash payment equal (A) in the case of a RSU, the Special Value (as defined herein); and (B) in the case of a SAR, the difference between the Special Value and the Option Price in respect of such SAR, in each case, payable on the date which is ten business days following the CoC Date. In the event of a CoC, the right of a Participant to receive a payment in respect of a DSU will not be triggered

prior to such Participant's termination date. As used herein, the term "Special Value" means (i) if any Common Shares are sold as part of the transaction constituting the CoC, the weighted average of the prices paid for such shares by the acquirer, provided that if any portion of the consideration is paid in property other than cash, then the Board shall determine the fair market value of such property for purposes of determining the Special Value; and (ii) if no Common Shares are sold, the Market Price of a Common Share on the day immediately preceding the date of the CoC.

#### *Acceleration of Awards*

Notwithstanding any other provision of the Incentive Plan, the Board may at any time give notice to Participants advising that their respective Awards (other than a DSU) are all immediately exercisable or redeemable and may be exercised or redeemed only within 30 days of such notice or such other period as determined by the Board and will otherwise terminate at the expiration of such period.

#### *Amendment Procedure*

The Incentive Plan contains a formal amendment procedure. The Board may amend certain terms of the Incentive Plan without requiring the approval of the Shareholders, unless specifically required by the TSXV. Amendments not requiring Shareholder approval include, without limitation: (a) altering, extending or accelerating Award vesting terms and conditions; (b) amending the termination provisions of an Award; (c) determining adjustments pursuant to the provisions of the Incentive Plan concerning corporate changes; (d) amending the definitions contained in the Incentive Plan; (e) amending or modifying the mechanics of exercising or redeeming Awards; (f) amending provisions relating to the administration of the Incentive Plan; (h) making "housekeeping" amendments, such as those necessary to cure errors or ambiguities contained in the Incentive Plan; (g) effecting amendments necessary to comply with the provisions of applicable laws; and (h) suspending or terminating the Incentive Plan.

The Incentive Plan specifically provides that the following amendments require Shareholder approval: (a) increasing the number of Common Shares issuable under the Incentive Plan; (b) amending the Incentive Plan if such amendment could result in the aggregate number of Common Shares issued to insiders within any one year period or issuable to insiders at any time under the Incentive Plan, together with any other security-based compensation arrangement, exceeding 10% of the outstanding Common Shares; (c) amending the class of Eligible Persons which would have the potential of broadening or increasing participation in the Incentive Plan by insiders; (d) amending the formal amendment procedures of the Incentive Plan; and (g) making any amendments to the Incentive Plan required to be approved by the Shareholders under applicable law.

#### *Other Terms*

Except as provided or with the consent of the Company and any applicable regulatory authority, all Awards under the Incentive Plan will be non-assignable.

#### *Shareholder Approval*

The description above is intended as a summary only and is qualified in its entirety by reference to the Incentive Plan which is attached as Appendix "A" hereto.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, a resolution (the "Incentive Plan Resolution") approving, confirming and ratifying the Incentive Plan. The text of the Incentive Plan Resolution is as follows:

"RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Incentive Plan, attached as Appendix "A" to this Information Circular, which plan was approved by the Board on October 24, 2019, is hereby approved, confirmed and ratified.
2. That number of Common Shares that are issuable pursuant to the Incentive Plan are hereby allotted, set aside and reserved for issuance pursuant thereto.
3. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing."

In the absence of contrary instructions, the Management nominees named as proxyholders in the enclosed Proxy Instrument intend to vote FOR the Incentive Plan Resolution. The Incentive Plan Resolution must be approved by the affirmative vote of at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting other than votes attaching to Common Shares owned by insiders and their associates to whom Awards may be granted pursuant to the Incentive Plan. In the event that the Shareholders do not approve the Incentive Plan Resolution at the Meeting, then the Incentive Plan will be null and void and the Company will revert to the terms of the existing stock option plan and no Awards will be granted.

#### **D. Approval of Stock Option Plan**

##### *Current Stock Option Plan*

In accordance with the policies of the TSXV, an issuer that has a rolling stock option plan must have its shareholders approve the plan on an annual basis. The incentive stock option plan of the Company (the "Option Plan") was originally adopted by the Board on October 7, 2010 and was last approved by the Shareholders at the annual meeting of Shareholders which took place on August 9, 2018.

The Option Plan provides that the aggregate number of Common Shares reserved for issuance upon the exercise of all Options granted under such plan (together with all Common Shares issuable pursuant to each other equity compensation plan of the Company, including the Incentive Plan (and together with the Option Plan, the "Plans")) shall not exceed 10% of the issued and outstanding Common Shares at the time of granting of Options (on a non-diluted basis)..

See "*Executive Compensation – Stock Option Plans and Other Incentive Plans*" for further details concerning the Option Plan.

##### *Proposed Amendments to Current Rolling Plan*

In connection with the adoption of the Incentive Plan, the Board proposes to amend the Stock Option Plan to incorporate the changes described below. The proposed amendments to the current Stock Option Plan are subject to approval by the disinterested shareholders at the Meeting and by the Exchange.

At the Meeting, disinterested Shareholders will be asked to consider and, if deemed advisable, approve by ordinary resolution an amended incentive stock option plan ("Amended Plan") which amends the current Stock Option Plan to:

- (a) fix the maximum number of Common Shares in respect of which options may be outstanding under the plan (together with any other stock option plans or option grants of the Company and any Awards granted under the Incentive Plan) at 27,184,860 Common Shares, respecting approximately 20% of the total number of Common Shares issued and outstanding as at the Record Date; and
- (b) effect certain clerical and housekeeping amendments that are not substantive in nature.

The full text of the Amended Plan, which incorporates the proposed amendments set forth above is available for review by any Shareholder up until the day preceding the Meeting at the Company's registered and records offices at 2080 –777 Hornby Street, Vancouver, British Columbia. Shareholders are urged to review the Amended Plan in its entirety.

#### *Shareholder Approval*

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, approve, with or without variation, a resolution (the "Option Plan Resolution") confirming and approving the Amended Plan, as amended. The text of the Option Plan Resolution is as follows:

"RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Amended Plan is hereby confirmed and approved.
2. That number of Common Shares that are issuable pursuant to the Amended Plan are hereby allotted, set aside and reserved for issuance pursuant thereto.
3. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing."

In the absence of contrary instructions, the Management nominees named as proxyholders in the enclosed Proxy Instrument intend to vote FOR the Option Plan Resolution. The Option Plan Resolution must be approved by the affirmative vote of at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

#### **OTHER MATTERS TO BE ACTED UPON**

It is not known that any other matters will come before the Meeting other than as set forth above and in the Notice of Meeting, but if such should occur the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the meeting or any adjournment thereof.

#### **ADDITIONAL INFORMATION**

The audited financial statements of the Company for the year ended December 31, 2018 and the report of the auditor thereon will be placed before the Meeting. The consolidated audited financial statements, report of the auditor and management's discussion and analysis are being mailed to those shareholders who have indicated to the Company that they wish to receive same pursuant to the 2017 Request for Financial Statements.

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its registered offices at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 to request copies of the Company's financial statements and MD&A. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

**BOARD APPROVAL**

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

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

DATED at Vancouver, British Columbia, this 21<sup>st</sup> day of October, 2019.

**BY ORDER OF THE BOARD**

***“Paul McKenzie”***

Paul McKenzie, Chief Executive  
Officer

"APPENDIX A"

LONG-TERM EQUITY INCENTIVE PLAN

NEXOPTIC TECHNOLOGY CORP.

ARTICLE 1

PURPOSE

1.1 **Purpose.** The purpose of this long-term equity compensation plan of the Corporation is to advance the interests of the Corporation and its Affiliates by (a) attracting, rewarding and retaining highly competent persons as Employees, Directors, and Consultants; (b) providing additional incentives to Employees, Directors, and Consultants as determined by the Board by aligning their interests with those of the Corporation's shareholders; and (c) promoting the success of the Corporation's business.

1.2 **Effective Date and Replacement.** The Plan shall become effective upon the receipt of all required shareholder and regulatory approvals (the "Effective Time").

ARTICLE 2

DEFINED TERMS

2.1 **Definitions.** The following terms used herein shall have the following meanings:

"**Affiliate**" means an entity which is an "affiliate" of the Corporation for the purposes of National Instrument 45-106 - *Prospectus Exemptions*;

"**Award**" means a Stock Appreciation Right, Restricted Share Unit, Deferred Share Unit or other Share-based Award granted pursuant to the Plan;

"**Black-Out Period**" means a time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Award;

"**Board**" means the board of directors of the Corporation or, if established and duly authorized to act in respect of the Plan, a committee of the board of directors of the Corporation;

"**Business Day**" means any day, other than a Saturday or a Sunday, on which the Exchange is open for trading;

"**Change of Control**" means the occurrence of any of the following:

- (i) the sale by the Corporation of all of the assets of the Corporation or substantially all of the assets of the Corporation;
- (ii) the acquisition by any Person (whether from the Corporation or from any other Person) of Shares or other securities of the Corporation having rights of purchase, conversion or exchange into Shares which together with securities of the Corporation held by such Person, either alone or together with Persons “acting jointly or in concert” (as such phrase is defined by the Securities Act) with such Person, exceeds 50% of the issued and outstanding Shares, (assuming for this test the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Shares, such Person or Persons would be entitled to);
- (iii) the amalgamation of the Corporation with or into any one or more other corporations (other than: (a) an amalgamation of the Corporation with or into a subsidiary (as such term is defined in the Securities Act) of the Corporation; or (b) an amalgamation or merger of the Corporation unanimously recommended by the Board provided that the former holders of Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated corporation having attached thereto not less than 50% of the votes attached to all shares of such amalgamated or merged corporation);
- (iv) the election at a meeting of the Corporation’s shareholders of that number of persons which would represent a majority of the Board, who are not included in the slate for election as directors proposed to the Corporation’s shareholders by the Corporation; or
- (v) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) referred to above;

“**Consultant**” means an individual (other than an Employee or a Director) or Company (as such term is defined in the Exchange's Corporate Finance Manual Policy 1.1 - *Interpretation*), that:

- (i) is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or an Affiliate, other than services provided in relation to a distribution of securities;
- (ii) provides the services under a written contract with the Corporation or an Affiliate and the individual or the Company, as the case may be;
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate; and
- (iv) has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation;

“**Corporation**” means NexOptic Technology Corp., a corporation existing under the laws of the Province of British Columbia, and any successor corporation;

“**Deferred Share Units**” has the meaning set out in Section 11.1;



**“Director”** means a member of the board of directors of the Corporation or of any of its Affiliates;

**“Eligible Person”** means any Director, Officer, Employee, Management Company Employee or Consultant of the Corporation or any Affiliate determined by the Board as eligible for participation in the Plan;

**“Employee”** means an individual who is considered an employee of the Corporation or its Affiliates for the purposes of the Tax Act;

**“Exchange”** means the TSX Venture Exchange or, if the Shares are not then listed and posted for trading on the TSX Venture Exchange, on such stock exchange in Canada on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;

**“Exercise Criteria”** means the criteria, if any, established by the Board in relation to an RSU Grant, which criteria are to be achieved during an RSU Grant Period by a Participant in respect of that particular RSU Grant in order that Restricted Share Units will be issued and which criteria may, without limitation, include vesting periods and criteria based on performance of the Shares in the market, financial performance by the Corporation and/or by a specific business unit of the Corporation and other corporate or individual measures;

**“Insider”** means:

- (i) a director or senior officer of the Corporation;
- (ii) a director or senior officer of an entity other than an individual that is an Insider or subsidiary of the Corporation;
- (iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation; or
- (iv) the Corporation itself if it holds any of its own securities;

**“Management Company Employee”** means an individual employed by a Consultant providing management services to the Corporation, who is required for the ongoing successful operation of the business enterprise of the Corporation;

**“Market Price”** as at any date means the last closing price of the Shares on the Exchange on the last trading day immediately preceding the relevant date. In the event that the Shares are not then listed and posted for trading on any Exchange, the Market Price in respect thereof shall be the fair market value of such Shares as determined by the reasonable application by the Board of a reasonable valuation method;

**“Offer”** has the meaning set out in Section 6.1;

**“Officer”** means a senior officer of the Corporation or an Affiliate;

**“Option”** means an option granted to purchase Shares under the terms of the Option Plan;

**“Option Plan”** means the incentive stock option plan of the Corporation as the same may be in force from time to time;

**“Option Price”** means the price per share at which Shares may be purchased under an Option or based on which the SAR Amount is determined, as the same may be adjusted from time to time in accordance with Article 6 hereof;

**“Other Awards”** has the meaning set out in Section 12.1;

**“Participant”** means an Eligible Person who holds an Award under the terms of the Plan;

**“Payout Date”** in respect of a Deferred Share Unit means ten Business Days following the Termination Date;

**“Plan”** means this long-term equity compensation plan;

**“Release Date”** means, in respect of an RSU Grant unless otherwise determined by the Board, either (i) the date which is ten Business Days following each anniversary of the RSU Effective Date, or (ii) the date which is ten Business Days following the third anniversary of the RSU Effective Date, as specified in the award agreement;

**“Restricted Share Units”** has the meaning set out in Section 10.1;

**“RSU Effective Date”** means the date which the Board determines will be the date on which the RSU Grant will take effect;

**“RSU Grant”** means the grant of Restricted Share Units allocated to a Participant at any time in accordance with the Plan;

**“RSU Grant Period”** means the period established by the Board in respect of each RSU Grant, which period shall commence on the RSU Effective Date and end on the date designated by the Board, provided however that such period will not in any case exceed three years;

**“SAR Amount”** has the meaning set out in Section 8.2;

**“Securities Act”** means the *Securities Act* (British Columbia), as may be amended from time to time; **“Share Purchase Program”** has the meaning set out in Section 9.1 hereof;

**“Shares”** mean the common shares of the Corporation as currently constituted or, in the event of an adjustment as contemplated by Article 6, such other shares or securities to which a Participant may be entitled or on which the value of an Award may be based, as a result of such adjustment;

**“SPP Eligible Person”** means any Eligible Person determined by the Board as eligible to participate in the Share Purchase Program;

**“Stock Appreciation Rights”** has the meaning set out in Section 8.1;

**“Subscription Amount”** has the meaning set out in Section 10.6;

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time; and

“**Termination Date**” means the date a Participant ceases to be (i) in the context of a Deferred Share Unit, an Employee and (ii) in all other contexts herein, an Eligible Person and, unless otherwise provided herein, does not include any period of statutory, contractual or reasonable notice or any period of salary continuance or deemed employment.

### ARTICLE 3 ADMINISTRATION OF PLAN

3.1 **General.** This Plan shall be administered by the Board which shall have the power, subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Award granted pursuant to the Plan, where every such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the Eligible Persons to whom Awards are granted and to grant Awards;
- (d) to determine the number of Awards;
- (e) to determine the Exercise Criteria, in respect of any RSU Grant or exercise criteria, if any, in respect of a Deferred Share Unit;
- (f) to determine the Option Price of a SAR provided that the Option Price shall not be less than the Market Price;
- (g) to determine the time or times when Awards will be granted and exercisable or redeemable;
- (h) to determine if the Shares that are subject to an Award will be subject to any restrictions upon the exercise or redemption of such Award;
- (i) to prescribe the form of the instruments or award agreements relating to the grant, exercise, redemption and other terms of Awards;
- (j) to determine whether, to what extent, and under what circumstances an Award may be settled;
- (k) to correct any defect (including but not limited to amending an award agreement to comply with applicable law), supply any omission, or reconcile any inconsistency in the Plan or any award agreement in the manner and to the extent it shall deem desirable to carry out the purposes of the Plan;
- (l) to authorize withholding arrangements pursuant to Section 14.4 of the Plan;

- (m) to authorize any person to execute on behalf of the Corporation any instrument required to effect the grant of an Award previously granted by the Board; and
- (n) to make all other determinations and take all other actions described in the Plan or as the Board otherwise deems necessary or advisable for administering the Plan and effectuating its purposes.

The powers described in this Section 3.1 shall be exercised in accordance with applicable securities laws and the rules and policies of the Exchange.

3.2 **Delegation of Administration.** The Board may, from time to time, delegate the administration of all or any part of the Plan to a committee of the Board and shall determine the scope of and may revoke or amend such delegation.

3.3 **Award Agreement.** Each Participant shall execute an award agreement in the form determined by the Board from time to time. In the event of any inconsistency between the terms of any award agreement and this Plan, the terms of this Plan shall govern.

3.4 **Awards May be Separate or in Tandem.** In the Board's discretion, Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of the Corporation or an Affiliate. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at different times.

#### ARTICLE 4 SHARES SUBJECT TO THE PLAN

4.1 **Maximum Number of Shares Issuable.** Subject to adjustment as provided in Article 6, the Shares to be issued under the Plan shall consist of the Corporation's authorized but unissued Shares. The aggregate number of Shares to be reserved for issuance upon the exercise or redemption of all Awards granted under the Plan, together with all Options granted under the Option Plan, shall not exceed 27,184,860 or such other number as may be approved by the Exchange and the shareholders of the Corporation from time to time. At all times the Corporation will reserve and keep available a sufficient number of Shares in such manner as it may consider appropriate in order to satisfy the requirements of all outstanding Awards made under the Plan and all other outstanding but unvested Awards made under the Plan that are to be settled in Shares.

4.2 **Award Limits.** Under no circumstances shall this Plan, together with all other security-based compensation arrangements of the Corporation, result, at any time, in:

- (a) the number of Shares issuable exceeding 10% of the issued and outstanding Shares (on a non-diluted basis); or
- (b) the issuance to Insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares (on a non-diluted basis).

4.3 **Restrictions on Awards and/or Options.** The allotment of Shares and the Corporation's obligation to issue Shares pursuant to this Plan and the Option Plan are subject to the following conditions:

- (a) subject to subsections Sections 4.3(b) and 4.3(c) hereof, no Eligible Person may be granted Awards and/or Options to acquire more than 5% of the issued and outstanding Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period unless the Corporation has obtained disinterested shareholder approval in connection therewith;
- (b) no Consultant may be granted Awards and/or Options to acquire more than 2% of the issued and outstanding Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period; and
- (c) the aggregate number of Awards and/or Options granted to Eligible Persons retained to provide investor relations activities shall not exceed 2% of the issued and outstanding Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period.

4.4 **Awards That Expire or Terminate.** If any Award granted hereunder shall expire or terminate for any reason without having been exercised or redeemed in full, the Shares underlying the Award shall again be available to be granted under the Plan.

4.5 **Restrictions on Exercise or Redemption.** Notwithstanding any of the provisions contained in the Plan or any Award, the Corporation's obligation to issue Shares to a Participant pursuant to the exercise or redemption of an Award shall be subject to:

- (a) the completion of such registration or other qualification of such Shares or the approval of the Exchange or such other regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on the Exchange; and
- (c) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Shares as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this regard, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on the Exchange. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain necessary shareholder, regulatory or stock exchange approval, then the obligation of the Corporation to issue such Shares shall terminate and any amounts paid by the Participant to the Corporation to exercise or redeem an Award shall be returned to the Participant.

4.6 **Non-Assignable.** An Award is personal to the Participant and is non-assignable and non-transferable, except with the prior written consent of the Corporation and any required consent of the Exchange and any other applicable regulatory authority. Notwithstanding the foregoing, an Award granted to a Consultant that is a company or partnership, may be assigned to a Management Company Employee of such Consultant.

4.7 **Substitute Awards.** Subject to Exchange approval, the Board may grant Awards under the Plan in substitution for share and share-based awards held by employees, directors, consultants or advisors of another company (an “**Acquired Company**”) in connection with a merger, consolidation or similar transaction involving such Acquired Company and the Corporation or an Affiliate or the acquisition by the Corporation or an Affiliate of property or stock of the Acquired Company. The Board may direct that the substitute Awards be granted on such terms and conditions as the Board considers appropriate in the circumstances.

## ARTICLE 5 ELIGIBILITY AND CEASING TO BE AN ELIGIBLE PERSON

5.1 **Eligible Persons.** Awards may only be granted to Eligible Persons. For Awards granted to Employees, Consultants or Management Company Employees, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Employee, Consultant or Management Company Employee, as the case may be.

5.2 **Compliance with Laws.** Notwithstanding any provision contained in this Plan, no Participant may exercise or redeem any Award granted under this Plan and no Shares may be issued upon exercise or redemption of an Award unless such exercise or redemption and issuance are in compliance with all applicable securities laws or other legislation of the jurisdiction of residence of such person and in compliance with the terms of the Plan. Unless the potential Participant is a resident of Canada, the Corporation may require, as a condition of the grant of an Award, that the potential Participant provide a written acknowledgement that the grant of the Award does not violate any such laws.

5.3 **Termination Date.** Subject to Section 5.4, 5.5 and 5.6 and any express resolution passed by the Board, all Awards, and all rights to acquire Shares pursuant thereto, granted to an Eligible Person shall expire and terminate immediately upon the Participant’s Termination Date.

5.4 **Circumstances When Awards are Exercisable.** If, before the expiry of an Award in accordance with the terms thereof, a Participant ceases to be an Eligible Person for any reason whatsoever, other than termination by the Corporation for cause (in which case all unexercised or unredeemed Awards (vested or unvested) shall cease immediately), such Awards may, subject to:

- (a) the terms set out in the Award agreement;
- (b) any determination made by the Board to accelerate the vesting of or to extend the expiry of an Award; and
- (c) any other terms of the Plan,

be exercised or redeemed, as applicable:

- (d) if the Participant is deceased, by the heirs of the Participant or by legal personal representative(s) of the estate of the Participant at any time within six months following the death of the Participant; or
- (e) by the Participant at any time within 90 days following the Termination Date.

But, in any case, subject to any determination of the Board, the exercise or redemption of the Award must be: (i) prior to the expiry of the RSU Grant Period, in respect of Restricted Share Units, and (ii) prior to the expiry of the Award in the case of Other Awards under the Plan, and in each case only to the extent that the Award was vested or the Exercise Criteria was satisfied and the Participant was otherwise entitled to exercise the Award at the Termination Date.

#### **5.5 Death or Termination of Employment.**

- (a) Notwithstanding Section 5.4, in the event of the death of a Participant while in the employment of the Corporation or any Affiliate, all Awards granted to that Participant prior to the date of death shall be deemed to be vested in the Participant or to have had the Exercise Criteria relating thereto satisfied on the date of death.
- (b) Except as specifically provided for in this Plan or in any award agreement, or as otherwise agreed to or determined by the Board, if the employment of a Participant with the Corporation or any Affiliate is terminated for any reason prior to the exercise or redemption of any Award, then the Participant shall be deemed to have forfeited all right, title and interest with respect to any Award not fully vested or in respect of which the Exercise Criteria has not been satisfied upon that Participant's last day of such employment which shall be considered to be:
  - (A) if the Participant is terminated for just cause, the actual date of termination; and
  - (B) if the Participant is terminated for reasons other than just cause, the date at the conclusion of any statutory, contractual or common law period of notice of termination of employment to which that Participant is entitled.
- (c) Notwithstanding the foregoing, in the event that a Participant's employment with the Corporation or any Affiliate is terminated without just cause or if the Participant resigns from such employment then, at the sole and unfettered discretion of the Board, all or any portion of the Awards granted to that Participant may be deemed to have vested or to have had the Exercise Criteria relating thereto satisfied on the date of termination or resignation.

5.6 **Another Listed Category.** Awards shall not be affected in the event the Participant ceases to fall within a listed category contained in the definition of an "Eligible Person" hereunder where such Participant falls within another listed category of such definition.

### **ARTICLE 6 CERTAIN ADJUSTMENTS**

6.1 **Offer for Shares.** In the event that any formal bid (as defined in the Securities Act) for the Shares is made (an "Offer"), all Shares subject to outstanding Awards not then exercisable or redeemable shall thereupon become immediately exercisable or redeemable. Further, the Participant shall be entitled to include in the written notice of election to exercise or redeem all or any part of the Award that such Participant is electing to exercise or redeem the Award with the intention of tendering the Shares acquired upon such exercise or redemption into the Offer. If such election is made, in the event that the Offer is not completed and the relevant Shares are not taken up and paid for by the offeror under such

Offer (or a competing Offer), the Participant shall, upon return of certificates representing such Shares, be deemed not to have exercised or redeemed the Award with respect to such Shares and the Corporation shall return to the Participant the subscription proceeds therefor and/or take such other actions to enable the parties to re-establish as closely as possible their situations and respective economic positions as they existed prior to the making of the Offer and had no Awards become exercisable or redeemable as a result thereof, while making allowance for taxation, regulatory and other irreversible events and consequences which may have intervened since the making of the Offer.

6.2 **Changes in Shares.** In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, acquisition, divestiture, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting Shares, the Board will, subject to Exchange approval, make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change, with respect to (i) the number or kind of Shares or other securities reserved for issuance pursuant to this Plan; (ii) the number or kind of Shares or other securities subject to unexercised or unredeemed Awards previously granted; and (iii) the Option Price or the Market Price of a Share at the date of grant, as applicable, of Awards.

6.3 **No Fractional Shares.** The Corporation will not issue fractional Shares in satisfaction of any of its obligations hereunder.

6.4 **Accelerated Exercise or Redemption of Awards.** Notwithstanding any other provision of the Plan, the Board may at any time give written notice to all Participants advising that their respective Awards (other than a Deferred Share Unit) are all immediately exercisable or redeemable and may be exercised or redeemed only within 30 days of such written notice or such other period as determined by the Board and not thereafter and that all rights of the Participants under any Awards (other than a Deferred Share Unit) not exercised or redeemed within such period will terminate at the expiration of such period.

6.5 **Payment on Change of Control.** Notwithstanding any other provision of the Plan, in the event of the occurrence of a Change of Control of the Corporation or of an Affiliate of which a Participant is an employee, with respect to all RSU Grants, Stock Appreciation Rights and Deferred Share Units that are outstanding for such Participant on the date of the Change of Control (the "**CoC Date**"), (i) all vesting criteria and Exercise Criteria, if any, applicable to such Restricted Share Units, Stock Appreciation Rights and Deferred Share Units shall be deemed to have been satisfied as of the CoC Date and (ii) except as may be otherwise provided under the terms of any other employee benefit plan approved by the Board, each Participant who has received any such RSU Grants or Stock Appreciation Rights shall be entitled to receive, in full settlement of such RSU Grants or Stock Appreciation Rights, a cash payment equal (A) in the case of a Restricted Share Unit, the Special Value (as defined below) and, (B) in the case of a Stock Appreciation Right, the difference between the Special Value and the Option Price in respect of such Stock Appreciation Right, in each case, payable on the date which is ten Business Days following the CoC Date. For greater certainty, the occurrence of a Change of Control will not trigger the right of a Participant to receive a payment in respect of a Deferred Share Unit prior to the Termination Date for such Participant.

For the purpose of this Section 6.5, the term "**Special Value**" means an amount determined as follows: (i) if any Shares are sold as part of the transaction constituting the Change of Control, then the Special Value shall equal the weighted average of the prices paid for those Shares by the acquirer, provided that if any portion of the consideration paid for such Shares by the acquirer is paid in property



other than cash, then the Board (as constituted immediately prior to the CoC Date) shall determine the fair market value of such property as of the CoC Date for purposes of determining the Special Value; and (ii) if no Shares are sold as part of the transaction constituting the Change of Control, then the Special Value shall be the Market Price of a Share on the day immediately preceding the CoC Date.

## ARTICLE 7 OPTIONS

7.1 **Grant of Options under the Option Plan.** The Board may, from time to time, grant Options under the Option Plan and, except as provided in Section 4.2 hereof, any Shares issuable pursuant to the exercise of such Options shall not reduce the aggregate maximum number of Shares which may be reserved for issuance upon the exercise or redemption of Awards granted under this Plan.

## ARTICLE 8 STOCK APPRECIATION RIGHTS

8.1 **Grants of Share Appreciation Rights.** The Board may grant rights (“Stock Appreciation Rights”) to Eligible Persons either on a stand-alone basis or in relation to any Option. Where a Stock Appreciation Right is granted in relation to an Option, it shall be a right in respect of the same number of Shares and shall have the same Option Price as the Option.

8.2 **Stock Appreciation Rights.** Subject to Sections 8.3 and 8.4, a Stock Appreciation Right is the right to receive a cash payment equal to the excess, if any, of:

- (a) the Market Price of a Share on the date such Stock Appreciation Right is exercised over;
- (b) the Option Price,

multiplied by the number of Shares in respect of which the Stock Appreciation Right is being exercised, less any amount required to be withheld by applicable law (the “SAR Amount”).

8.3 **Terms of Stock Appreciation Rights Granted in Connection with an Option.** Stock Appreciation Rights granted in relation to an Option shall be exercisable only at the same time, by the same persons and to the same extent, that the related Option is exercisable. Upon the exercise of any Stock Appreciation Right related to an Option, the corresponding portion of the related Option shall be surrendered to the Corporation and cancelled and upon the exercise of any Option which has an accompanying Stock Appreciation Right, the corresponding portion of the related Stock Appreciation Right shall be surrendered to the Corporation and cancelled. In the sole discretion of the Corporation, the Corporation may elect to satisfy the exercise of a Stock Appreciation Right by issuing to the Participant Shares which have a Market Price as at the date of exercise of the Stock Appreciation Right, equal to the SAR Amount. The Corporation, in its sole discretion, may elect in respect of any payment made upon the exercise of a Stock Appreciation Right related to an Option, that neither the Corporation nor any of its Affiliates will deduct any amount in respect of any such payment in computing its taxes under the Tax Act. Any decision to make such election in connection with any particular payment shall not bind the Corporation to make an election in connection with any other payment made in respect of the exercise of a Stock Appreciation Right.

8.4 **Terms of Stock Appreciation Rights Granted on a Stand-Alone Basis.** Stock Appreciation

Rights granted on a stand-alone basis shall be granted on such terms as shall be determined by the Board and set out in the award agreement (including any terms pertaining to vesting and settlement), provided that the Option Price shall not be less than the Market Price on the date of grant.

## ARTICLE 9 SHARE PURCHASE PROGRAM

9.1 **Grant of Options and/or Stock Appreciation Rights for Shares Purchased.** The Board may institute a share purchase program (the “**Share Purchase Program**”) for SPP Eligible Persons pursuant to which the Board may grant to each SPP Eligible Person one Option and/or one Stock Appreciation Right for each Share purchased by the SPP Eligible Person up to a maximum number of Options and/or Stock Appreciation Rights for any one SPP Eligible Person as may be reasonably determined from time to time by the Board. Any such Options for SPP Eligible Persons will be granted under and governed by the Option Plan.

9.2 **Terms of Grants Pursuant to Share Purchase Program.** Options and Stock Appreciation Rights granted pursuant to the Share Purchase Program shall be granted on such terms as shall be reasonably determined by the Board and set out in the Award agreement but shall otherwise be subject to the provisions of the Option Plan or this Plan, as applicable.

## ARTICLE 10 RESTRICTED SHARE UNITS

10.1 **Grants of Restricted Share Units.** The Board may Grant rights (“**Restricted Share Units**”) to Eligible Persons. The Board shall designate the number of Restricted Share Units granted.

10.2 **Restricted Share Units.** A Restricted Share Unit is the right, subject to the level of achievement of Exercise Criteria or vesting or other criteria determined by the Board at the date of the Grant, to receive one Share issued from treasury for each Restricted Share Unit redeemed or a payment in cash determined in accordance with Section 10.5.

10.3 **Terms of Restricted Share Units.** Restricted Share Units shall be granted on such terms as shall be determined by the Board and set out in the award agreement. Without limiting the generality of the forgoing, subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine the Eligible Persons to whom Grants will be made based on its assessment, for each Participant, of the current and potential contribution of such Eligible Person to the success of the Corporation. At such time, the Board shall also determine, in connection with each RSU Grant, the RSU Effective Date thereof, the number of Restricted Share Units to be allocated, the RSU Grant Period applicable thereto and any applicable vesting terms for such RSU Grant, the Exercise Criteria, if any, and such other terms and conditions which the Board considers appropriate to the RSU Grant in question (including any dividend equivalent entitlements), and which terms and conditions need not be identical as between any two RSU Grants, whether or not contemporaneous.

10.4 **Redemption of Restricted Share Units.** Subject to the provisions of the Plan and award agreement, a Restricted Share Unit shall be redeemed and paid (or Shares issued) on the first Release Date following the satisfaction of the Exercise Criteria in respect of such Restricted Share Unit.

10.5 **Redemption in Cash.** Any award agreement may provide that a Participant, or that Participant’s estate, if applicable, may elect to have some or all of its Restricted Share Units described in such award

agreement settled by the payment of cash. Where the Participant is an Employee, the settlement date shall be prior to the third anniversary date of the grant of the Restricted Share Unit. If the award agreement in question does not provide such election right to the Participant thereunder and also does not specify that there will be no election to settle Restricted Share Units by the payment of cash, then the Corporation will have the option to settle some or all of such Restricted Share Units by the payment of cash. Where a Participant is to receive cash in settlement of Restricted Share Units, then that Participant shall receive a cash payment equal to the number of Restricted Share Units being settled, multiplied by the Market Price on the Release Date applicable to such Restricted Share Units.

10.6 **Election to Subscribe for Shares.** Where a Participant is to receive cash in settlement of Restricted Share Units, the Participant may elect to apply all or part of such cash to a subscription for Shares. Such an election must be made five Business Days prior to the Release Date by delivery to the Corporation at its principal office of a written notice of election addressed to the Chief Financial Officer of the Corporation in a form approved by the Board from time to time setting out, among other things, the amount of such cash to be used to subscribe for Shares (such amount, the “**Subscription Amount**”) and the registration particulars related thereto. Where a Participant elects to subscribe for Shares, then that Participant shall be entitled to that number of Shares as is equal to the Subscription Amount divided by the Market Price on the Release Date. Any Shares issued pursuant to this right will be issued on the Release Date, provided to the Participant as soon as practicable thereafter and will be considered Shares issued pursuant to the Plan.

## ARTICLE 11 DEFERRED SHARE UNITS

11.1 **Grants of Deferred Share Units.** The Board may grant rights (“**Deferred Share Units**”) to Eligible Persons who are Employees. The Board shall designate the number of Deferred Share Units granted.

11.2 **Deferred Share Units.** A Deferred Share Unit is the right to receive a cash payment equal to the Market Price of a Share on the Termination Date, less any amount required to be withheld by applicable law or, if applicable, one fully paid and non-assessable Share issued from treasury.

11.3 **Terms of Deferred Share Units.** Deferred Share Units shall be granted on such terms as shall be determined by the Board and set out in the award agreement. Without limiting the generality of the foregoing, subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine the Eligible Persons to whom grants will be made based on its assessment, for each Participant, of the anticipated contribution of such Eligible Person to the success of the Corporation. At such time, the Board shall also determine, in connection with each grant, the effective date thereof, the number of Deferred Share Units to be allocated, and such other terms and conditions which the Board considers appropriate to the grant in question, and which terms and conditions need not be identical as between any two grants, whether or not contemporaneous.

11.4 **Redemption of Deferred Share Units.** Subject to the provisions of the Plan and award agreement, a Deferred Share Unit held by a Participant shall be redeemed by the Corporation on the Payout Date, unless otherwise agreed to between the Corporation and a Participant.

11.5 **Deferred Share Units May be Payable in Cash or Shares.** Any award agreement may provide that a Participant, or that Participant’s estate, if applicable, may elect to have some or all of its Deferred

Share Units described in such award agreement settled by the issuance of Shares. If the award agreement in question does not provide such election right to the Participant thereunder and also does not specify that there will be no election to settle Deferred Share Units by the issuance of Shares, then such Deferred Share Units shall only be settled by the payment of cash. For greater certainty, unless expressly provided in the award agreement, the granting of a Deferred Share Unit does not entitle the holder thereof to acquire or otherwise obtain any rights or interests whatsoever in any Shares (including the right to dividends) or other securities of the Corporation. Participants have no right or ability to exercise, receive or otherwise demand payment of the value of Deferred Share Units granted to them prior to the Payout Date.

## ARTICLE 12 OTHER AWARDS

12.1 **Grants of Other Awards.** The Board may grant other share-based awards (“Other Awards”) to Eligible Persons. Other Awards shall be granted on such terms as shall be determined by the Board and set out in the award agreement and will be subject to the approval of the Exchange.

## ARTICLE 13 AMENDMENT PROCEDURE

13.1 **Amendment Procedure.** The Corporation retains the right to amend or terminate the terms and conditions of the Plan by resolution of the Board. If required, any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange. Any amendment to the Plan shall take effect with respect to all outstanding Awards on the date of, and all Awards granted after, the effective date of such amendment, provided that in the event any amendment materially and adversely affects any outstanding Awards it may apply to such outstanding Awards only with the mutual consent of the Corporation and the Participant to whom such Awards have been granted. The Board shall have the power and authority to approve amendments relating to the Plan or to Awards, without further approval of the shareholders of the Corporation, including the following non-exhaustive list of such amendments:

- (a) altering, extending or accelerating the terms and conditions of vesting of any Awards;
- (b) amending the termination provisions of an Award, which amendment shall include determining that any provisions of Article 5 concerning the effect of the Participant ceasing to be an Eligible Person shall not apply for any reason acceptable to the Board;
- (c) determining adjustments pursuant to Article 6 hereof;
- (d) amending the definitions contained within the Plan, including but not limited to the definition of “Eligible Person” under the Plan except as provided in Section 13.2(c);
- (e) amending or modifying the mechanics of exercise or redemption of the Awards as set forth in the Plan;
- (f) effecting amendments of a “housekeeping” nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error, inconsistency or omission in or from the Plan;

- (g) effecting amendments necessary to comply with the provisions of applicable laws (including, without limitation, the rules, regulations and policies of the Exchange);
- (h) effecting amendments respecting the administration of the Plan; and
- (i) effecting amendments necessary to suspend or terminate the Plan.

13.2 **Shareholder Approval.** Notwithstanding the foregoing, approval of the shareholders of the Corporation shall be required for the following types of amendments:

- (a) increasing the number of Shares issuable under the Plan, except in the event of an adjustment contemplated by Article 6;
- (b) amending the Plan which amendment could result in the aggregate number of Shares of the Corporation issued to Insiders within any one year period under the Plan together with any other security-based compensation arrangement, or issuable to Insiders at any time under the Plan together with any other security-based compensation arrangement, exceeding 10% of the issued and outstanding Shares;
- (c) amending the listed categories contained in the definition of “Eligible Persons” hereunder which would have the potential of broadening or increasing participation in the Plan by Insiders;
- (d) any amendment which would permit Awards granted under the Plan to be transferable or assignable other than for normal estate settlement purposes (and other than as set forth in Section 4.6);
- (e) amending Section 13.1 hereof and this Section 13.2; and
- (f) making any amendments required to be approved by shareholders under applicable law (including, without limitation, pursuant to the rules, regulations and policies of the Exchange).

Where required by the policies of the Exchange, the shareholder approval required by this Section 13.2 shall be by the majority vote of the shareholders of the Corporation excluding any votes cast by Insiders who are entitled to participate as Eligible Persons under the Plan or who will specifically benefit from the proposed amendment and as otherwise may be prescribed by the Exchange.

13.3 **Conflict.** In the event of any conflict between Sections 13.1 and Section 13.2, the latter shall prevail to the extent of the conflict.

## ARTICLE 14 GENERAL

14.1 **No Rights as Shareholder.** The holder of an Award shall not have any rights as a shareholder of the Corporation with respect to any Shares covered by such Award until such holder shall have exercised or redeemed such Award and been issued Shares in accordance with the terms of the Plan and the Corporation shall issue such Shares to the Participant in accordance with the terms of the Plan in those circumstances.

**14.2 No Rights Conferred.**

- (a) Nothing contained in this Plan or any Award shall confer upon any Participant any right with respect to continuance as a Director, Officer, Employee, or Consultant or Management Company Employee of the Corporation or its Affiliates, or interfere in any way with the right of the Corporation or its Affiliates to terminate the Participant's employment at any time.
- (b) Nothing contained in this Plan or any Award shall confer on any Participant who is not a Director, Officer, Employee, or Consultant or Management Company Employee any right to continue providing ongoing services to the Corporation or its Affiliates or affect in any way the right of the Corporation or its Affiliates to determine to terminate his, her or its contract at any time.

14.3 **Tax Consequences.** It is the responsibility of the Participant to complete and file any tax returns which may be required under any applicable tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. The Corporation shall not be responsible for any tax consequences to the Participant as a result of the Participant's participation in the Plan. The Participant shall remain responsible at all times for paying any federal, provincial, local and foreign income or employment tax due with respect to any Award, and the Corporation shall not be liable for any interest or penalty that a Participant incurs by failing to make timely payments of tax.

14.4 **Withholding Requirements.** Prior to the delivery of any Shares or cash pursuant to the grant, exercise, vesting, or settlement of an Award, the Corporation shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of taxes as required by law or the interpretation or administration thereof. The Corporation shall be entitled to make arrangements to sell a sufficient number of Shares to be issued pursuant to the exercise of an Award to fund the payment and remittance of such taxes that are required to be deducted or withheld and any associated costs (including brokerage fees).

14.5 **No Representation.** The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

14.6 **Black-out Period.** Awards shall be subject to the Corporation's insider trading policy as may be in effect from time to time, including any Black-out Period, trading prohibition or requirement to obtain mandatory pre-clearance of a transaction. Except where not permitted by the Exchange, where an Award would expire during a Black-Out Period or within ten Business Days following the end of a Black-Out Period, the term of such Award shall be automatically extended to the date which is ten Business Days following the end of such Black-Out Period.

14.7 **Governing Law.** This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

14.8 **Severance.** If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange

having authority over the Corporation or this Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**ARTICLE 15**  
**SHAREHOLDER AND REGULATORY APPROVAL**

15.1 This Plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation, and to acceptance by the Exchange and any other relevant regulatory authority. Any Awards granted hereunder prior to such approval and acceptance (other than grants made under the Prior Plans prior to the effective date of the Plan) shall be conditional upon such approval and acceptance being given, and no such Awards may be exercised unless and until such approval and acceptance is given.