SPECTRA7 MICROSYSTEMS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

March 18, 2025

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SPECTRA7 MICROSYSTEMS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders of the common shares (collectively, the "**Shareholders**" or individually, a "**Shareholder**") of Spectra7 Microsystems Inc. (the "**Corporation**") will be held on Thursday, April 17, 2025 at 10:00 a.m. (Toronto time). The Meeting will be a virtual meeting conducted via live audio webcast. The purpose of the Meeting is as follows:

1. to pass, with or without variation, a special resolution (the "**Sale Transaction Resolution**"), which is set forth in Schedule "A" of the accompanying management information circular of the Corporation dated March 18, 2025 (the "**Circular**"), approving the proposed sale (the "**Sale Transaction**") of substantially all of the assets of the Corporation pursuant to that certain asset purchase agreement (the "**Purchase Agreement**") dated March 7, 2025 entered into between the Corporation, and Parade Technologies, Ltd., all as more particularly described in the enclosed Circular;

2. to pass, with or without variation, an ordinary resolution (the "**Delisting Resolution**"), which is set forth in Schedule "B" of the Circular, approving the delisting ("**Delisting**") of the Corporation's common shares ("**Common Shares**") from the TSX Venture Exchange ("**TSXV**"), conditional upon the approval and completion of the Sale Transaction;

3. to pass, with or without variation, ordinary resolutions (the "**Control Person Resolutions**"), which are set forth in Schedule "C" of the Circular, of the disinterested Shareholders pursuant to Section 1.12(e) of TSX Venture Exchange Policy 4.1, approving the creation of new "Control Persons" (as such term is defined in Section 1.2 of TSX Venture Exchange Policy 1.1 – Interpretation) in connection with the exercise of outstanding pre-funded warrants of the Corporation;

4. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2024, together with the report of the auditor thereon;

5. to elect the directors of the Corporation;

6. to appoint MNP LLP, Chartered Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration; and

7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual and Special Meeting of Shareholders is the Circular. The audited financial statements of the Corporation for the financial year ended December 31, 2024, together with the report of the auditor thereon will be available under the Corporation's profile on www.sedarplus.com. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting was the close of business on Friday, March 14, 2025.

The Meeting will be held virtually and Shareholders who choose to attend the Meeting will do so by accessing a live audio webcast of the Meeting via the internet. Shareholders and duly appointed proxyholders can access the Meeting by visiting https://meetnow.global/MFSRMDN. Registered shareholders and duly appointed proxyholders can participate in the Meeting by clicking "Shareholder" or "Invitation" and entering a control number or invite code before the start of the Meeting. At this website,

Shareholders will be able to listen to the Meeting live, submit questions and submit their vote while the Meeting is being held. The Corporation believes hosting the Meeting virtually will enable increased Shareholder attendance from different geographic locations and will encourage more active Shareholder engagement and participation at the Meeting.

Registered shareholders: The 15-digit control number is located on the form of proxy or in the e-mail notification you received.

Duly appointed proxyholders: Computershare Trust Company of Canada (the "**Transfer Agent**") will provide the proxyholder with an invite code after the voting deadline has passed.

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences.

Only registered shareholders and duly appointed proxyholders will be able to vote and ask questions at the Meeting. Shareholders who do not hold their Common Shares in their own name whose Common Shares are registered in the name of a broker, investment dealer or other intermediary ("**Beneficial Shareholders**") who have not appointed themselves may attend (but not participate in) the Meeting by clicking "Guest" and completing the online form.

Beneficial Shareholders wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited their duly completed voting instruction form in accordance with the directions provided on the voting instruction form.

Shareholders, including Beneficial Shareholders, who wish to appoint a third party proxyholder to represent them at the Meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once the Shareholder has submitted their proxy or voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username that would allow them to participate in the online Meeting. To register a proxyholder, shareholders MUST visit http://www.computershare.com/Spectra7 and provide the Transfer Agent with their proxyholder's contact information by 10:00 a.m. (Toronto time) on Tuesday, April 15, 2025 so that the Transfer Agent may provide the proxyholder with a username via e-mail. In order to participate online, shareholders must have a valid 15-digit control number and proxyholders must have received an e-mail from the Transfer Agent.

United States Beneficial Shareholders: To attend and vote at the Meeting virtually, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to the Transfer Agent. Requests for registration should be directed to:

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
OR
Email at uslegalproxy@computershare.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than 10:00 a.m. (Toronto time) on Tuesday, April 15, 2025. You will receive a confirmation of your registration by email after the Transfer Agent receives your registration materials. You may attend the Meeting and vote your shares at

https://meetnow.global/MFSRMDN during the meeting. Please note that you are required to register your appointment at http://www.computershare.com/Spectra7.

DATED at Toronto, Ontario this 18th day of March, 2025.

BY ORDER OF THE BOARD

"Ronald Pasek"
Ronald Pasek
Director, Chairman of the Board

GLOSSARY OF TERMS

Unless otherwise indicated or context otherwise indicates, the following definitions are used in this Circular. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the TSX Venture Exchange policies and applicable securities law.

"**2024 Private Placement**" has the meaning ascribed thereto on page 54 of the Circular.

"**ACB**" has the meaning ascribed thereto on page 36 of the Circular.

"**Accounts Receivable**" has the meaning ascribed thereto on page 18 of the Circular.

"**Advance Notice Requirement**" has the meaning ascribed thereto on page 56 of the Circular.

"**Allowable Capital Loss**" has the meaning ascribed thereto on page 36 of the Circular.

"**Appointee**" has the meaning ascribed thereto on page 10 of the Circular.

"**Assigned Contracts**" has the meaning ascribed thereto on page 18 of the Circular.

"**Assumed Liabilities**" has the meaning ascribed thereto on page 19 of the Circular.

"**Audit Committee**" means the audit committee of the Corporation.

"**Beneficial Shareholders**" means Shareholders who do not hold their Common Shares in their own name.

"**Blackwell**" has the meaning ascribed thereto on page 55 of the Circular.

"**Bleichroeder Accounts**" has the meaning ascribed thereto on page 55 of the Circular.

"**Board**" means the board of directors of the Corporation

"**Broadridge**" means Broadridge Financial Solutions, Inc.

"**Business**" means the Corporation's business of development, design and sale of semiconductor products, including high speed analog devices.

"**Canada-US Tax Treaty**" has the meaning ascribed thereto on page 39 of the Circular.

"**Capital Reduction**" has the meaning ascribed thereto on page 35 of the Circular.

"**CEO Annual Bonus**" has the meaning ascribed thereto on page 41 of the Circular.

"**CEO Employment Agreement**" has the meaning ascribed thereto on page 41 of the Circular.

"**Chairman**" means Mr. Ronald Pasek, Chairman of the Board.

"**Charter**" has the meaning ascribed thereto on page 51 of the Circular.

"**Chief Executive Officer**" or "**CEO**" means Mr. Omar Javid, Chief Executive Officer of the Corporation.

"**Chrysalis**" has the meaning ascribed thereto on page 14 of the Circular.

"**Circular**" means this management information circular.

"**Closing**" means the consummation of the transactions contemplated by the Purchase Agreement.

"**Closing Date**" means the date on which the Closing is completed.

"**Closing Payment**" has the meaning ascribed thereto on page 19 of the Circular.

"**Common Shares**" means common shares in the capital of the Corporation.

"**Compensation Committee**" means the compensation committee of the Corporation.

"**Control Person Resolutions**" has the meaning ascribed thereto on page 55 of the Circular.

"**Corporation**" means Spectra7 Microsystems Inc.

"**Corporation Indemnitees**" has the meaning ascribed thereto on page 24 of the Circular.

"**CRA**" has the meaning ascribed thereto on page 34 of the Circular.

"**Craig-Hallum**" has the meaning ascribed thereto on page 15 of the Circular.

"**CVR**" means a non-interest bearing contingent value right of the Corporation, each right entitling the holder thereof to receive the CVR Payment Amount per CVR held, on the terms and subject to the conditions governed by the CVR Rights Indenture and issued to Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants.

"**CVR Holder**" means a registered holder of a CVR.

"**CVR Payment Amount**" means for each CVR, the sum of (i) the remaining Escrow Amount at the Escrow Release Date; and (ii) any remaining proceeds of the Sale Transaction (other than the Escrow Amount) determined to be available as at the time of the CVR Payment Date, divided by the outstanding number of CVRs.

"**CVR Payment Date**" means a date established by the Corporation that is as soon as possible following the Escrow Release Date.

"**CVR Rights Indenture**" means the rights indenture to be entered into between the Corporation and the CVR Trustee, setting out the terms and conditions of the CVRs.

"**CVR Trustee**" means Computershare Trust Company of Canada, in its capacity as trustee for the CVRs pursuant to the CVR Rights Indenture.

"**Declaration Date**" has the meaning ascribed thereto on page 31 of this Circular.

"**Delisting**" means, assuming (i) the Sale Transaction is approved and completed; and (ii) the Delisting Resolution is approved, the delisting of the Common Shares from the TSXV.

"**Delisting Resolution**" means the ordinary resolution set forth in Schedule "B" hereto.

"**Demand for Payment**" has the meaning ascribed thereto on page 29 of the Circular.

"**Dissent Procedures**" has the meaning ascribed thereto on page 29 of the Circular.

"**Dissenting Shareholder**" has the meaning ascribed thereto on page 29 of the Circular.

"**Distribution Record Date**" has the meaning ascribed thereto on page 31 of this Circular.

"**Escrow Agent**" means Computershare Trust Company of Canada.

"**Escrow Agreement**" means the escrow agreement to be entered into between the Purchaser, the Corporation, and the Escrow Agent to be entered into on or before the Closing Date, relating to the treatment of the Escrow Amount to be deposited with the Escrow Agent.

"**Escrow Amount**" has the meaning ascribed thereto on page 19 of the Circular.

"**Escrow Release Date**" has the meaning ascribed thereto on page 19 of the Circular.

"**Exchange Approval**" has the meaning ascribed thereto on page 20 of this Circular.

"**Excluded Liabilities**" has the meaning ascribed thereto on page 19 of this Circular.

"**Financial Advisors**" has the meaning ascribed thereto on page 16 of this Circular.

"**Former CEO Employment Agreement**" has the meaning ascribed thereto on page 43 of the Circular.

"**Fresco**" has the meaning ascribed thereto on page 14 of the Circular.

"**Holder**" has the meaning ascribed thereto on page 34 of the Circular.

"**Incentive Plans**" has the meaning ascribed thereto on page 44 of this Circular.

"**Intermediaries**" means clearing agencies, securities dealers, banks and trust companies or their nominees.

"**Inventory**" has the meaning ascribed thereto on page 18 of this Circular.

"**Letter of Intent**" has the meaning ascribed thereto on page 16 of this Circular.

"**Losses**" has the meaning ascribed thereto on page 23 of this Circular.

"**LTIP**" has the meaning ascribed thereto on page 41 of this Circular.

"**Meeting"** means the annual and special meeting of the Shareholders.

"**Meeting Materials**" has the meaning ascribed thereto on page 10 of this Circular.

"**Missing Technology**" has the meaning ascribed thereto on page 22 of this Circular.

"**Named Executive Officers**" has the meaning ascribed thereto on page 46 of this Circular.

"**NCPLP**" has the meaning ascribed thereto on page 55 of the Circular.

"**NI 52-110**" has the meaning ascribed thereto on page 51 of this Circular.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

"**Non-Resident Holder**" has the meaning ascribed thereto on page 38 of the Circular.

"**Notice**" means the Notice of Annual and Special Meeting of Shareholders.

"**Notice of Dissent**" has the meaning ascribed thereto on page 29 of this Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Offer to Pay**" has the meaning ascribed thereto on page 29 of this Circular.

"**Order**" has the meaning ascribed thereto on page 59 of this Circular.

"**Outside Date**" has the meaning ascribed thereto on page 23 of this Circular.

"**Parties**" means the Corporation and the Purchaser, collectively, or individually, a "**Party**".

"**Pre-Funded Warrants**" means the pre-funded warrants issued by the Corporation on May 10, 2024 and June 13, 2024.

"**PUC**" has the meaning ascribed thereto on page 35 of the Circular.

"**Purchase Agreement**" means the asset purchase agreement entered into among the Parties dated March 7, 2025, a copy of which is available under the Corporation's profile on www.sedarplus.com.

"**Purchase Price**" has the meaning ascribed thereto on page 19 of this Circular.

"**Purchased Assets**" means all of the Corporation's and each of the Subsidiaries' right, title, and interest in, to, and under all of the tangible and intangible assets, properties, and rights of every kind and nature and wherever located (other than the Excluded Assets, as such term is defined in the Purchase Agreement), which relate to, or are used or held for use in connection with, the Business.

"**Purchaser**" means Parade Technologies, Ltd., an exempted company incorporated under the laws of the Cayman Islands with limited liability.

"**Purchaser Bridge Loans**" has the meaning ascribed thereto on page 19 of this Circular.

"**Purchaser Indemnitees**" has the meaning ascribed thereto on page 23 of this Circular.

"**Record Date**" means March 14, 2025, the date used for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting.

"**Resident Holder**" has the meaning ascribed thereto on page 35 of the Circular.

"**Restricted Business**" has the meaning ascribed thereto on page 22 of this Circular.

"**Restricted Period**" has the meaning ascribed thereto on page 22 of this Circular.

"**Return of Capital**" has the meaning ascribed thereto on page 35 of the Circular.

"**RFMLP**" has the meaning ascribed thereto on page 55 of the Circular.

"**RSU Plan**" has the meaning ascribed thereto on page 44 of this Circular.

"**RSUs**" has the meaning ascribed thereto on page 41 of this Circular.

"**Sale Transaction**" means the sale of the Purchased Assets and the transactions contemplated by the Purchase Agreement.

"**Sale Transaction Resolution**" means the resolution set forth in Schedule "A" hereto.

"**Security Agreement**" has the meaning ascribed thereto on page 20 of this Circular.

"**Severance Payment**" has the meaning ascribed thereto on page 42 of this Circular.

"**Shareholder Approval**" has the meaning ascribed thereto on page 20 of this Circular.

"**Shareholders**" means the registered and beneficial, as applicable, shareholders of the Corporation.

"**Special Cash Distribution**" has the meaning ascribed thereto on page 31 of this Circular.

"**Special Distribution**" has the meaning ascribed thereto on page 31 of this Circular.

"**Spectra7 US**" has the meaning ascribed thereto on page 41 of this Circular.

"**Stock Option Plan**" has the meaning ascribed thereto on page 44 of this Circular.

"**Strategic Review**" has the meaning ascribed thereto on page 16 of this Circular.

"**Subsidiaries**" means the following three direct and indirect wholly-owned subsidiaries which own Purchased Assets: (i) Spectra7 Microsystems Corp., a corporation incorporated under the laws of the Province of Ontario, Canada which is wholly-owned by the Corporation; (ii) Spectra7 Microsystems (Ireland) Limited, a corporation incorporated under the laws of Ireland, which is wholly-owned by the Corporation; and (iii) Spectra7 Microsystems Ltd. a corporation incorporated under the laws of the Delaware, which is wholly-owned by Spectra7 Microsystems Corp.

"**Tangible Personal Property**" has the meaning ascribed thereto on page 18 of this Circular.

"**Taxable Capital Gain**" has the meaning ascribed thereto on page 36 of the Circular.

"**Tax Act**" has the meaning ascribed thereto on page 34 of this Circular.

"**Tax Proposals**" has the meaning ascribed thereto on page 34 of this Circular.

"**Transfer Agent"** means Computershare Trust Company of Canada.

"**Transferred IP**" has the meaning ascribed thereto on page 18 of this Circular.

"**TSXV**" means the TSX Venture Exchange.

"**Units**" has the meaning ascribed thereto on page 54 of the Circular.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the Corporation's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, budgets, projected costs, capital expenditures, financial results and taxes involving the Corporation. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward looking statements in this Circular include, but are not limited to, statements regarding: (i) the proposed Sale Transaction and completion thereof; (ii) the net cash proceeds from the proposed Sale Transaction; (iii) the net cash proceeds from such sale expected to be distributed to Shareholders and holders of Pre-Funded Warrants pursuant to the Special Distribution and the payment of the CVR Payment Amount; (iv) the timing and quantum, if any, of the Escrow Amount released pursuant to the terms of the Escrow Agreement; and (v) future plans for the Corporation, including the timing of the ultimate delisting of the Common Shares from the TSXV. See also *"Approval of Sale Transaction and Special Cash Distribution and CVR Payment Amount"* and *"Use of Proceeds and Estimated Special Cash Distribution and CVR Payment Amount".*

Although the forward-looking statements contained in this Circular are based upon certain assumptions that management of the Corporation believes are reasonable, and based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the Corporation's control. Such risks and uncertainties include but are not limited to: the risk that the Sale Transaction may not be completed on a timely basis, or at all; risks that the conditions to the consummation of the Sale Transaction may not be satisfied; the risk that the Sale Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to the completion of the Sale Transaction, the Corporation's business may experience significant disruptions, including loss of customers or employees, due to transaction-related uncertainty or other factors; the possible occurrence of an event, change or other circumstance that could result in termination of the Sale Transaction; risks that the Sale Transaction may have a negative impact on the market price and liquidity of the Common Shares; risks related to the diversion of management's attention from the Corporation's ongoing business operations; risks relating to the failure to obtain necessary Shareholder and TSXV approvals for the Sale Transaction; risks related to the Corporation's strategy going forward; foreign exchange risk; and other risks inherent to completing a cross-border transaction of this nature. Further, failure to obtain the requisite approvals or the failure of the parties to otherwise satisfy the conditions to or complete the Sale Transaction, may result in the Sale Transaction not being completed on the proposed terms, or at all. In addition, if the Sale Transaction is not completed, and the Corporation's business continues in its current form, the announcement of the Sale Transaction and the dedication of substantial resources of the Corporation to the completion of the Sale Transaction could have a material adverse impact on the Corporation's Common Share price, its current business relationships (including with future and prospective employees, customers and partners) and on the current and future operations, financial condition and prospects of the Corporation. When relying on forward-looking statements to make decisions, Shareholders and others should carefully consider the foregoing factors and other uncertainties and potential events. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements made in this Circular relate only to events or information as of the date on which the statements are made. Except as required by applicable law, the Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

CURRENCY PRESENTATION

For the purposes of this Circular, the conversion of all amounts from United States to Canadian dollars and, in particular, the Purchase Price is based on an exchange rate of US$1.00:$1.4371, being the daily exchange rate quoted by the Bank of Canada as at March 7, 2025, being the date of the Purchase Agreement. Such exchange rate is being used for illustrative purposes only. It is currently anticipated that the Special Cash Distribution and the CVR Payment Amount shall be made in United States dollars.

All amounts in this Circular are expressed in Canadian dollars unless otherwise noted.

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting to be held virtually at the time and for the purposes set forth in the attached Notice. The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

Except as noted below, the Corporation has distributed or made available for distribution copies of the Notice, Circular and a form of proxy or voting instruction form (if applicable) (the "**Meeting Materials**") to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the "**Intermediaries**" and each, an "**Intermediary**") for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending the Meeting Materials directly to non-objecting Beneficial Shareholders, through the services of the Transfer Agent. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy (the "Appointee").** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Transfer Agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than 10:00 a.m. (Toronto time) on Tuesday, April 15, 2025.

Shareholders, including Beneficial Shareholders, who wish to appoint an Appointee to represent them at the Meeting must submit their proxy or voting instruction form (as applicable) prior to registering their Appointee. Registering the Appointee is an additional step once the Shareholder has submitted their proxy or voting instruction form. Failure to register an Appointee will result in the Appointee not receiving an invite code that would allow them to participate in the online Meeting. To register an Appointee, Shareholders MUST visit http://www.computershare.com/Spectra7 and provide the Transfer Agent with their Appointee's contact information by 10:00 a.m. (Toronto time) on Tuesday, April 15, 2025, so that the Transfer Agent may provide the Appointee with an invite code via e-mail. In order to participate online, shareholders must have a valid 15-digit control number and Appointees must have received an e-mail from the Transfer Agent. See "Instructions for Attending the Meeting Online" below for further instructions.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

(a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing at the registered office, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, at any time up to and including 10:00 a.m. (Toronto time) on Tuesday, April 15, 2025; or

(b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof**. At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies**.

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names has been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for

or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. Beneficial Shareholders who have not appointed themselves may attend (but not participate in) the Meeting by clicking "I am a guest" and completing the online form. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies**.

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The Meeting Materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

INSTRUCTIONS FOR ATTENDING THE MEETING ONLINE

The Meeting will be held virtually and Shareholders who choose to attend the Meeting will do so by accessing a live audio webcast of the Meeting via the internet. Shareholders and Appointees can access the Meeting by visiting https://meetnow.global/MFSRMDN. Registered Shareholders and Appointees can participate in the Meeting by clicking "Shareholder" or "Invitation" and entering a control number or invite code before the start of the Meeting. At this website, Shareholders will be able to listen to the Meeting live, submit questions and submit their vote while the Meeting is being held. The Corporation believes hosting

the Meeting virtually will enable increased Shareholder attendance from different geographic locations and will encourage more active Shareholder engagement and participation at the Meeting.

Registered Shareholders: The 15-digit control number is located on the form of proxy or in the e-mail notification you received.

Appointees: The Transfer Agent will provide the Appointee with an invite code after the voting deadline has passed.

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences.

Only registered Shareholders and duly appointed proxyholders (including Appointees) will be able to vote and ask questions at the Meeting. Beneficial Shareholders who have not appointed themselves may attend (but not participate in) the Meeting by clicking "Guest" and completing the online form.

Beneficial Shareholders wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited their duly completed voting instruction form in accordance with the directions provided on the voting instruction form.

Shareholders, including Beneficial Shareholders, who wish to appoint a third party proxyholder to represent them at the Meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once the Shareholder has submitted their proxy or voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username that would allow them to participate in the online Meeting. To register a proxyholder, shareholders MUST visit http://www.computershare.com/Spectra7 and provide the Transfer Agent with their Appointee's contact information by 10:00 a.m**.** (Toronto time) on Tuesday, April 15, 2025, so that the Transfer Agent may provide the Appointee with a username via e-mail. In order to participate online, Shareholders must have a valid 15-digit control number and proxyholders must have received an e-mail from the Transfer Agent.

United States Beneficial Shareholders: To attend and vote at the Meeting virtually, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to the Transfer Agent. Requests for registration should be directed to:

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
OR
Email at uslegalproxy@computershare.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than 10:00 a.m. (Toronto time) on Tuesday, April 15, 2025. You will receive a confirmation of your registration by email after the Transfer Agent receives your registration materials. You may attend the Meeting and vote your Common Shares at https://meetnow.global/MFSRMDN during the meeting. Please note that you are required to register your appointment at http://www.computershare.com/Spectra7.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Friday, March 14, 2025 as the Record Date for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 154,969,634 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding.

In accordance with the provisions of the OBCA, the Corporation will prepare a list of the holders of Common Shares on the Record Date. Each holder of Common Shares named on the list will be entitled to vote the Common Shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, no person beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares, except as shown in the table below.

Security Holder	**Number of Common Shares owned or controlled**	**Percentage of Issued and Outstanding Common Shares**
Pathfinder Asset Management Limited	24,057,743[(1)]	15.52% [(2)]

Notes:

(1) Based on an alternative monthly early warning report filed by Pathfinder Asset Management Limited on June 7, 2024, pursuant to section 2.5 of National Instrument 62-103. Based the alternative monthly early warning report filed by Pathfinder Asset Management Limited on June 7, 2024, Pathfinder Asset Management Limited also held warrants to purchase up to 21,207,345 Common Shares.

(2) Based on the issued and outstanding number of Common Shares as at the date of this Circular without taking into consideration the exercise of any outstanding Pre-Funded Warrants or any other securities convertible or exercisable into Common Shares.

SALES TRANSACTION AND RELATED MATTERS

Overview of the Corporation and the Business

The Corporation delivers high performance analog semiconductors at unmatched bandwidth, speed and resolution to enable disruptive industrial design for leading electronics targeting large, high growth markets in data centers, virtual reality, augmented reality, and other connectivity markets.

The Corporation was incorporated on October 12, 2010 as a capital pool company named "Chrysalis Capital VIII Corporation" ("**Chrysalis**") pursuant to the filing of articles of incorporation under the *Canada Business Corporations Act*. The articles of incorporation of the Corporation were amended by the filing of articles of amendment dated April 19, 2011 to remove certain provisions. On February 5, 2013, the Corporation changed its name to "Spectra7 Microsystems Inc.".

On February 5, 2013, the Chrysalis completed a reverse takeover transaction whereby Chrysalis acquired all of the issued and outstanding shares of Spectra7 Microsystems Corp. (formerly Fresco Microchip Inc.) ("**Fresco**"), a company incorporated in Ontario, and Spectra7 Microsystems (Ireland) Limited (formerly RedMere Technology Limited), a company incorporated in Ireland. As a result of such transaction, which constituted the Corporation's qualifying transaction under the policies of the TSXV, the former shareholders of Fresco acquired control of the Corporation. From February 19, 2013 until July 22, 2015,

the Common Shares of the Corporation were listed for trading on the TSXV under the symbol "SEV". From July 23, 2015 to May 21, 2020, the Common Shares were listed for trading on the Toronto Stock Exchange under the symbol "SEV". As of May 22, 2020, the Common Shares were again listed for trading on the TSXV under the symbol "SEV". On June 21, 2021, the Common Shares commenced trading on the OTCQB Venture Market under the symbol "SPVNF".

On July 16, 2021, the Corporation continued its corporate existence from the *Canada Business Corporations Act* to the OBCA. On August 13, 2021, the Corporation consolidated its Common Shares on the basis of 50 existing Common Shares for one new Common Share.

The registered office of the Corporation is located at 181 Bay Street, Suite 1800, Toronto, Ontario Canada, M5J 2T9 and its head office is in San Jose, California. The Corporation also has a design center in Cork, Ireland and a sales office in Dongguan, China. The Corporation is currently a reporting issuer in each of the provinces of Canada, excluding Québec.

Background to Sale Transaction

Management of the Corporation and the Board regularly consider, monitor and investigate opportunities to enhance Shareholder value. From time to time, these opportunities have included the consideration of potential strategic transactions with various industry participants, including strategic partnerships, investments and other commercial relationships. Management of the Corporation and the Board review and consider such potential transactions as they arise in order to determine whether pursuing them would be in the best interests of the Corporation and Shareholders. Management of the Corporation and the Board also regularly review and consider market conditions, including factors that affect the business and operations of the Corporation and potential strategic opportunities.

Accordingly, the Corporation's management and Board have considered various strategic options from time to time in recent years to maximize Shareholder value, including maintaining the status quo, securing debt and/or equity investments and pursuing potential divestitures or business combinations. Based on various factors including the Corporation's liquidity issues and the lack of available financing opportunities, the Board and management of the Corporation determined that the best path forward for the Corporation would be to pursue the disposition of the Corporation's business pursuant to the terms of the Purchase Agreement.

The Purchase Agreement is the result of arm's length negotiations between the Corporation's management and their legal and financial advisors, on the one hand, and the Purchaser, and its legal advisors, on the other hand. The following is a summary of the material meetings, negotiations, discussions, and actions between the parties that preceded, as well as the context that led to, the execution and public announcement of the Purchase Agreement.

In September 2022, the Corporation initially retained Craig-Hallum Capital Group LLC ("**Craig-Hallum**") as financial advisor to pursue various strategic options. In May 2024 and June 2024, the Corporation completed an equity financing of approximately $12.6 million for which Craig-Hallum acted as the sole placement agent for purchasers in the United States. The engagement of Craig-Hallum by the Corporation continued after the completion of this financing.

In May 2024, a representative of Craig-Hallum contacted the Purchaser regarding a potential sale of the Corporation. The discussions at that time did not result in an acquisition offer by the Purchaser.

In November 2024, the financial situation of the Corporation deteriorated and the Corporation announced in its financial results for the three and nine months ended September 30, 2024 a net loss for that nine month period of US$14.0 million, and that revenue had for the three and nine months ended September 30, 2024

decreased by 95% and 81%, respectively, compared to the same period in the prior year. The lower revenue and subsequently increased net loss was a result of lower demand for the Corporation's data center and AR/VR products. This was following the announcement of negative financial results in the first and second quarters of 2024, as well as throughout 2023. In December 2024, the Corporation executed a reduction in workforce to reduce its operating costs.

In December 2024, the Corporation also engaged The Benchmark Company LLC (together with Craig-Hallum, the "**Financial Advisors**") to act as strategic financial advisor to the Corporation along with Craig-Hallum and assist the Corporation's management and Board to continue to review strategic alternatives for the Corporation. A data room was opened and maintained by management of the Corporation for review by potential counterparties and extensive marketing of the Corporation and its assets was conducted which resulted in proposals being received from various parties (the "**Strategic Review**"). During the Strategic Review, over 50 parties were contacted regarding a potential transaction.

Upon further discussion between management and the Board, the Corporation made the decision to accelerate the Strategic Review including the pursuit of financing in order to bolster the Corporation's financial position. Between December 2024 and January 2025, management of the Corporation, with the assistance of the Financial Advisors, engaged with several counterparties with respect to a potential sale of the Corporation's assets or an acquisition of all of the issued and outstanding Common Shares and other securities of the Corporation. None of the discussions or engagements resulted in a transaction structure or purchase price that was satisfactory to management of the Corporation or the Board. Management and the Board also concurrently pursued several potential equity and debt financing options but were unable to find such financing on satisfactory terms.

In January 2025, a representative of Craig-Hallum again contacted the Purchaser. On January 27, 2025, members of management of the Corporation, the Purchaser and a representative of Craig-Hallum met and discussed a potential transaction and later that day executed a mutual non-disclosure agreement. Subsequent to execution of the non-disclosure agreement, numerous in-person and virtual meetings between the parties were held.

After approximately three weeks of negotiations, on February 7, 2025, the Board held a meeting at which management of the Corporation provided the Board with an overview of the key terms of the proposed sale of the Corporation's business to the Purchaser. Management also summarized various other potential transactions it was reviewing and/or negotiating and the details, merits and likelihood of success of each transaction. The Board also discussed the Corporation's cash position, and the period in which it could continue to carry on business without the completion of a financing.

The Board met again on February 9, 2025 and approved the execution of a non-binding letter of intent with the Purchaser confirming the key terms of the Sale Transaction, including the contemplated sale of the Corporation's business by way of a sale of the assets of the Corporation and its Subsidiaries.

The Purchaser and the Corporation entered into the non-binding letter of intent on February 10, 2025 (the "**Letter of Intent**") setting out the key terms pursuant to which the Parties would endeavour to complete the Sale Transaction. The Letter of Intent provided the Purchaser and its advisors with an initial 11 day exclusivity period to conduct diligence on the Corporation's business and negotiate the terms of the Purchase Agreement with the Corporation and the parties' respective advisors. Such exclusivity period was subsequently extended on two additional occasions, on February 21, 2025 and February 28, 2025. The Corporation agreed to the exclusivity period as the potential purchase price under, and likelihood of completing the transaction pursuant to, the Letter of Intent were superior to any of the other transactions being discussed with other third parties. During the period between the execution of the Letter of Intent and the execution of the Purchase Agreement, the Corporation continued to engage with third parties for a

potential equity and/or debt financing as allowed under the terms of the Letter of Intent, but was still unable to obtain such financing.

Management of the Corporation met and engaged in calls with the Purchaser and their respective advisors on numerous occasions during the period from February 11, 2025 to March 6, 2025 to negotiate certain elements of the Purchase Agreement and to address various diligence questions posed by the Purchaser. The Purchaser and the Corporation negotiated the terms of the Purchase Agreement and the Purchaser Bridge Loans between February 21, 2025 and March 6, 2025.

Management of the Corporation and representatives of Craig-Hallum provided the Board with frequent updates regarding the status of such negotiations and contemplated timeline of the Sale Transaction steps at formal meetings held on each of February 21, 2025 and February 26, 2015, and informally over the course of such time period. At certain of those meetings, representatives of the Corporation's management and the Financial Advisors were in attendance to present to the Board. The members of the Board also had informal calls, correspondence and discussions pertaining to the Sale Transaction throughout this period and up to and including March 6, 2025. The Board considered the Sale Transaction in the context of its current financial position, the prior Strategic Review and alternatives available to the Corporation, the consideration expected to be received by the Corporation upon completion of the Sale Transaction and the expected distributions to be received by Shareholders.

Throughout the period from the execution of the Letter of Intent until the date of the execution of the Purchase Agreement, various members of management of the Corporation and representatives of Craig-Hallum had extensive discussions and meetings with representatives of the Purchaser to further the Sale Transaction and members of management had extensive discussions and meetings with legal and financial advisors to determine the structure of the Sale Transaction and the optimization of the available Special Cash Distribution and CVR Payment Amount. Throughout this period, management updated, consulted with, presented to and sought input from the Board and the Corporation's legal counsel on the Sale Transaction, the Purchase Agreement and the related transaction documents.

On March 4, 2025, the Board held a formal meeting which included members of the Corporation's management and the Corporation's legal advisors. The Board received a presentation from management on the anticipated Purchase Price and expected quantum and timing of any distributions of same to the Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants, by way of special distribution or otherwise. The Corporation's legal counsel updated the Board on the Purchase Agreement's key provisions and the relevant related documents and the remaining open issues. In its review of the Sale Transaction and the proposed distributions, the Board considered a number of factors, including: (i) the background to the transaction discussed above, (ii) the financial situation of the Corporation, (iii) the due diligence undertaken to validate the structure of the Sale Transaction and (iv) the other factors set out below under "*Reasons for the Recommendation*". At the end of this Board meeting, the Board resolved to approve the Sale Transaction, the execution and delivery of the Purchase Agreement and the ancillary agreements relating thereto, and to distribute the net proceeds of the Purchase Price to the Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants, either by way of special distributions and/or the issuance of contingent value rights, and resolved to approve the other matters set out in this Circular, and authorized any one director or officer of the Corporation to make any necessary amendments.

On March 7, 2025, the Parties executed the Purchase Agreement and the Corporation announced the Sale Transaction shortly afterwards.

About the Purchaser

The Purchaser is an exempted company incorporated under the laws of the Cayman Islands with limited liability and a leading supplier of mixed-signal ICs for a variety of popular display and high-speed interface standards used in computers, consumer electronics and display panels. The fabless semiconductor company was founded in 2005 and publicly listed on Taipei Exchange in 2011 (stock code: 4966). The Purchaser's portfolio of IC products serves the growing demand for HDMI™, DisplayPort™, SATA, and USB ICs for display, storage and interface applications. In addition to being a technology innovator, the Purchaser is an active participant and leader in industry standards-setting organizations.

Parade Technologies, Inc., a wholly owned US-based subsidiary of the Purchaser, is a member of VESA (Video Electronics Standard Association). Parade Technologies, Inc. has made key contributions to the development of VESA's DisplayPort™ digital video interface standard.

The Purchaser leverages its close relationships with market leading Tier-1 OEMs to develop ICs that provide unique system capabilities. Many of the Purchaser's devices integrate proprietary technologies that offer superior system signal integrity, advanced system integration and enhanced power efficiency. As a result of the company's "standards-plus" design philosophy, the Purchaser's ICs have been designed into products offered by nearly every leading computer and display vendor worldwide.

The Purchase Agreement

The Purchase Agreement is the result of extensive arm's length negotiations between representatives of the Corporation and the Purchaser, as well as their respective advisors. The below contains a summary of certain provisions of the Purchase Agreement, which summary is qualified in its entirety by the full text of the Purchase Agreement, a copy of which is attached available on SEDAR+ at www.sedarplus.com. Capitalized terms not otherwise defined herein shall have those meanings as defined in the Purchase Agreement.

Purchase and Sale

The Purchase Agreement is for the purchase and sale of all of the Corporation's and each of the Subsidiaries' right, title, and interest in, to, and under all of the tangible and intangible assets, properties, and rights of every kind and nature and wherever located (other than the Excluded Assets, as such term is defined in the Purchase Agreement), which relate to, or are used or held for use in connection with, the Business (collectively, the "**Purchased Assets**"), including the following: (a) all cash and cash equivalents; (b) all accounts receivable ("**Accounts Receivable**"); (c) all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts, and other inventories ("**Inventory**"); (d) all Contracts (the "**Assigned Contracts**"); (e) all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones, and other tangible personal property (including leased items), including IT systems and any programs or files residing or stored on or in such systems, as well as web sites, domain names or other infrastructure elements (the "**Tangible Personal Property**"); (f) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees; (g) all rights under warranties, indemnities, and all similar rights against third parties to the extent related to any Purchased Assets; (h) all insurance benefits, including rights and proceeds, arising from or relating to the Business, the Purchased Assets, or the Assumed Liabilities; (i) all books and records of the Corporation; (j) all right, title, and interest in and to any Intellectual Property owned by the Corporation or any Corporation Subsidiary and related to the Business (the "**Transferred IP**"); and (k) all goodwill and the going concern value of the Purchased Assets and the Business. Certain assets of the Corporation and the Subsidiaries have been excluded by the Purchaser from the Sale Transaction.

The Purchaser also assumes and agrees to pay, perform, and discharge only the following Liabilities of the Corporation and the Subsidiaries (collectively, the "**Assumed Liabilities**"), and no other Liabilities: (a) all Liabilities in respect of the Assigned Contracts but only to the extent that such Liabilities thereunder are required to be performed after the Closing Date, were incurred in the ordinary course of business, and do not relate to any failure to perform, improper performance, warranty, or other breach, default, or violation by the Corporation or the applicable Corporation Subsidiary on or prior to the Closing; and (b) certain other specified liabilities. The Purchaser is not assuming and shall not be responsible to pay, perform, or discharge any Liabilities of the Corporation or the Subsidiaries of any kind or nature whatsoever other than the Assumed Liabilities (the "**Excluded Liabilities**"). Excluded Liabilities include, but are not limited to: (i) all liabilities or obligations in respect of any Excluded Assets, (ii) all liabilities of the Corporation, each Corporation Subsidiary and their respective directors, officers, employees, and Affiliates and (iii) except as provided above with respect to Assumed Liabilities, all liabilities and obligations relating to pre-Closing periods, including, but not limited to, undisclosed liabilities, contingent liabilities, warranty and product or service liability claims for products sold or services rendered or items provided prior to the Closing (whether or not billed as of the date of the Closing), Tax liabilities and obligations, asserted or unasserted claims of third parties, governmental fines or penalties, environmental matters, and ERISA and employee matters. All such Excluded Liabilities will remain the responsibility of, and will be satisfied by, the Corporation or the applicable Corporation Subsidiary.

Purchase Price

The aggregate purchase price for the Purchased Assets is equal to (i) the sum of US$9,000,000 (the "**Purchase Price**"), *less* (ii) any payments made in connection with the Purchaser Bridge Loans (together with interest thereon); *plus* (iii) the Purchaser's assumption of the Assumed Liabilities.

On the Closing Date, the Purchaser shall pay the amount (the "**Closing Payment**") equal to the Purchase Price less the sum of the Escrow Amount; and the outstanding Purchaser Bridge Loans owing on the Closing Date (including interest thereon), as directed by the Corporation.

Escrow Amount

An amount equal to US$1,800,000 (the "**Escrow Amount**") shall be transferred by the Purchaser on the Closing Date to the Escrow Agent, and held in an interest-bearing account pursuant to the terms of the Escrow Agreement, with fees to be paid by the Corporation. The Escrow Amount is to be held for possible claims against the Corporation under the indemnification provisions of the Purchase Agreement.

Upon the first anniversary of the Closing Date (the "**Escrow Release Date**"), and provided that all creditors of the Corporation have first been paid in full and confirmation of such full satisfaction has been delivered to the Purchaser, the parties shall instruct the Escrow Agent in accordance with the terms of the Escrow Agreement to release to the Corporation the Escrow Amount, *plus* all interest accrued thereon, *less* any pending and unresolved indemnification claims outstanding on the Escrow Release Date that have been asserted by an Indemnified Party on or prior to the Escrow Release Date and remain pending on such date (as to which any excess retained amounts shall be so paid to the Corporation promptly following resolution of such pending and resolved indemnification claims).

The Purchaser Bridge Financing

Concurrently with the execution of the Purchase Agreement by the parties, the Purchaser advanced a loan to the Corporation in the amount of US$450,000, and agreed to provide an additional loan in the amount of US$300,000 on March 21, 2025, in order for the Corporation to maintain its operations and carry on the Business until Closing (collectively, the "**Purchaser Bridge Loans**"). The Purchaser Bridge Loans are

governed by a loan agreement dated March 7, 2025 between the Corporation and the Purchaser and (i) bear interest at the prevailing prime rate; (ii) are secured against certain of the assets of the Corporation and the Subsidiaries pursuant to a general security agreement dated March 7, 2025 (the "**Security Agreement**"); and (iii) will be credited (including interest) at Closing against the Purchase Price. In the event that the Sale Transaction is not completed or the Purchase Agreement is terminated, such loan shall be immediately repayable by the Corporation or, at the Purchaser's election, shall automatically entitle the Purchaser to the assets secured pursuant to the Security Agreement as per its terms, in which case the Corporation shall take all actions necessary to immediately effectuate the transfer of such assets, and the Purchaser shall be authorized to file the assignment and assumption agreements with appropriate authorities.

Withholding Tax

The Purchaser and the Corporation have not identified any withholding Taxes that the Purchaser is required to withhold from the Purchase Price. In the event it is later determined any Taxes should have been withheld by the Purchaser from the Purchase Price, the Corporation and Subsidiaries shall indemnify the Purchaser for all such Taxes.

Third Party Consents

To the extent that the Corporation's rights under any Purchased Asset may not be assigned to the Purchaser without the consent of another Person which has not been obtained, the Purchase Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and the Corporation, at its expense, shall use its best commercially reasonable efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair the Purchaser's rights under the Purchased Asset in question so that the Purchaser would not in effect acquire the benefit of all such rights, the Corporation, to the maximum extent permitted by Law and the Purchased Asset, shall act after the Closing as the Purchaser's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Purchased Asset, with the Purchaser in any other reasonable arrangement designed to provide such benefits to the Purchaser.

Closing

The Purchase Agreement provides that Closing shall take place at 12:00 (noon) Pacific time on the second Business Day after the date on which the last of the conditions to Closing set out below is satisfied or so waived.

Pre-Closing Covenants

Prior to Closing, the Corporation covenants and agrees as follows: (a) the Business will be operated in the ordinary course and no Material Adverse Change (as defined below) will have occurred; (b) the Purchased Assets will be preserved in full and will not be materially diminished in value, impaired, encumbered, or sold or otherwise transferred to any party other than the Purchaser; (c) there will be no distributions or other payments to or transactions with the shareholders of the Corporation or other Affiliates; (d) except with respect to the Purchaser Bridge Loans, the Corporation will not incur any material debt or create any encumbrances to the Purchased Assets or the Business without the advance written consent of the Purchaser; (e) the Corporation shall use its best commercially reasonable efforts to (i) obtain approval of its Shareholders as required by applicable Law and the policies of the TSXV (the "**Shareholder Approval**"); and (ii) obtain the conditional approval of the TSXV for the Sale Transaction (the "**Exchange Approval**"); (f) the Corporation shall file a request to record, and provide evidence of the filing of such request, of assignments, name changes and/or similar official submissions in all relevant Patent Offices to

establish that the Corporation and/or Subsidiaries as appropriate are owners of all patents or patent applications that are currently recorded or otherwise officially identified as owned by the Corporation or Corporation Subsidiary predecessor (e.g., Redmere Technologies and Fresco Microsystems); (g) the Corporation shall use its best commercially reasonable efforts to close the Sale Transaction and will grant the Purchaser full reasonable access to information and facilities during normal business hours, as well as all reasonable cooperation with respect to efforts necessary and appropriate to consummate the Sale Transaction, including but not limited to execution of such ancillary agreements as the Purchaser may reasonably require and seeking/securing all necessary consents and approvals required to effectuate the Sale Transaction; (h) the Corporation shall notify all parties with which it conducts material business that the assets of the Corporation are being transferred to the Purchaser and shall use its best commercially reasonable efforts to obtain acknowledgements from such parties that they are willing to continue to do business with the Purchaser on terms no less favorable to the Purchaser than are currently involved in the Business; and (i) in the period prior to the Closing, any Corporation expense of more than US$100,000 will require advance written consent from the Purchaser.

Closing Conditions

The Purchaser's obligation to close the Sale Transaction is contingent on the following (all of which must be met or expressly waived by the Purchaser as of the Closing Date): (a) all of the Corporation's representations and warranties in the Purchase Agreement will be complete, true, and accurate in all material respects as of the Closing Date; (b) the Corporation will comply with or have complied with all Transaction Documents in all material respects; (c) any/all necessary regulatory approvals and/or material third party consents will have been obtained (including the Shareholder Approval, the Exchange Approval, and the material customer consents); (d) there will be no pending or threatened legal actions, orders or other proceedings that might prohibit or impede the Sale Transaction, nor any statute, rule or regulation that prohibits consummation of such transactions; (e) no Material Adverse Change will have occurred with respect to the Purchased Assets or the Business; "Material Adverse Change" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, materially adverse to: (i) the business, results of operations, condition (financial or otherwise) or assets of the Corporation; or (ii) the ability of the Corporation to consummate the Sale Transaction on a timely basis; (f) the Corporation employees designated as "key" by the Purchaser will have executed employment contracts with the Purchaser or its Affiliates; (g) at least 75% of additional employees to whom the Purchaser or its Affiliates has extended employment or contracting offers will have accepted such offers in writing; and (h) other than the Purchaser Bridge Loans, the Corporation will not have any outstanding debt or amounts pending due to any other party.

The Corporation's obligation to close the Sale Transaction is contingent on the following (all of which must be met or expressly waived by the Corporation as of the Closing Date): (a) the Purchaser shall have delivered: (i) to the Corporation, the Closing Payment; and (ii) to the Escrow Agent, the Escrow Amount, on the Closing Date; (b) all of the Purchaser's representations and warranties in the Purchase Agreement will be complete, true, and accurate in all material respects as of the Closing Date; (c) the Purchaser will comply with or have complied with all Transaction Documents in all material respects; and (d) there will be no pending or threatened legal actions, orders or other proceedings that might prohibit or impede the transactions contemplated by the Sale Transaction, nor any statute, rule or regulation that prohibits consummation of the Sale Transaction.

Post-Closing Covenants

The Corporation covenants and agrees to do the following after the Closing Date: (a) ensure payment in full of any monetary obligations outstanding as of the Closing and delivery to the Purchaser of confirmation of such payment in full, within 20 days of the Closing Date; (b) provide for the Purchaser to retain and have

access to all relevant books and records; (c) resolve any and all matters (including monetary liabilities) outstanding at the Closing Date related to employment of its personnel in compliance with applicable law and with no remaining obligations or liabilities outstanding within 60 days of the Closing Date; (d) resolve any issues related to taxes or to the replacement of any bonds or guarantees, with no remaining obligations or liabilities outstanding, within 30 days of the Closing Date; (e) continue to respect confidentiality/nondisclosure obligations applicable to the Corporation in respect of all confidential information related to the Purchased Assets; (f) upon the reasonable request of the Purchaser, prepare, execute and deliver such other and further agreements, instruments, certificates and other documents, and take, do and perform such other and further actions, as may be reasonably necessary or appropriate in order to effectuate the Sale Transaction; (g) provide that in the event that, within the 12 month period following the Closing Date, the Purchaser identifies any Corporation proprietary firmware, semiconductor chip designs, software, software tools, or other items (including any capital equipment or tools) that were actually used in the Business as of the Closing Date but not included in the Purchased Assets ("**Missing Technology**"), the Purchaser may, within the 12 month period, notify the Corporation of such Missing Technology, and if the Corporation confirms that such Missing Technology was in fact actually used in the Business as of the Closing Date, the Parties will execute such documentation as is appropriate to convey such Missing Technology to the Purchaser as part of the Purchased Assets. In addition, to the extent that the Purchaser does not have a copy of such Missing Technology, then the Purchaser may request that the Corporation provide a copy and the Corporation will do so; and (h) file any Tax Returns for periods including pre-Closing obligations and/or Closing items in compliance with applicable Law and in a manner consistent with the Corporation's prior such filings.

Representations and Warranties

The Purchase Agreement contains customary representations and warranties of the Corporation, including relating to: organization and authority of the Corporation; no conflicts or consents with respect to the Sale Transaction; financial statements of the Corporation; undisclosed liabilities; absence of certain changes, events and conditions; Assigned Contracts; title to Purchased Assets; condition and sufficiency of Purchased Assets; inventory; Accounts Receivable; material customers and suppliers; legal proceedings and government orders; compliance with Laws; Taxes; related party transactions; brokers; CFIUS; sufficiency of Purchased Assets; Intellectual Property assurances; and full disclosure.

The Purchase Agreement contains customary representations and warranties of the Purchaser, including relating to: organization and authority of the Purchaser; no conflicts or consents with respect to the Sale Transaction; sufficiency of funds; legal proceedings; bankruptcy; residency of the Purchaser and transfer Taxes.

Non-Competition and Non-Solicitation

The Corporation has provided a covenant that for a period of two years commencing on the Closing Date (the "**Restricted Period**"), the Corporation shall not, and shall not permit any of its Affiliates to, directly or indirectly, (a) engage in or assist others in engaging in business substantially similar to the Business (the "**Restricted Business**"); (b) have an interest in any Person that engages directly or indirectly in the Restricted Business in any capacity, including as a partner, shareholder, director, member, manager, employee, principal, agent, trustee, or consultant; or (c) cause, induce, or encourage any material actual or prospective client, customer, supplier, or licensor of the Business (including any existing or former client or customer of the Corporation and any Person that becomes a client or customer of the Business after the Closing), or any other Person who has a material business relationship with the Business, to terminate or modify any such actual or prospective relationship. Notwithstanding the foregoing, the Corporation may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if the Corporation is not a controlling Person of, or a member of a group which controls, such

Person and does not, directly or indirectly, own five percent (5%) or more of any class of securities of such Person.

During the Restricted Period, the Corporation shall not, and shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any person who is or was employed in the Business during the Restricted Period, or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided that* nothing in this section shall prevent the Corporation or any of its Affiliates from hiring (a) any employee whose employment has been terminated by the Purchaser; or (b) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

Termination

The Purchase Agreement may be terminated: (a) at any time prior to the Closing Date by mutual written consent of the Corporation and the Purchaser; (b) by either the Corporation or the Purchaser if the Closing does not occur on or before June 30, 2025 (the "**Outside Date**"), except that this right to terminate shall not be available to any party whose failure to fulfil any of its covenants or obligations, or breach of any of its representations and warranties, has been the principal cause of, or resulted in, the failure of the Closing to occur by the Outside Date.

Upon termination of the Purchase Agreement, the Purchaser Bridge Loans will become immediately due and payable, and any and all restrictions on the Purchaser's ability to solicit and/or hire the Corporation employees will cease.

Indemnification

All representations, warranties, covenants, and agreements contained in the Purchase Agreement and all related rights to indemnification survive the Closing

From and after Closing, the Corporation has covenanted to indemnify and defend each of the Purchaser and its Affiliates and their respective Representatives (collectively, the "**Purchaser Indemnitees**") against, and shall hold each of them harmless from and against, any and all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees (collectively, "**Losses**"), incurred or sustained by, or imposed upon, the Purchaser Indemnitees based upon, arising out of, relating to, or with respect to: (a) any fraud, intentional misrepresentation, or deliberate or willful breach by the Corporation of any commitment set forth in the Purchase Agreement; (b) any inaccuracy in or breach of any of the representations or warranties of the Corporation contained in the Purchase Agreement, any other Transaction Document, or any schedule, certificate, or exhibit related thereto, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date; (c) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Corporation pursuant to the Purchase Agreement, any other Transaction Document, or any schedule, certificate, or exhibit related thereto; (d) any Excluded Asset or any Excluded Liability; (e) any Third-Party Claim based upon, resulting from, relating to, or arising out of the business, actions, omissions, operations, properties, assets, or obligations of the Corporation or any of its directors, officers, employees, agents, or Affiliates (other than the Purchased Assets or Assumed Liabilities) conducted, existing, or arising on or prior to the Closing Date; (f) all Tax liabilities of the Corporation or the Subsidiaries that are borne by the Purchaser relating to periods ending on or prior to the Closing, and/or relating to the Closing and/or transactions related thereto; (g) all claims related to any bulk sales or transfer laws; (h) any liabilities relating to Intellectual Property matters, including, but not limited to, infringement by the Corporation of the Intellectual Property rights of others;

(i) any liability arising out of or relating to any employee matters; and (j) all governmental and third-party claims brought relating to environmental matters alleged to have occurred on or prior to the Closing. All claims for indemnification by the Purchaser shall first be satisfied out of the Escrow Amount.

From and after Closing, the Purchaser has covenanted to indemnify and defend each of the Corporation and its Affiliates and their respective Representatives (collectively, the "**Corporation Indemnitees**") against, and shall hold each of them harmless from and against any and all Losses incurred or sustained by, or imposed upon, the Corporation Indemnitees based upon, arising out of, relating to, or with respect to: (a) any inaccuracy in or breach of any of the representations or warranties of the Purchaser contained in the Purchase Agreement, any other Transaction Document, or any schedule, certificate, or exhibit related thereto, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); (b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Purchaser pursuant to the Purchase Agreement; or (c) any Assumed Liability.

The indemnities for breaches of representations and warranties contemplated in the Purchase Agreement will cover all claim notices given on or before the end of the twenty-fourth (24th) full calendar month following the Closing, and such indemnities are subject to a US$200,000 "basket" (i.e., no indemnification will be owed unless and until the aggregate of all claims exceeds US$200,000, at which time all claims are recoverable, including the first US$200,000) and a "cap" equal to the Purchase Price (i.e., indemnification for representation and warranties will not exceed the Purchase Price). However, representations relating to environmental matters shall survive for 10 years, representations relating to taxes and employee matters shall survive until the applicable statute of limitations has expired. Notwithstanding the foregoing, representations relating to authority and ownership will not be subject to any time limitations, and indemnification for any such matters shall not be subject to any "basket" or "cap" limitations.

Each Indemnified Party shall take, and cause their Affiliates to take, all reasonable steps and use all reasonable efforts to mitigate any Loss that is subject to indemnification upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss or needed to mitigate such Loss.

Break Fee

In the event that the Corporation does not complete the Closing by reason of failure to secure the Shareholder Approval, the Purchaser shall be entitled to compensation in the amount of US$2,500,000.

Governing Law

The Purchase Agreement is governed by Delaware law, with disputes resolved in California courts.

CVRs

Pursuant to the Sale Transaction, each Shareholder (other than a Dissenting Shareholder) and holder of Pre-Funded Warrants will receive, for each Common Share or Pre-Funded Warrant held on the Distribution Record Date, one CVR entitling such holder to receive, without any further consideration and without further action on the part of the holder thereof, their pro-rata share in the Escrow Amount (as such amount may be reduced in the event of any indemnity claims under the Purchase Agreement) and any unused proceeds of the Sales Transaction as at the CVR Payment Date in cash. The terms and conditions governing

the CVRs will be set out in the CVR Rights Indenture, which will be filed on the Corporation's profile on www.sedarplus.ca in due course.

All CVRs will rank *pari passu.* CVRs do not represent any equity or ownership interest in the Corporation or any of its affiliates, or in any of their assets, including but not limited to the Purchased Assets. Nothing in the CVR Rights Indenture or in the holding of a CVR itself (whether evidenced by a certificate or otherwise) will confer upon a holder of a CVR any voting, dividend or other rights in respect of the Corporation. The CVRs will not be listed on any stock exchange. All descriptions of the CVRs and the CVR Rights Indenture herein are summaries only and are subject in their entirety to the terms and conditions of the CVR Rights Indenture, once entered into by the Corporation and the CVR Trustee.

Upon the completion of the payment of the CVR Payment Amount in full for each CVR held: (i) the CVRs will terminate and be null, void and of no effect; and (ii) all the certificates evidencing any CVRs shall be cancelled.

CVR Payment Conditional Upon Quantum of Escrow Amount

Payment under the CVRs is conditional upon there being a positive amount of Escrow Amount released on the Escrow Release Date or there being any unused proceeds of the Sales Transaction available on the CVR Payment Date. Under the CVR Rights Indenture, the CVR Payment Amount will be paid in cash shortly after the Escrow Release Date. The CVRs shall entitle each Shareholder (other than a Dissenting Shareholder) and each holder of Pre-Funded Warrants to their pro rata share of the Escrow Amount (as such amount may be reduced in the event of any indemnity claims under the Purchase Agreement) and any unused proceeds of the Sales Transaction on the CVR Payment Date.

On the Escrow Release Date, provided there is any Escrow Amount remaining: (a) the Corporation will, as soon as practicable, advise the CVR Trustee in writing that the Escrow Amount has been released; (b) each CVR Holder shall receive, at no additional cost or expense, the portion of the CVR Payment Amount as will be set out in the CVR Rights Indenture for each CVR held on the applicable CVR Payment Date.

The CVRs only represent the right to receive the CVR Payment Amount, if any. After the CVR Payment Date, if applicable, all CVRs shall be terminated and be of no further force or effect.

Recommendation of the Board

The Board believes that the Sale Transaction, the Special Cash Distribution and the issuance of CVRs are desirable to, and in the best interest of, the Corporation and Shareholders, allowing Shareholders (other than Dissenting Shareholders) to realize a monetary value for their investment which provides a degree of certainty of value and liquidity, and other stakeholders of the Corporation including its employees. The Sale Transaction, upon closing, would monetize all of the assets of the Corporation, with a portion of the Purchase Price available to be distributed to Shareholders and holders of Pre-Funded Warrants of record as at the Distribution Record Date, subject to compliance with the "due bill" trading requirements of the TSXV, as a Special Cash Distribution, after the liabilities and obligations of the Corporation, including professional fees and transaction fees associated with the closing of the Sale Transaction and change of control payments owing to management of the Corporation, and certain other payments, have either been paid or otherwise settled. Detailed information regarding the expected available cash that is expected to be distributed to Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants following the completion of the Sale Transaction is set out below under the heading "*Use of Proceeds and Estimated Special Cash Distribution and CVR Payment Amount.*"

As a result of the foregoing and following consultation with the Corporation's senior management team, as well as its legal and financial advisors, the Board has determined that the Sale Transaction is in the best interest of the Corporation and Shareholders and holders of Pre-Funded Warrants, as it currently represents the best course of action to provide Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants with the maximum available value and liquidity for their Common Shares and Pre-Funded Warrants. The Board determined that a distribution of the available cash of the Corporation to Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants of record as at the Distribution Record Date, subject to compliance with the "due bill" trading requirements of the TSXV, by way of the Special Cash Distribution, and the issuance of the CVRs would be reasonable and in the best interests of Shareholders and holders of Pre-Funded Warrants. See also "*Use of Proceeds and Estimated Special Cash Distribution and CVR Payment Amount.*"

Reasons for the Recommendation

In making their recommendation, the Board reviewed and considered a number of factors relating to the Sale Transaction, including those listed below, with the benefit of advice from the Corporation's management team and financial and legal advisors. The following are the principal reasons for their recommendation:

- ***Certainty of Value and Liquidity.*** The Special Cash Distribution, and potentially the payment of the CVR Payment Amount, will allow Shareholders and holders of Pre-Funded Warrants to realize certain monetary value for their investment and provides a degree of certainty of value and liquidity.

- ***Financial Position of the Corporation.*** The Corporation had been operating at a loss for some time and was facing decreased revenue in the 2024 financial year as a result of lower demand for the Corporation's products. The Corporation had limited options as it had been unable to secure equity or debt financing on suitable terms. The Sale Transaction offers superior consideration and certainty of completion compared to the numerous other transactions explored by the Corporation and the Financial Advisors in the Strategic Review. See "*Background to the Sale Transaction*" for further details.

- ***Employee retention.*** As set out in the Purchase Agreement, the Purchaser has agreed to employ a large percentage of the employees of the Corporation upon the closing of the Sale Transaction.

- ***Consideration of Strategic Alternatives***. The Corporation's management and the Board considered various strategic options from time to time in recent years to maximize value for Shareholders and holders of Pre-Funded Warrants, including maintaining the status quo, potential equity or debt investments, potential business combinations and selling some or all of the Corporation's assets, including undertaking the Strategic Review. See "*Background to Sale Transaction.*" The Board considered the Sale Transaction with reference to these various strategic alternatives, including the Corporation's ability to continue to operate as is considering its precarious financial position. In furtherance of the foregoing, the Board took into consideration the potential rewards, risks and uncertainties associated with these and other alternatives which could affect the value of the Common Shares and Pre-Funded Warrants, particularly in light of the failure of any alternative transaction materializing as a result of the Strategic Review. Following a consideration of the alternatives presently available to the Corporation, the Board concluded that the Sale Transaction is the most favourable alternative for the Corporation to pursue (and can be achieved with less risk) than the value that might have been realized through pursuing other alternatives reasonably available to the Corporation. These included:

- ***Executing on Its Current Strategic Plan.*** The Board undertook a detailed assessment of the current and anticipated future opportunities and risks associated with the business operations, assets, financial condition and prospects of the Corporation as an independent, publicly traded company, including the challenges the Corporation has experienced and the risks facing the Corporation described above under "*Background to Sale Transaction"* above.

- ***Sale to a Potential Competing Bidder.*** It was the view of the Board that there was significant uncertainty associated with realizing an alternative transaction with another potential buyer on more attractive terms, in light of the outcome of the Strategic Review and the fact that prospective strategic buyers were contacted prior to entering into exclusivity with the Purchaser and none of the other proposals provided for terms that were more attractive than those offered by the Purchaser.

- ***Board Oversight.*** The negotiation of the Sale Transaction was evaluated and considered by the Board, which includes two independent directors. The Board was advised by highly qualified legal and financial advisors. The Sale Transaction was approved by the Board.

- ***Form of Consideration.*** The Special Cash Distribution and the CVRs to be received by Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants of record as at the Distribution Record Date, subject to compliance with the "due bill" trading requirements of the TSXV, following the completion of the Sale Transaction is all cash (including upon conversion of the CVRs on the CVR Payment Date), which provides Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants with a degree of certainty of value and liquidity.

- ***Historical Market Price.*** The Board considered the historical market prices and trading information of the Common Shares, including the historical trading discount to book value of the Common Shares when considering the fairness of the anticipated value of the Special Cash Distribution and the issuance of the CVRs.

- ***Arm's Length Negotiations and Oversight.*** The Sale Transaction is the result of robust, arm's length negotiations involving the Corporation, on the one hand, and the Purchaser, on the other hand. Extensive financial, legal and other advice was provided to the Corporation.

- ***Strong Shareholder Support***. The Corporation has entered into voting and support agreements with Shareholders holding an aggregate of 93,667,812 Common Shares representing approximately 60.44% of the issued and outstanding Common Shares as of the date of this Circular. These Shareholders collectively hold 100% of the Pre-Funded Warrants. The voting and support agreements provide that the signatory Shareholders will, among other things, vote their Common Shares in favour of the Sale Transaction.

The Board also considered a number of potential adverse factors relating to the Sale Transaction and the Special Cash Distribution and issuance of CVRs, including the following:

- ***Risk of Non-Completion*.** The risks to the Corporation and Shareholders and holders of Pre-Funded Warrants if the Sale Transaction is not completed in a timely manner or at all, including the costs incurred in pursuing the Sale Transaction, the potential requirement to pay fees to the Purchaser in certain circumstances, the diversion of the Corporation's management resources away from the conduct of the Corporation's business and the resulting uncertainty which might result in the

Corporation's employees, partners or other counterparties delaying or deferring decisions concerning, or terminating their relationships with the Corporation.

- ***Transaction Costs*.** The costs and fees the Corporation has and will incur in connection with the Sale Transaction, regardless of whether the Sale Transaction is completed, and the additional costs and fees to be incurred upon completion of the Sale Transaction.

- ***Conduct of Business*.** The restrictions imposed pursuant to the Purchase Agreement on the conduct of the Corporation's business during the period between the execution of the Purchase Agreement and the consummation of the Sale Transaction or the termination of the Purchase Agreement, which could have a negative effect on the operation of the Corporation's business.

- ***Taxable Distribution*.** The fact that the payment of: (1) the Special Distribution on the Common Shares will be taxable to the Shareholders, except to the extent that the portion of the Special Distribution is made as a return of paid-up capital of the Common Shares (which return of capital itself could trigger a capital gain if the related reduction in adjusted cost base of a Common Share to a Shareholder would otherwise cause the adjusted cost base to be a negative amount); (2) the Special Distribution on the Pre-Funded Warrants will be taxable to the holders of Pre-Funded Warrants; and (3) payments made in respect of the CVRs may give rise to a capital gain to the holder of the CVR to the extent the proceeds of disposition received by the holder exceed the adjusted cost base to the holder of the CVR immediately before the disposition of the CVR; and, as a result, taxes will generally be required to be paid by such holders. See "*Certain Canadian Federal Income Tax Considerations.*"

The OBCA provides that any registered Shareholders who oppose the Sale Transaction may, upon compliance with certain conditions, exercise dissent rights. See *"Sales Transaction and Related Matters – Dissent Rights Associated with the Sale Transaction"* below.

The foregoing is a summary of the information and factors considered by the Board and is not intended to be exhaustive of the factors considered in reaching its conclusions and making its recommendations, but includes the material information, factors and analysis considered by the Board in reaching such conclusions and making such recommendations. The members of the Board evaluated the various factors summarized above in light of their own knowledge of the business of the Corporation and the industry in which the Corporation operates and of the Corporation's financial condition and prospects and were assisted in this regard by the Corporation's management, the Board and the Corporation's legal and financial advisors. In view of the numerous factors considered in connection with its evaluation of the Sale Transaction, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its decision. The conclusions and approval of the Board were made after considering all of the information and factors involved.

Dissent Rights Associated with the Sale Transaction

The following description of the rights of shareholders to dissent and to be paid the fair value for their Common Shares by virtue of the Sale Transaction is not a comprehensive statement of the procedures to be followed. It is qualified in its entirety by reference to the full text of Section 185 of the OBCA, a copy of which is attached as Schedule "D" to this Circular. A Shareholder who intends to exercise a right of dissent should carefully consider and comply with such provisions of the OBCA and should seek independent legal advice. Failure to comply with the provisions of the OBCA may result in the loss of all rights thereunder.

Pursuant to Section 185 of the OBCA, a Shareholder is entitled, in addition to any other right that the shareholder may have, to dissent and to be paid by the Corporation the fair value of the Common Shares in

respect of which that shareholder dissents. "Fair value" is determined as of the close of business on the last business day before the day on which the Sale Transaction Resolution (as defined below) is adopted. A Shareholder may dissent only with respect to all of the Shareholder's Common Shares or Common Shares held by the Shareholder on behalf of any one beneficial owner. Furthermore, a Shareholder may only dissent in respect of Common Shares registered in the dissenting Shareholder's (the "**Dissenting Shareholder**") name.

Beneficial owners of Common Shares who wish to dissent should be aware that only the registered owner of such Common Shares is entitled to dissent. Common Shares registered in the name of a broker, custodian, nominee or other intermediary, held on behalf of the beneficial owner of the Common Shares, must exercise dissent rights on behalf of such beneficial owners.

Non-registered Shareholders who wish to dissent should contact their broker or other intermediary for assistance with exercising the dissent right. The dissent right is briefly summarized below, but Shareholders are referred to the full text of Section 185 of the OBCA attached to this Circular as Schedule "D" for a complete understanding of the dissent right under the OBCA.

This dissent right is available where a corporation proposes to pass a resolution to authorize or ratify the sale, lease or exchange of all or substantially all of the corporation's property. The Sale Transaction constitutes the sale of "all or substantially all" of the property of the Corporation under the OBCA. Consequently, a registered Shareholder is entitled to dissent and be paid the fair value of such shares if the Sale Transaction is completed and the registered Shareholder issues a written objection (the "**Notice of Dissent**") in respect of the Sale Transaction Resolution.

The Notice of Dissent must be sent to the Corporation before the Meeting by registered mail to 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, Attn: Spectra7 Microsystems Inc., or delivered at the Meeting, and must otherwise strictly comply with the dissent procedures (the "**Dissent Procedures**") set out in Section 185 of the OBCA, a copy of which is attached as Schedule "D" to this Circular. The sending of a Notice of Dissent does not deprive a registered Shareholder of the right to vote on the Sale Transaction Resolution but a vote either in person or by proxy against the Sale Transaction Resolution does not constitute a Notice of Dissent. A vote in favour of the Sale Transaction Resolution will deprive the registered shareholder of further rights under Section 185 of the OBCA.

Within 10 days after the Sale Transaction Resolution has been adopted, the Corporation must give written notice to each Dissenting Shareholder who has filed a Notice of Dissent and has not voted for the Sale Transaction Resolution or not withdrawn that shareholder's Notice of Dissent, that the Sale Transaction Resolution has been adopted. Within 20 days after receipt of this notice or, if the Dissenting Shareholder does not receive it, within 20 days after learning that the Sale Transaction Resolution has been adopted, the Dissenting Shareholder must send to the Corporation a demand for payment (the "**Demand for Payment**") setting out the Dissenting Shareholder's name and address, the number of Common Shares in respect of which that Dissenting Shareholder dissents, and a Demand for Payment of their fair value. Additionally, the Dissenting Shareholder must send the certificates for the Common Shares in respect of which that Dissenting Shareholder dissents to the Corporation or its transfer agent within 30 days after sending the Demand for Payment. The Corporation or the transfer agent must endorse the certificates with a notice that the holder is a Dissenting Shareholder under Section 185 of the OBCA and forthwith return the certificates to the Dissenting Shareholder. A Dissenting Shareholder who does not send the certificates representing the Common Shares within the 30 day period has no right to make a claim under Section 185 of the OBCA.

A Dissenting Shareholder ceases to have any rights as a holder of Common Shares of the Corporation, other than the right to be paid their fair value, unless: (i) the Demand for Payment is withdrawn before the Corporation makes a written offer to pay (the "**Offer to Pay**"); (ii) the Corporation fails to make a timely

Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws the Demand for Payment; or (iii) the Sale Transaction is not proceeded with.

The Corporation shall, not later than seven days after the later of the day on which the action approved by the Sale Transaction Resolution is effective or the day the Corporation receives the Demand for Payment, send an Offer to Pay in the amount considered by the directors of the Corporation to be the fair value of the Common Shares in respect of which the Dissenting Shareholder has dissented. The Offer to Pay must be accompanied by a statement showing how the fair value was determined. Every Offer to Pay made to Dissenting Shareholders must be on the same terms, and lapses if not accepted within 30 days after being made. If the Offer to Pay is accepted, payment must be made within 10 days of acceptance.

If the Corporation does not make an Offer to Pay or if a Dissenting Shareholder fails to accept an Offer to Pay, the Corporation may, within 50 days after the after the action approved by the Sale Transaction Resolution is effective or within such further period as a court of competent jurisdiction may allow, apply to the court to fix a fair value for the securities of any Dissenting Shareholder. If the Corporation fails to so apply to the court, a Dissenting Shareholder may do so for the same purpose within a further period of 20 days or such other period as the court may allow. A Dissenting Shareholder is not required to give security for costs in any application to the court. Applications referred to in this paragraph may be made to a court of competent jurisdiction in the place where the Corporation has its registered office or in the province where the Dissenting Shareholder resides if the Corporation carries on business in that province.

If the Corporation makes an application to the court, it must give notice of the date, place and consequences of the application and of the Dissenting Shareholder's right to appear and be heard to each Dissenting Shareholder who has sent the Corporation a Demand for Payment and has not accepted an Offer to Pay. All Dissenting Shareholders whose shares have not been purchased by the Corporation must be made parties to the application and are bound by the decision of the court. The court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The court must fix a fair value for the shares of all Dissenting Shareholders and may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Closing Date of the Sale Transaction until the date of payment of the amount so fixed. The final order of the court in the proceedings commenced by an application by the Corporation or a Dissenting Shareholder must be rendered against the Corporation and in favour of each Dissenting Shareholder.

Shareholders who wish to exercise their dissent right should carefully review the Dissent Procedures described in Section 185 of the OBCA attached to this Circular as Schedule "D" and should seek independent legal advice, as failure to adhere strictly to the Dissent Procedures may result in the loss of any right to dissent.

Ancillary Impacts of the Sale Transaction

Management Agreements

The completion of the Sale Transaction will constitute a "Change of Control" under the CEO Employment Agreement and, as a result, 100% of the CEO's then-outstanding and unvested RSUs will vest and become exercisable on the Closing Date. Further, the CEO will be entitled to a payment of US$850,000 as set out under the CEO Employment Agreement as a result of the completion of the Sale Transaction. For details of the compensation due to the CEO following a termination, see *"Compensation Discussion and Analysis – Management Contracts – Omar Javaid*", below.

Delisting from the TSXV

Within a short timeframe after the closing of the Sale Transaction, it is the current intention of the Corporation to reduce its stock exchange listing costs by delisting the Common Shares off of the TSXV.

Continuing as a Reporting Issuer

It is the current intention of the Corporation to remain a reporting issuer in all of the provinces of Canada (other than Quebec) following Closing of the Sale Transaction for a period of at least 12 months, after which time management of the Corporation and the Board shall consider all potential options, including ceasing to be a reporting issuer and winding up of the Corporation.

USE OF PROCEEDS AND ESTIMATED SPECIAL CASH DISTRIBUTION AND CVR PAYMENT AMOUNT

Use of Proceeds and Timing of Special Cash Distribution and CVR Payment Date

It is intended that, following the closing of the Sale Transaction and in compliance with Policy 3.2 of the TSXV, the Corporation shall make a special distribution (the "**Special Distribution**") to the Shareholders (other than Dissenting Shareholders) and to holders of Pre-Funded Warrants pursuant to the requirements set out in the certificates evidencing such Pre-Funded Warrants of: (i) all of the net cash proceeds from the Closing Payment by way of a special distribution (the "**Special Cash Distribution**"); and (ii) one CVR for each Common Share or Pre-Funded Warrant held on the Distribution Record Date. The distribution of the available Escrow Amount and any unused proceeds of the Sales Transaction shall be made to the holders of the CVRs pursuant to the CVR Rights Indenture on the CVR Payment Date (see the section "*CVRs*" above for a further description of the CVRs).

The Special Cash Distribution shall be equal to the proceeds received by the Corporation at Closing less: (i) transaction costs including legal fees, costs of the Meeting, escrow agent fees and fees payable to the TSXV, and applicable broker fees; (ii) accounts payable and any employee severance and bonus costs; (iii) the amount of the Purchaser Bridge Loans (together with interest therein) and any additional funds beyond the Purchaser Bridge Loans used for the Corporation's ordinary course expenses prior to Closing; (iv) governance and maintenance costs during the period while the Corporation continues to continue to exist as a reporting issuer until on or after the Escrow Release Date; and (v) wind-up costs. The Special Cash Distribution is estimated to be approximately US$2,762,667 (approximately $3,970,229), or approximately US$0.01 (approximately $0.014) per Common Share (other than Common Shares held by Dissenting Shareholders)/Pre-Funded Warrant, as applicable, based on the Common Share and Pre-Funded Warrant information below, and is expected to be declared by the Board on or shortly after the Closing Date (the "**Declaration Date**"). The Corporation will issue a press release with respect to the Special Distribution on or immediately after the Declaration Date. The record date (the "**Distribution Record Date**") for the Special Distribution shall be at least five trading days after the Declaration Date, in accordance with Policy 3.2 of the TSXV.

Assuming no further Purchaser Bridge Loans above US$750,000 are required and the Escrow Amount is released in full to the Corporation, the aggregate amount payable to the CVR Holders on the CVR Payment Date is estimated to be US$1,800,000 (approximately $2,586,780) or approximately US$0.007 (approximately $0.009) per CVR. The CVR Payment Date is expected to be shortly after the applicable time that funds are released from the Escrow Amount. It is expected that any remaining proceeds of the Sale Transaction (other than the Escrow Amount) available as at the time of the CVR Payment Date shall also be distributed to the CVR Holders as part of the CVR Payment Amount.

As of the date of this Circular, the number of Common Shares outstanding is 154,969,634 Common Shares and the number of issued and outstanding Pre-Funded Warrants is 100,035,411 each exercisable into one Common Share. In addition, a total of 21,617,449 RSUs are expected to vest and be settled into 21,617,449 Common Shares on or about the Closing Date and prior to the date of the Special Distribution. Assuming the full exercise of the outstanding Pre-Funded Warrants and full settlement of outstanding RSUs, the total number of Common Shares outstanding is 276,622,494. Based on the above estimates and such Common Share and Pre-Funded Warrant amounts, the total Special Cash Distribution and CVR Payment Amount to the Shareholders and holders of Pre-Funded Warrants is expected to be approximately US$4,562,667 (approximately $6,557,009) or approximately US$0.016 (approximately $0.024) per Common Share (other than Common Shares held by Dissenting Shareholders)/Pre-Funded Warrant, as applicable.

In addition to the above, there are options outstanding pursuant to the Stock Option Plan to purchase up to 181,500 Common Shares at exercise prices ranging from $1.00 to $1.90 per share and warrants to purchase up to 231,084,280 Common Shares at exercise prices ranging from $0.11 to $2.50 per share. As all of these options and warrants well exceed the expected per share amount of the Special Cash Distribution and CVR Payment Amount, such options and warrants are not expected to be exercised by the holders thereof and are expected to terminate at the applicable expiry dates of the options and warrants.

Assuming the completion of the Sale Transaction, the Corporation will announce the amount of the Special Distribution on the Declaration Date. As it is expected that the value of the amount of the Special Distribution will be greater than 25% of the value of the Common Shares on the date the Special Distribution is declared, the payment of the amount of the Special Distribution is expected to be subject to compliance with the "due bill" trading requirements under Policy 3.2 of the TSXV.

The Special Cash Distribution shall be made, and the CVRs shall be issued, to the Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants of record as of the Distribution Record Date. It is currently contemplated that the Special Cash Distribution and the CVR Payment Amount shall be made in United States Dollars. The Corporation has instructed the Transfer Agent to maintain a list of such Shareholders (other than Dissenting Shareholders) and holders of Pre-Funded Warrants until such time as the Special Distribution has been fully distributed to Shareholders and holders of Pre-Funded Warrants.

While there are a variety of factors that may have a bearing on the exact amount and timing of the Special Cash Distribution and the CVR Payment Amount and the CVR Payment Date to Shareholders (other than Dissenting Shareholders), holders of Pre-Funded Warrants and CVR Holders if the Sale Transaction is completed, the primary factors relate to: (i) the Corporation's expenses between the date of this Circular and the Closing Date; and (ii) determination of when and in what amount the funds representing the Escrow Amount will be released to the Corporation from escrow under the terms of the Escrow Agreement and, if applicable, distributed to CVR Holders under the CVR Rights Indenture.

Purchase Price and Special Cash Distribution and CVR Payment Amount

The table below sets out the Corporation's current estimate of the use of proceeds from the Sale Transaction:

	US$	**$**
Aggregate Purchase Price	**US$9,000,000**	**$12,933,900**
Less: Escrow Amount	(US$1,800,000)	($2,586,780)
Net Purchase Price	US$7,200,000	$10,347,120
Less: Closing Costs		
Transaction and closing costs[(1)]	(US$500,000)	($718,550)

	US$	$
Aggregate broker fees payable to financial advisors[2]	(US$1,000,000)	($1,437,100)
Employee severance and change of control payments[3]	(US$950,000)	($1,365,245)
Accounts payable	(US$283,333)	($407,178)
Governance, maintenance and wind-up costs[4]	(US$950,000)	($1,365,245)
Repayment of Purchaser Bridge Loans (including interest) to the Purchaser	(US$754,000)	($1,083,573)
Total	(US$4,437,333)	($6,376,891)
Special Cash Distribution	**US$2,762,667 (US$0.01 per Common Share)**	**$3,970,229 ($0.014 per Common Share)**
CVR Payment Amount (assuming release of entirety of the Escrow Amount to the Corporation)[5]	**US$1,800,000 (US$0.007 per Common Share)**	**$2,586,780 ($0.009 per Common Share)**

Notes:

(1) Assumes a Closing Date of April 21, 2025 for the calculation of the amount. This includes legal fees, costs of the Meeting, escrow and transfer agent fees, and fees payable to the TSXV. Various expenses and fees relating to the Sale Transaction have already been incurred and paid by the Corporation prior to the date of this Circular.

(2) Payable to Craig-Hallum Capital Group LLC and The Benchmark Company LLC.

(3) Estimate based on potential severance claims from management and employees not retained by the Purchaser.

(4) Represents the estimated fees and expenses for the Corporation and its subsidiaries existing after the Closing Date for the one year period from Closing, being the anticipated Escrow Release Date for the Escrow Amount, including, without limitation, (i) accounting and audit fees; (ii) tax filing costs; (iii) board and legal costs and fees; (iv) employee maintenance costs; (v) lease payments; (vi) ongoing reporting issuer compliance costs including transfer agency fees and regulatory filing fees; and (vii) wind-up costs.

(5) All remaining proceeds of the Sale Transaction (other than the Escrow Amount) at the time of the CVR Payment Date shall be distributed to the CVR Holders. For the purposes of this chart, the Corporation has assumed that this amount shall be $0.

The above-noted statements relating to the proposed use of proceeds and the estimated value of the Special Cash Distribution and the CVR Payment Amount constitute forward-looking statements. Notwithstanding management's current intentions with respect to the values comprising the above-noted amounts, there can be no assurance as to the exact amount of such expenses and payments until the Closing Date and the CVR Payment Date, and management undertakes no obligation to update or revise the foregoing publicly except as required by applicable law. See "*Forward-Looking Statements*."

IMPORTANT INFORMATION ON HOW TO RECEIVE THE SPECIAL CASH DISTRIBUTION

Beneficial Shareholders who are non-objecting beneficial owners (as defined in NI 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) will receive the Special Cash Distribution directly into their brokerage accounts without any further action on their part. Registered Shareholders and holders of Pre-Funded Warrants will receive a cheque representing the Special Cash Distribution delivered to the address on record in the Corporation's Shareholder register and Pre-Funded Warrant register, respectively, without any further action on the part of the registered Shareholder or holder of Pre-Funded Warrants. If a registered Shareholder would like to have a Special Cash Distribution deposited directly into their account, they may do so by contacting Computershare's shareholder helpline at the below phone numbers:

Toll Free NA 1-800-564-6253
Outside North America 1-514-982-7555

Information on how to receive the CVR Payment Amount shall be set out in the CVR Rights Indenture and more information shall be available at or around the CVR Payment Date.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary fairly presents, as of the date hereof, the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") arising in respect of and in connection with the Special Distribution. This summary is generally applicable to a Shareholder, holder of a Pre-Funded Warrant and holder of a CVR (each, a "**Holder**") who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length with and is not affiliated with the Corporation, and holds the Common Shares, Pre-Funded Warrants and CVRs, as applicable, as capital property. Generally, Common Shares, Pre-Funded Warrants and CVRs will be considered to be capital property to a Holder provided such Holder does not hold such securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution" for purposes of the "mark-to-market rules" in the Tax Act, (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iv) that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act; or (v) that has entered into or will enter into a "derivative forward agreement" (as defined in the Tax Act) with respect to the Common Shares, Pre-Funded Warrants or CVRs. Any such Holders should consult their own tax advisors.

This summary is of a general nature and is based upon the facts set out in this Circular, the provisions of the Tax Act in force as of the date hereof and an understanding of the publicly available administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted as proposed. There can be no assurance that the Tax Proposals will be enacted in their current form or at all, or that the CRA will not change its administrative policies and assessing practices. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Circular. Modification to or amendment of the Tax Act or the administrative policies and assessing practices of the CRA could significantly alter the tax implications on Holders in respect of and in connection with the Special Distribution.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to and in connection with the Special Distribution. Moreover, the income and other tax consequences of the Special Distribution may vary depending on the particular circumstances of a Holder, including the jurisdiction in which the Holder resides. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be, construed to be legal or tax advice or representations to any Holder. Holders should consult their own tax advisers for advice with respect to the tax consequences to them of the Special Distribution based on their particular circumstances. In particular, Holders that are not resident in Canada for purposes of the Tax Act should consult their own tax advisers for advice with respect to the tax consequences to them both in Canada and in their jurisdiction of residence of the Special Distribution based on their particular circumstances.

This summary is based upon the understanding of counsel that a CVR evidences a contractual right to acquire cash on the satisfaction of certain conditions. No advance tax ruling in respect of the CVRs has been sought from the CRA and counsel is not aware of any relevant judicial authority relating to this characterization for tax purposes.

Currency Conversion

Subject to certain exceptions that are not discussed herein, for the purposes of the Tax Act, all amounts relating to the Common Shares, Pre-Funded Warrants and CVRs (including dividends, paid-up capital, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must generally be converted into Canadian dollars based on the rate quoted by the Bank of Canada for the exchange of the foreign currency for Canadian dollars on the date such amounts arise, or such other rate of exchange as is acceptable to the Minister of National Revenue.

Capital Reduction and Return of Capital

If the Corporation resolves to make all or a portion of the Special Cash Distribution on its Common Shares by way of a return of capital pursuant to a resolution reducing the stated capital of the Common Shares, then the return of capital will be made by way of a reduction ("**Capital Reduction**") of the "paid-up capital" (as defined in the Tax Act) ("**PUC**") of the Common Shares in an amount that is equal to the Capital Reduction ("**Return of Capital**"). PUC, determined in respect of a particular class of shares, is the aggregate of all amounts received by a corporation upon the issuance of shares of that class, adjusted in certain circumstances in accordance with the Tax Act. Management of the Corporation has determined that the PUC of the Common Shares is at least equal to the maximum anticipated amount of the Special Cash Distribution.

An amount paid by a "public corporation" (as defined in the Tax Act) to its shareholders on a reduction of PUC in respect of any class of its shares is generally deemed to be a dividend for purposes of the Tax Act, subject to certain important exceptions contained in section 84 of the Tax Act. Having regard to the nature of the Special Cash Distribution and provided that the Special Cash Distribution will be made no later than 24 months after the Sale Transaction, management of the Corporation is of the view that such exceptions should apply to that portion of the Special Cash Distribution which constitute the Return of Capital, such that the Return of Capital should not be deemed to be a dividend and should be treated as a return of PUC for purposes of the Tax Act. However, this determination is not free from doubt and no advance tax ruling has been sought or obtained in this regard. If the Return of Capital is deemed to be a dividend under the Tax Act, then the provisions of the Tax Act regarding taxable dividends from "a taxable Canadian corporation" (as defined in the Tax Act) would apply and the summary below under the heading "*Taxation of Holders Resident in Canada – Return of Capital on Common Shares*" would not be applicable.

Taxation of Holders Resident in Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length with and is not affiliated with the Corporation, and holds Common Shares, Pre-Funded Warrants, or CVRs as capital property (a "**Resident Holder**").

Return of Capital on Common Shares

If the Corporation resolves to make all or a portion of the Special Cash Distribution on the Common Shares by way of a return of capital pursuant to a resolution reducing the stated capital of its Common Shares, then the Corporation will distribute a portion of the net cash proceeds from the Sale Transaction as a Return of Capital. As discussed above under "*Capital Reduction and Return of Capital,*" the Return of Capital should be treated as a return of PUC to Resident Holders for purposes of the Tax Act and, accordingly, the Return of Capital should not be included in computing the Resident Holder's income for purposes of the Tax Act, provided that the Special Cash Distribution occurs no later than 24 months after the Sale Transaction and the amount of the Return of Capital does not exceed the PUC of the Common Shares held by such Resident

Holder. Management of the Corporation has determined that the PUC of the Common Shares is at least equal to the maximum anticipated amount of the Special Cash Distribution. In the event that the cash to be received by Resident Holders on the Return of Capital exceeds the PUC of the Common Shares held by such Resident Holders, such excess amount should be treated as a dividend received by the Resident Holders from a "taxable Canadian corporation" (as defined in the Tax Act). The taxation of dividends is described below under the heading "*Taxation of Holders Resident in Canada – Dividends on Common Shares.*"

Resident Holders who receive a Return of Capital will be required to reduce the adjusted cost base ("**ACB**") of the Common Shares held by such Resident Holder by the lesser of the amount of the Return of Capital and the PUC of the Common Shares held by such Resident Holder immediately prior to the Return of Capital. If, as a result of such reduction, the ACB of the Common Shares held by the Resident Holder becomes negative (i.e., the amount of the reduction exceeds the ACB of the Resident Holder's Common Shares), such negative amount will be deemed to be a gain that is a capital gain realized by the Resident Holder in the taxation year that includes the Return of Capital and the ACB of such Common Shares will be nil immediately after the Return of Capital.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of any capital gain (a "**Taxable Capital Gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder must deduct one-half of the amount of any capital loss (an "**Allowable Capital Loss**") realized in a taxation year from Taxable Capital gains realized by the Resident Holder in the year. Allowable Capital Losses in excess of Taxable Capital gains for the year generally may be carried back and deducted against net Taxable Capital Gains arising in any of the three preceding taxation years or any subsequent taxation year.

A Resident Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation" or a "substantive CCPC" (each as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including Taxable Capital Gains. Resident Holders that are corporations are advised to consult their own tax advisors regarding their particular circumstances.

Dividends on Common Shares

A Resident Holder will be required to include in computing its income for a taxation year, any dividends received or deemed to be received on the Resident Holder's Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules that apply to any dividends designated by the Corporation as "eligible dividends", as defined in the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Common Shares, but will generally be entitled to deduct an equivalent amount in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to have been received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain and not as a dividend. Accordingly, Resident Holders that are corporations should consult their own tax advisors for specific advice with respect to the potential application of this provision.

A Resident Holder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on the Common Shares to the extent that the dividend is deductible in computing the Resident

Holder's taxable income. A "subject corporation" is generally a corporation (other than a private corporation) resident in Canada and controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

Taxable dividends received by a Resident Holder that is an individual (other than certain specified trusts) may give rise to liability for alternative minimum tax under the detailed rules set out in the Tax Act. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Special Cash Distribution on Pre-Funded Warrants

Although not free from doubt, the portion of the Special Cash Distribution made on the Pre-Funded Warrants will be included in computing the income of Resident Holders of Pre-Funded Warrants for purposes of the Tax Act.

The Canadian federal income tax consequences to a Resident Holder of the portion of the Special Cash Distribution received on the Pre-Funded Warrants are not entirely free from doubt. Resident Holders should consult their own tax advisors to determine the tax consequences and corresponding reporting in relation to the Special Cash Distribution received on the Pre-Funded Warrants.

Receipt, Holding and Disposition of CVRs

If the Corporation resolves to issue the CVRs to Resident Holders of Common Shares as part of a Return of Capital, then the CVRs should be treated as a return of PUC for purposes of the Tax Act and, accordingly, the fair market value of the CVRs should not be included in computing the Resident Holders' income for purposes of the Tax Act, provided that (a) the Special Distribution, including the issuance of the CVRs, occurs no later than 24 months after the Sale Transaction, (b) the amount of the Return of Capital does not exceed the PUC of the Common Shares, and (c) the CVRs may reasonably be considered to be derived from proceeds of disposition realized by the Corporation on the Sale Transaction that occurred outside the ordinary course of the business of the Corporation. Management of the Corporation has determined that the PUC of the Common Shares is at least equal to the maximum anticipated amount of the Special Distribution (inclusive of the fair market value of the CVRs at the time of the Special Distribution). If all or a portion of the CVRs may not reasonably be considered to be derived from proceeds of disposition realized by the Corporation on the Sale Transaction that occurred outside of the ordinary course of business of the Corporation, then such portion of the fair market value of the CVRs at the time of the Special Distribution will be deemed to be a dividend and included in computing the Resident Holders' income for purposes of the Tax Act. The taxation of dividends is described above under the heading "*Taxation of Holders Resident in Canada – Dividends on Common Shares.*"

If the Corporation does not resolve to issue the CVRs as part of a Return of Capital and instead issues the CVRs as payment of a dividend in-kind on its Common Shares, then the fair market value of the CVRs will be included in computing the income of the Resident Holders as a dividend. The taxation of dividends is described above under the heading "*Taxation of Holders Resident in Canada – Dividends on Common Shares.*"

If the Corporation neither issues the CVRs as part of a Return of Capital nor as a dividend, then the fair market value of the CVRs will be included in computing the income of the Resident Holders for purposes of the Tax Act.

The cost to a Resident Holder of a CVR will be equal to the fair market value of the CVR at the time it is acquired by the Resident Holder. A Resident Holder who disposes of a CVR, including pursuant to the termination of the CVR when all of the payment obligations under the CVR have been satisfied, should

realize a capital gain (or capital loss) to the extent that the proceeds of disposition received by such Resident Holder, which should include, although not free from doubt, the payments received pursuant to the CVRs, if any, exceed (or are less than) the aggregate of the Resident Holder's ACB in its CVR immediately before the disposition and any reasonable costs of disposition. Where no payment on the CVR is to be made or in the event of the termination of a CVR where it is cancelled pursuant to the CVR Rights Indenture, a Resident Holder should be considered to have disposed of its CVR for no proceeds and may realize a capital loss equal to the ACB of such CVR. Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of any capital gain (Taxable Capital Gain) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder must deduct one-half of the amount of any capital loss (Allowable Capital Loss) realized in a taxation year from Taxable Capital gains realized by the Resident Holder in the year. Allowable Capital Losses in excess of Taxable Capital gains for the year generally may be carried back and deducted against net Taxable Capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The Canadian federal income tax consequences to a Resident Holder of the receipt, holding and disposition of a CVR, including the tax consequences of the receipt of payment pursuant to the CVR, are not entirely free from doubt. Resident Holders should consult their own tax advisors to determine the tax consequences and corresponding reporting in relation to the receipt, holding and disposition of CVRs and, in particular, whether the receipt of the CVRs and payments received under the CVRs should be reported in an alternative manner to that described above.

Taxation of Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable tax treaty or convention, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the Common Shares, Pre-Funded Warrants or CVRs in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to certain holders that are insurers carrying on an insurance business in Canada and elsewhere or "authorized foreign banks" (as defined in the Tax Act).

Return of Capital on Common Shares

If the Corporation resolves to make all or a portion of the Special Cash Distribution on the Common Shares by way of a return of capital pursuant to a resolution reducing the stated capital of its Common Shares, the amount of the cash distributed to a Non-Resident Holder as the Return of Capital should be treated as a return of PUC for purposes of the Tax Act to such Non-Resident Holder, provided the amount of such cash does not exceed the PUC of the Common Shares held by such Non-Resident Holder, as discussed above under "*Capital Reduction and Return of Capital*" and "*Taxation of Holders Resident in Canada – Return of Capital on Common Shares.*" Management of the Corporation has determined that the PUC of the Common Shares is at least equal to the maximum anticipated amount of the Special Cash Distribution. To the extent that the cash received by a Non-Resident Holder as a Return of Capital exceeds the PUC of the Common Shares held by such Non-Resident Holder, such excess amount would be deemed to be a dividend to such Non-Resident Holder. The taxation of dividends to a Non-Resident Holder is described below under the heading "*Taxation of Holders Not Resident in Canada – Dividends on Common Shares.*" Provided that no portion of the Return of Capital is deemed to be a dividend for purposes of the Tax Act, there should be no withholding tax applicable to the payment thereof to a Non-Resident Holder under Part XIII of the Tax Act.

A Non-Resident Holder who receives a Return of Capital will be required to reduce the ACB of the Common Shares held by such Non-Resident Holder by the lesser of the amount of the Return of Capital and the PUC of the Common Shares held by such Non-Resident Holder immediately prior to the Return of

Capital. If, as a result of such reduction, the ACB of the Common Shares held by the Non-Resident Holder becomes negative (i.e., the amount of the reduction exceeds the ACB of the Non-Resident Holder's Common Shares), such negative amount will be deemed to be a gain that is a capital gain realized by the Non-Resident Holder in the taxation year that includes the Return of Capital and the ACB of such Common Shares will be nil immediately after the Return of Capital.

A Non-Resident Holder will not be subject to Canadian income tax under the Tax Act on any capital gain realized on any deemed disposition of Common Shares that results from the Return of Capital unless such Common Shares constitute "taxable Canadian property" (as defined by the Tax Act) to the Non-Resident Holder and such Non-Resident Holder is not provided relief from Canadian taxation under an applicable tax treaty or convention. Generally, the Common Shares will not be taxable Canadian property of a Non-Resident Holder at a particular time provided that the Common Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSXV) at that particular time, unless, at any time during the 60-month period that ends at the particular time: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length, within the meaning of the Tax Act, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds an interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series in the capital stock of the Corporation; and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property existed), and the Common Shares are not, at the particular time, otherwise deemed under the Tax Act to be taxable Canadian property.

Dividends on Common Shares

The gross amount of dividends paid or credited, or deemed to be paid or credited, by the Corporation, including any portion of the Special Cash Distribution that is a dividend or deemed to be a dividend for purposes of the Tax Act, to a Non-Resident Holder or a partnership that is not a "Canadian partnership" of which a Non-Resident Holder is a member (as defined in the Tax Act) on its Common Shares will generally be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable tax treaty or convention. Under the Canada–United States Income Tax Convention (1980) (the "**Canada-US Tax Treaty**"), the rate of withholding tax on dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder who is resident in the United States for purposes of the Canada-US Tax Treaty, is the beneficial owner of the dividends, and is fully entitled to benefits under the Canada-US Tax Treaty is generally limited to 15% of the gross amount of the dividend, or deemed dividend. Non-Resident Holders should consult their own tax advisors to determine their entitlement to relief under any applicable tax treaty or convention.

Special Cash Distribution on Pre-Funded Warrants

Although not free from doubt, the portion of the Special Cash Distribution made on Pre-Funded Warrants held by a Non-Resident Holder or a partnership that is not a "Canadian partnership" of which a Non-Resident Holder is a member (as defined in the Tax Act) will be deemed to be a dividend for purposes of the Tax Act. The deemed dividend will be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable tax treaty or convention. Under the Canada-US Tax Treaty, the rate of withholding tax on dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder who is resident in the United States for purposes of the Canada-US Treaty, is the beneficial owner of the deemed dividend, and is fully entitled to benefits under the Canada-US Treaty is generally limited to 15% of the gross amount of the deemed dividend. Non-

Resident Holders of Pre-Funded Warrants should consult their own tax advisors to determine their entitlement to relief under any applicable tax treaty or convention.

Management intends to withhold from the Special Cash Distribution made on the Pre-Funded Warrants held by Non-Resident Holders at rates determined by it and remit on account of Canadian withholding tax on behalf of each such Non-Resident Holder on the basis that the Special Cash Distribution made on the Pre-Funded Warrants held by such Non-Resident Holders will be deemed to be a dividend for purposes of the Tax Act.

The Canadian federal income tax consequences to a Non-Resident Holder of the portion of the Special Cash Distribution received on the Pre-Funded Warrants is not entirely free from doubt. Non-Resident Holders should consult their own tax advisors in this regard.

Receipt, Holding and Disposition of CVRs

If the Corporation resolves to issue the CVRs to Non-Resident Holders of Common Shares as part of a Return of Capital, then the CVRs should be treated as a return of PUC and not as a dividend for purposes of the Tax Act, provided that (a) the Special Distribution, including the issuance of the CVRs, occurs no later than 24 months after the Sale Transaction, (b) the amount of the Return of Capital does not exceed the PUC of the Common Shares, and (c) the CVRs may reasonably be considered to be derived from proceeds of disposition realized by the Corporation on the Sale Transaction that occurred outside the ordinary course of the business of the Corporation. Management of the Corporation has determined that the PUC of the Common Shares is at least equal to the maximum anticipated amount of the Special Distribution (inclusive of the fair market value of the CVRs). If all or a portion of the CVRs may not reasonably be considered to be derived from proceeds of disposition realized by the Corporation on the Sale Transaction that occurred outside of the ordinary course of business of the Corporation, then such portion of the fair market value of the CVRs at the time of the Special Distribution will be deemed to a dividend to Non-Resident Holders for purposes of the Tax Act and subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable tax treaty or convention. Under the Canada-US Tax Treaty, the rate of withholding tax on dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder who is resident in the United States for purposes of the Canada-US Treaty, is the beneficial owner of the deemed dividend, and is fully entitled to benefits under the Canada-US Treaty is generally limited to 15% of the gross amount of the deemed dividend. Non-Resident Holders of Pre-Funded Warrants should consult their own tax advisors to determine their entitlement to relief under any applicable tax treaty or convention.

If no portion of the Return of Capital is deemed to be a dividend for purposes of the Tax Act, there should be no withholding tax applicable to the payment thereof to a Non-Resident Holder under Part XIII of the Tax Act.

If the Corporation does not resolve to issue the CVRs as part of a Return of Capital and instead issues the CVRs as payment of a dividend in-kind on its Common Shares, then the fair market value of the CVRs will be subject to Canadian withholding tax under Part XIII of the Tax Act.

If the Corporation neither issues the CVRs as part of a Return of Capital nor as a dividend, then the fair market value of the CVRs will be deemed to be a dividend for purposes of the Tax Act and subject to Canadian withholding tax under Part XIII of the Tax Act.

Although not free from doubt, the portion of the Special Distribution, including the fair market value of the CVRs issued at the time of the Special Distribution, made on Pre-Funded Warrants held by a Non-Resident Holder or a partnership that is not a "Canadian partnership" of which a Non-Resident Holder is a member (as defined in the Tax Act) will be deemed to be a dividend for purposes of the Tax Act. The deemed dividend will be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act.

Management intends to withhold on any portion of the Special Distribution (including on the fair market value of the CVRs at the time of the Special Distribution) that is deemed to be a dividend to Non-Resident Holders at rates determined by it and remit on account of Canadian withholding tax on behalf of each such Non-Resident Holder.

Any capital gain realized by a Non-Resident Holder on the disposition or deemed disposition of CVRs will not be subject to tax under the Tax Act unless such CVRs are, or are deemed to be, taxable Canadian property of the Non-Resident Holder at the time of disposition and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention. It is not anticipated that the CVRs will constitute taxable Canadian property of Non-Resident Holders.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The general objectives of the Corporation's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

Management Contracts

The following is a description of the management contracts for the Named Executive Officers (as such term is defined below):

Omar Javaid

Omar Javaid receives a Base Salary of US$450,000 per annum for his services as Chief Executive Officer of the Corporation pursuant to an employment agreement (the "**CEO Employment Agreement**") with the Corporation and Spectra7 Microsystems Ltd. ("**Spectra7 US**"), a wholly owned subsidiary of the Corporation, which is for an indefinite term and includes provisions relating to, among other things, base salary, eligibility for benefits and an annual performance bonus, equity awards, and eligibility for short-term incentives and long-term incentive plan awards ("**LTIP**").

Mr. Javaid is eligible to be considered for an annual performance bonus (the "**CEO Annual Bonus**") for each fiscal year of the Corporation. Mr. Javaid's target CEO Annual Bonus is US$400,000 and was based on criteria established by the Board and the Compensation Committee in consultation with Mr. Javaid. As per the CEO Employment Agreement, Mr. Javaid is entitled to an annual LTIP award (denominated in restricted share units ("**RSUs**")) in an amount determined by the Board in consultation with Mr. Javaid, with 25% of such RSUs vesting on the one year anniversary of the date of the award and the remaining 75% vesting quarterly in equal instalments over the 12 calendar quarter end dates following the first anniversary of the date of the award.

Pursuant to the terms of the CEO Employment Agreement, Mr. Javaid was granted 7,100,000 RSUs on November 11, 2024. Mr. Javaid is also entitled to receive an additional 900,000 RSUs ("**Additional**

RSUs") on or prior to November 11, 2025, with one third of those Additional RSUs vesting on the first anniversary of the grant date and one third vesting on each of January 1, 2027 and 2028. In the event of a Change of Control or Involuntary Termination prior to the grant of all of the Additional RSUs, Mr. Javaid shall be entitled to payment of an amount equal to the number of ungranted Additional RSUs multiplied by the dollar value of the consideration paid per Common Share in the Change of Control.

Capitalized terms used but not otherwise defined in this section ("*Compensation Discussion and Analysis – Management Contracts – Omar Javaid*") have the meanings ascribed to such terms below.

If Mr. Javaid is subject to an Involuntary Termination or a Change in Control occurs, 100% of Mr. Javaid's then-outstanding and unvested options and RSUs will vest and (if applicable) become exercisable.

In the event of any termination, including without limitation a termination for Cause (as defined in the CEO Employment Agreement), death, voluntary resignation, Involuntary Termination (as defined in the CEO Employment Agreement) or Resignation for Good Reason (as defined in the CEO Employment Agreement), Mr. Javaid shall be entitled to all accrued but unpaid Base Salary, bonuses, business expenses and unused vacation time. In addition to such amounts and any LTIP, RSU or option benefits provided for under the CEO Employment Agreement or any other arrangement with the Corporation or Spectra7 US, if Mr. Javaid is subject to an Involuntary Termination, subject to certain preconditions, Spectra7 US will pay Mr. Javaid: (i) a prorated CEO Annual Bonus in cash for the year of separation based on number of days works and actual performance, (ii) a cash severance payment equal to twelve (12) months Base Salary and target CEO Annual Bonus for the same period (the "**Severance Payment**"), and (iii) a continuation of benefits.

Assuming an Involuntary Termination occurred on December 31, 2024, the estimated severance payment to Mr. Javaid would have been approximately US$850,000 and Mr. Javaid would have been eligible for continued benefits for twelve months following the termination, and accelerated vesting of granted options and RSUs.

For the purposes of this section only ("*Compensation Discussion and Analysis – Management Contracts – Omar Javaid*"), the following terms have the following meanings:

"**Base Salary**" means annual base salary at the rate in effect immediately prior to an Involuntary Termination; provided, however, that in the event of a Resignation for Good Reason due to a reduction in Base Salary, "Base Salary" means annual Base Salary at the rate in effect immediately prior to such reduction.

"**Change in Control**" means:

a) Any "person" or "company" (as such terms are defined in the *Securities Act* (Ontario)) acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the Corporation's or Spectra7 US' then-outstanding voting securities;

b) The consummation of the sale or disposition by the Corporation of more than 50% of the Corporation's or Spectra7 US' assets;

c) The consummation of a merger or consolidation of the Corporation or Spectra7 US with or into any other entity, other than a merger or consolidation which would result in the voting securities of the Parent outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than 50% of the total

voting power represented by the voting securities of the Corporation or Spectra7 US or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

d) Individuals who are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Corporation's board of directors over a period of 12 months; provided, however, that if the appointment or election (or nomination for election) of any new board member was approved by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Agreement, be considered as a member of the Incumbent Board.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Corporation's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Corporation's securities immediately before such transaction. In addition, if a Change in Control constitutes a payment event with respect to any amount which is subject to Code Section 409A, then the transaction must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

Raouf Halim

Until his resignation on June 15, 2024, Raouf Halim received a Base Salary of US$450,000 per annum for his services as Chief Executive Officer of the Corporation pursuant to an employment agreement (the "**Former CEO Employment Agreement**") with the Corporation and Spectra7 US, a wholly owned subsidiary of the Corporation, which included provisions relating to, among other things, base salary, eligibility for benefits and an annual performance bonus, equity awards, and eligibility for short-term incentives and LTIP awards.

Pursuant to the Former CEO Employment Agreement, Mr. Halim was eligible to be considered for an annual performance bonus for each fiscal year of the Corporation. Mr. Halim's target bonus was no less than 100% of Base Salary and was based on criteria established by the Board and the Compensation Committee in consultation with Mr. Halim. As per the Former CEO Employment Agreement, Mr. Halim was entitled to an annual LTIP award (denominated in RSUs) equal to 300% of Base Salary, with 25% of such RSUs vesting on the one year anniversary of the date of the award and the remaining 75% vesting quarterly in equal instalments over the 12 calendar quarter end dates following the first anniversary of the date of the award.

Mr. Halim did not receive any severance payment upon his resignation.

Ronald Pasek

Following Mr. Mier's resignation on December 13, 2024, Ronald Pasek was appointed the interim Chief Financial Officer of the Corporation. Mr. Pasek does not receive a salary as interim Chief Financial Officer and does not participate in any share-based, option-based or non-equity incentive plans of the Corporation. Mr. Pasek's engagement as interim Chief Financial Officer of the Corporation may be terminated by the Corporation at any time without notice or compensation.

David Mier

Until his resignation on December 13, 2024, David Mier was the interim Chief Financial Officer of the Corporation. His annual salary was US$250,000. He does not participate in any share-based, option-based

or non-equity incentive plans of the Corporation. Mr. Mier did not receive any severance payment upon his resignation.

Elements of Compensation

1. Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is provided in recognition for discharging day-to-day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the Board or the Compensation Committee on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years. At the discretion of the Board or the Compensation Committee, each of the Named Executive Officers is eligible to receive performance bonuses, which are contingent on the Named Executive Officer achieving certain performance objectives set annually by the Compensation Committee.

2. Incentive Plans

Both the stock option plan of the Corporation (the "**Stock Option Plan**") and the restricted share unit plan of the Corporation (the "**RSU Plan**", collectively the "**Incentive Plans**") are intended to reinforce commitment to long-term growth in profitability and shareholder value by encouraging share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Incentive Plans align the interests of the Named Executive Officers and the Board with Shareholders by linking a component of executive compensation to the longer term performance of the Common Shares.

(a) Stock Option Plan

Officers, directors, employees and service providers are eligible under the Stock Option Plan to receive grants of stock options. The Stock Option Plan is an important part of the Corporation's long-term incentive strategy for its officers, directors, employees and service providers, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of the stock option grants to officers, directors, employees and service providers is dependent on each such person's level of responsibility, authority and position with the Corporation and to the degree to which such person's long term contribution to the Corporation will be key to its long term success.

Options are granted by either the Board or the Compensation Committee. In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contributions to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan.

The combined maximum aggregate number of Common Shares reserved for issuance under both the Stock Option Plan and RSU Plan is currently 27,564,478 Common Shares, representing approximately 17.79% of the issued and outstanding Common Shares as at the date of this Circular. As at the date of this Circular, options to purchase up to an aggregate of 181,500 Common Shares are outstanding (representing

approximately 0.12% of the issued and outstanding Common Shares as at the date of this Circular) at exercise prices ranging from $1.00 to $1.90 per share.

(b) RSU Plan

The purpose of the RSU Plan is to advance the interests of the Corporation by encouraging equity participation in the Corporation by its directors, officers, employees and service providers.

Awards under the RSU Plan are granted by either the Board or the Compensation Committee. In monitoring or adjusting the awards, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous awards and the objectives set for the Named Executive Officers. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the RSU Plan.

The combined maximum aggregate number of Common Shares reserved for issuance under both the Stock Option Plan and RSU Plan is currently 27,564,478 Common Shares, representing approximately 17.79% of the issued and outstanding Common Shares as at the date of this Circular. As at the date of this Circular, an aggregate of 21,617,449 RSUs are outstanding (representing approximately 13.95% of the issued and outstanding Common Shares as at the date of this Circular).

Compensation of Directors

Independent members of the Board are paid US$2,000 per regularly scheduled Board meeting to a maximum of four meetings per year and an additional US$500 per extraordinary Board meeting to a maximum of four meetings per quarter. In addition, the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Compensation Committee and the Chairman of the Corporate Governance and Nominating Committee receive an additional annual cash fee of US$5,000, US$3,000, US$3,000 and US$3,000, respectively. Directors of the Corporation may also be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors.

Officers of the Corporation who also act as directors will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation in their capacity as officers.

Compensation Risk

The Board and, as applicable, the Compensation Committee, considers and assesses the implications of risks associated with the Corporation's compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Corporation's practice of compensating its officers primarily through a mix of salary, stock options and RSUs is designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its shareholders. As at the date of this Circular, the Board had not identified risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

Financial Instruments

Pursuant to the terms of the Corporation's Insider Trading Policy, the Corporation's officers and directors are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity

swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an officer or director.

Compensation Governance

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee's Charter. The Compensation Committee is composed of Roger Maggs, Christopher Morgan, and Ronald Pasek, the majority of whom are independent as such term is defined in NI 58-101.

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the executive officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Corporation's compensation policies and practices.

Summary Compensation Table – Named Executive Officers

The following table sets forth the compensation paid or awarded to the following individuals: (i) the Chief Executive Officer; (ii) the former Chief Executive Officer; (iii) the Interim Chief Financial Officer and former Interim Chief Executive Officer and (iv) the former Interim Chief Financial Officer (collectively, the "**Named Executive Officers**") for the Corporation's financial years ended December 31, 2024, 2023 and 2022.

Name and principal position	Year	Salary/Fee ($)[1]	Share-based awards ($)[2]	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensa-tion ($)	Total compensa-tion ($)
					Annual incentive plans	LTIP			
Omar Javaid, Chief Executive Officer, and Director[3]	2024 2023 2022	93,200 N/A N/A	887,500 N/A N/A	Nil Nil Nil	Nil N/A N/A	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	980,700 N/A N/A
Raouf Halim, Former Chief Executive Officer, and Director[4]	2024 2023 2022	302,529 607,365 320,445	Nil 100,788 1,437,189	Nil Nil Nil	Nil 455,524 271,658	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	302,529 1,163,677 2,029,292
Ronald Pasek, Interim Chief Financial Officer, Former Interim	2024 2023 2022	27,339 26,994 28,622	Nil 58,867 29,103	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	27,339 85,861 57,725

Name and principal position	Year	Salary/Fee ($)[1]	Share-based awards ($)[2]	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensa-tion ($)	Total compensa-tion ($)
					Annual incentive plans	LTIP			
Chief Executive Officer, and Director[5]									
David Mier, Former Interim Chief Financial Officer[6]	2024 2023 2022	344,736 39,622 N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	344,736 39,622 N/A

Notes:

(1) The amounts denominated in Canadian dollars under "Salary" were paid/payable in US$. Such amounts were paid on a monthly basis and therefore all US$ amounts are converted at an exchange rate of US$1.00:$1.4389 for fiscal 2024.

(2) Calculated based on the intrinsic value of the share-based awards which is the market value of the Common Shares as of the date of grant multiplied by the number of RSU granted.

(3) Omar Javaid assumed the role of Chief Executive Officer and become a director of the Corporation on November 11, 2024. The amounts in the table reflect actual amounts paid to Mr. Javaid during the year ended December 31, 2024. Mr. Javaid does not receive compensation for his role as a director.

(4) Raouf Halim held the role of Chief Executive Officer from September 26, 2016 to June 15, 2024. Mr. Halim has been a director of the Corporation since September 26, 2016. Mr. Halim did not receive compensation as a director during his time as Chief Executive Officer.

(5) Ronald Pasek held the role of Interim Chief Executive Officer from June 16, 2024 to November 11, 2024 and assumed the role of Interim Chief Financial Officer on December 13, 2024. Mr. Pasek has been a director of the Corporation since June 18, 2015. Mr. Pasek did not receive compensation as Interim Chief Executive Officer or Interim Chief Financial Officer. The table above reflects the board fees paid to Mr. Pasek during the periods.

(6) David Mier held the role of Interim Chief Financial Officer from November 20, 2023 to December 13, 2024.

Incentive Plan Awards – Named Executive Officers

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding for the Named Executive Officers as of December 31, 2024:

	Option-Based Awards				Share-Based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested[2] ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Omar Javaid, Chief Executive Officer, and Director	Nil	Nil	Nil	Nil	7,100,000	781,000	Nil

	Option-Based Awards				Share-Based Awards		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options[(1)] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share based awards that have not vested[(2)] ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Raouf Halim, Former Chief Executive Officer, and Director	50,000	1.50	02/10/2027	Nil	468,100	51,491	232,189
Ronald Pasek, Interim Chief Financial Officer, Former Interim Chief Executive Officer, and Director	Nil	Nil	Nil	Nil	Nil	Nil	11,773
David Mier, Former Interim Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) The "value of unexercised in-the-money options" is calculated based on the difference between the closing price of $0.11 for the Common Shares on the TSXV on December 31, 2024 and the exercise price of the options, multiplied by the number of unexercised options.

(2) The "market or payout value of share-based awards that have not vested" is calculated based on the closing price of $0.11 for the Common Shares on the TSXV on December 31, 2024 multiplied by the number of Common Shares that have not vested.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended December 31, 2024:

Name	**Option-based awards – Value vested during the year[(1)] ($)**	**Share-based awards – Value vested during the year[(2)] ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Omar Javaid, Chief Executive Officer, and Director	Nil	64,758	58,345
Raouf Halim, Former Chief Executive Officer, and Director	Nil	162,176	Nil
Ronald Pasek, Interim Chief Financial Officer, Former Interim Chief Executive Officer, and Director	Nil	20.256	Nil

Name	Option-based awards – Value vested during the year[1] ($)	Share-based awards – Value vested during the year[2] ($)	Non-equity incentive plan compensation – Value earned during the year ($)
David Mier, Former Interim Chief Financial Officer	Nil	Nil	Nil

Notes:

(1) The "value vested during the year" is calculated based on the difference between the closing price for the Common Shares on the TSXV as of the date of vesting (or the most recent closing price on the TSXV) and the exercise price of the options, multiplied by the number of vested options.

(2) The "value vested during the year" is calculated based on the closing price for the Common Shares on the TSXV as of the date of vesting (or the most recent closing price on the TSXV) multiplied by the number of Common Shares that have vested.

Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors of the Corporation (other than directors who are also Named Executive Officers) during the financial year ended December 31, 2024:

Name	Fees Earned[1] ($)	Share-based awards[2] ($)	Option-based awards ($)	All other compensation ($)	Total ($)
Roger Maggs	17,986	Nil	Nil	Nil	17,986
Christopher Morgan	20,145	Nil	Nil	Nil	20,145

Notes:

(1) Certain amounts denominated in Canadian dollars under "Fees Earned" were paid/payable in US$. All US$ amounts are converted at an exchange rate of US$1.00:$1. 4389 for fiscal 2024.

(2) Calculated based on the intrinsic value of the share-based awards which is the market value of the common shares as of the date of grant multiplied by the number of RSU granted.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the directors of the Corporation (other than directors who are also Named Executive Officers) as of December 31, 2024:

	Option-Based Awards				Share-Based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested[2] ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Roger Maggs	Nil	Nil	Nil	Nil	Nil	Nil	15,630
Christopher Morgan	Nil	Nil	Nil	Nil	Nil	Nil	15,630

Notes:

(1) The "value of unexercised in-the-money options" is calculated based on the difference between the closing price of $0.11 for the Common Shares on the TSXV on December 31, 2024 and the exercise price of the options, multiplied by the number of unexercised options.

(2) The "market or payout value of share-based awards that have not vested" is calculated based on the closing price of $0.11 for the Common Shares on the TSXV on December 31, 2024 multiplied by the number of Common Shares that have not vested.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Corporation (other than directors who are also named Executive Officers) during the year ended December 31, 2024:

Name	Option-based awards – Value vested during the year[(1)] ($)	Share-based awards – Value vested during the year[(2)] ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Roger Maggs	Nil	36,364	Nil
Christopher Morgan	Nil	36,364	Nil

Notes:

(1) The "value vested during the year" is calculated based on the difference between the closing price for the Common Shares on the TSXV as of the date of vesting (or the most recent closing price on the TSXV) and the exercise price of the options, multiplied by the number of vested options.

(2) The "value vested during the year" is calculated based on the closing price for the Common Shares on the TSXV as of the date of vesting (or the most recent closing price on the TSXV) multiplied by the number of Common Shares that have vested.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon exercise of outstanding options pursuant to the Stock Option Plan and upon settlement of RSUs under the RSU Plan, as at December 31, 2024:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	187,000[(1)] 21,793,888 [(2)]	1.47	5,578,590[(3)]
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	21,985,888	1.47[(1)]	5,578,590 [(3)]

Notes:

(1) Issuable upon exercise of outstanding options pursuant to the Stock Option Plan.

(2) Issuable pursuant to the RSU Plan.

(3) Combined maximum aggregate number of Common Shares available under both the Stock Option Plan and RSU Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended December 31, 2024 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended December 31, 2024 or as at the date of this Circular in connection with security purchase programs or other programs.

REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board and the Corporation's management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Corporation's corporate governance practices, which addresses the matters set out in NI 58-101, is set out at Schedule "E" to this Circular.

AUDIT COMMITTEE DISCLOSURE

Audit Committee's Charter

The charter (the "**Charter**") of the Corporation's Audit Committee is reproduced as Schedule "F".

Composition of Audit Committee

As at the date of this Circular, the Audit Committee is composed of Ronald Pasek (Chair), Roger Maggs and Christopher Morgan, each of whom is a director of the Corporation.

The majority of members of the Audit Committee are "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. Pasek is an executive officer of the Corporation and is not considered to be independent under NI 52-110. The Corporation is of the opinion that all three members of the Audit Committee are "financially literate" as such term is defined in NI 52-110.

Relevant Education and Experience

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate 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 the Corporation's financial statements.

Ronald Pasek was the Executive Vice President, Chief Financial Officer of NetApp, Inc. (NASDAQ: NTAP), a worldwide provider of data management software, systems and services from 2016 to 2020. Prior to his position with NetApp, Inc., Mr. Pasek was Senior Vice President of Finance and Chief Financial Officer of Altera Corporation (NASDAQ: ALTR), a worldwide provider of programmable logic devices, from 2009 to 2016. Mr. Pasek was previously employed by Sun Microsystems where he most recently served as Vice President and Corporate Treasurer. In his 19 years at Sun Microsystems, Mr. Pasek held a variety of positions in finance, including Vice President of Worldwide Field Finance, Worldwide Manufacturing, and U.S. Field Finance.

Roger Maggs earned a Bachelor of Science degree in Physics from the University of Wales, and a Master's degree from Warwick Business School. He has extensive venture capital experience, including founding Celtic House in 1994. Over his career, he has held directorships on more than 30 public and private boards and served as an audit committee member on two public companies in addition to the Corporation.

Christopher Morgan was a partner of the international law firm Skadden, Arps, Slate, Meagher & Flom LLP, and managed the firm's Toronto office. During his 30 years at Skadden, he advised Canadian clients on complex U.S. legal matters, principally relating to cross-border debt and equity offerings, mergers and acquisitions and restructurings. Christopher Morgan holds a Bachelor of Applied Science, a Bachelor of Laws and a Master of Business Administration, from the University of Toronto.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of the Corporation's external auditors not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to *"De Minimis Non-audit Services"* or any exemption provided by Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Pursuant to the terms of the Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

External Auditor Service Fees (By Category)

Audit Fees – The Corporation's external auditors billed $140,000 and $120,000 for the audit of the financial years ended December 31, 2024 and 2023, respectively.

Audit-Related Fees – The Corporation's external auditors billed $10,514 and $9,114 for the review of financial statements during the financial years ended December 31, 2024 and 2023, respectively.

Tax Fees – The Corporation's external auditors billed the Corporation $106,428 and $61,081 during the financial years ended December 31, 2024 and 2023, respectively, for services related to tax compliance, tax advice and tax planning.

All Other Fees – The Corporation's external auditors did not bill the Corporation during the financial years ended December 31, 2024 and 2023, respectively, for services other than those reported above.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Sale Transaction

At the Meeting, Shareholders will be asked to consider and approve, with or without variation, the Sale Transaction Resolution approving the Sale Transaction. To be effective, the Sale Transaction Resolution must be approved by not less than 66 2/3% of the votes cast on the Sale Transaction Resolution by Shareholders present in person or represented by proxy at the Meeting. The approval of the Sale Transaction Resolution is also intended to satisfy the applicable TSXV securityholder approval requirements set out in to subsection 5.14(c) of Policy 5.3 of the TSXV, as the Sale Transaction constitutes the sale of more than 50% of the assets of the Corporation.

In the event that the Sale Transaction Resolution is not passed by a sufficient number of eligible votes at the Meeting, the Sale Transaction and Special Cash Distribution and the issuance of CVRs will not be completed and the Corporation will continue to operate in all material respects in the same manner as it does currently. Furthermore, it is likely that the US$2,500,000 termination fee mentioned in *Sales Transaction and Related Matters – The Purchase Agreement – Break Fee* section above will be payable by the Corporation to the Purchaser if the Purchase Agreement is subsequently terminated.

The Board, having taken into account such matters as they considered relevant after receiving legal and financial advice, have determined that the Sale Transaction is in the best interests of the Corporation, is fair to Shareholders and recommends that Shareholders vote FOR the Sale Transaction Resolution.

The Corporation has entered into voting and support agreements with Shareholders holding an aggregate of 93,667,812 Common Shares representing approximately 60.44% of the issued and outstanding Common Shares. These Shareholders collectively hold 100% of the Pre-Funded Warrants. The voting and support agreements provide that the signatory Shareholders will, among other things, vote their Common Shares FOR the Sale Transaction Resolution.

Unless you indicate otherwise, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of form of proxy FOR the Sale Transaction Resolution.

2. Delisting of Common Shares

In the event the Sale Transaction is approved by Shareholders and completed, the Corporation believes it is in the Corporation's and Shareholders' best interests to complete the Delisting of the Common Shares from trading on the TSXV (at, or immediately following the completion of the Sale Transaction, or otherwise in the discretion of the Board) as the Corporation will no longer meet the listing requirements of the TSXV. Further, management does not believe that it is in the best interests of the Shareholders to maintain a listing on the lower tier NEX board of the TSXV. The Corporation however expects that it will continue to exist until it is wound-up or otherwise repurposed in order to protect its interest in the Escrow Amount.

As of the date of this Circular, management of the Corporation does not have any plans to apply for an order to cease the Corporation to be a 'reporting issuer'. If the Sale Transaction is not completed, the

Corporation expects to maintain the listing of the Common Shares on the TSXV and operate its business in the normal course.

In accordance with Section 4.3 of TSXV Policy 2.9, the delisting of the Common Shares requires Shareholder approval. To provide the Corporation with maximum flexibility on this action, Shareholders will be asked to consider and approve, with or without variation, the Delisting Resolution approving the Delisting at, or immediately following, completion of the Sale Transaction, or otherwise in the discretion of the Board. However, the Delisting Resolution provides full discretionary authority to the Board to make any final decision in this regard.

In accordance with TSXV Policy 2.9, the Delisting Resolution must be approved by a majority of the votes cast on the Delisting Resolution by Shareholders present in person or represented by proxy at the Meeting, excluding votes attached to Common Shares held by directors and officers of the Corporation and Shareholders who own greater than 10% of the outstanding Common Shares. As of the date hereof, the number of Common Shares that will not be eligible to be voted on the Delisting Resolution is 41,700,140 Common Shares, representing approximately 26.91% of the outstanding Common Shares.

The foregoing statements relating to the future plans of the Corporation constitute forward-looking statements. Notwithstanding management's current intentions with respect to what may occur should the Sale Transaction be completed or not completed, there can be no assurance as to the ultimate future of the Corporation or the Common Shares in either case and management undertakes no obligation to update or revise the foregoing publicly except as required by applicable law. See "*Forward-Looking Statements.*"

The Board, having taken into account the matters as they considered relevant after receiving legal advice, have unanimously determined that obtaining the approval of Shareholders to the Delisting is in the best interest of the Corporation and its Shareholders and unanimously recommends that Shareholders vote FOR the Delisting Resolution.

Unless you indicate otherwise, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of form of proxy FOR the Delisting Resolution.

3. Creation of Control Persons

Under the policies of the TSXV, a "Control Person" is defined as "any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or that holds more than 20% of the outstanding voting shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer." Pursuant to the policies of the TSXV, if a transaction will result in the creation of a new Control Person, the TSXV will require the Corporation to obtain Shareholder approval of the transaction on a disinterested basis excluding any Common Shares held by the proposed new Control Person and its Associates and Affiliates (as such terms are defined in TSXV Policy 1.1 – *Interpretation*).

On May 10, 2024 and June 13, 2024, the Corporation completed two private placements (collectively, the "**2024 Private Placement**") of units (the "**Units**"), with certain of the Units consisting of one Pre-Funded Warrant and one common share purchase warrant. In connection with the 2024 Private Placement, certain convertible debentures were converted into Units also consisting of one Pre-Funded Warrant and one common share purchase warrant. Each Pre-Funded Warrant entitles the holder to acquire one Common Share, subject to adjustments, at a price of $0.00001 per Common Share at any time following its issuance. As a result of their participation in the 2024 Private Placement, and the conversion of certain convertible debentures, the parties below were issued Pre-Funded Warrants.

As of the date of this Circular:

(a) the 21 April Fund, LP and the 21 April Fund Ltd., through accounts managed by Bleichroeder LP (the "**Bleichroeder Accounts**"), and considered to be acting jointly with Bleichroeder LP under Canadian securities laws, have control or direction over: (i) an aggregate of 15,493,525 Common Shares, and (ii) 47,410,640 Pre-Funded Warrants, all of which are held by the Bleichroeder Accounts, which in aggregate constitutes 9.99% of the issued and outstanding Common Shares (on an undiluted basis), would constitute 31.08% of the issued and outstanding Common Shares if all of the Pre-Funded Warrants held by the Bleichroeder Accounts (but no other Pre-Funded Warrants, or any other convertible securities) were exercised into Common Shares and would constitute 24.67% of the issued and outstanding Common Shares if all of the Pre-Funded Warrants held by the Bleichroeder Accounts and all other Pre-Funded Warrants (but no other convertible securities) were exercised;

(b) the Lytton-Kambara Foundation has control or direction over: (i) 14,397,684 Common Shares, and (ii) 27,047,934 Pre-Funded Warrants, which in aggregate constitutes 9.29% of the issued and outstanding Common Shares (on an undiluted basis), would constitute 22.77% of the issued and outstanding Common Shares if all of the Pre-Funded Warrants held by the Lytton-Kambara Foundation (but no other Pre-Funded Warrants, or any other convertible securities) were exercised into Common Shares and would constitute 14.90% of the issued and outstanding Common Shares if all of the Pre-Funded Warrants held by the Lytton-Kambara Foundation and all other Pre-Funded Warrants (but no other convertible securities) were exercised; and

(c) Blackwell Partners LLC – Series A ("**Blackwell**"), Nantahala Capital Partners Limited Partnership ("**NCPLP**") and NCP RFM LP ("**RFMLP**", and together with Blackwell and NCPLP, the "**Nantahala Accounts**") through accounts managed by Nantahala Capital Management, LLC, and considered to be acting jointly with Nantahala under Canadian securities laws, have control or direction over an aggregate of: (i) 15,487,761 Common Shares, and (ii) 25,576,837 Pre-Funded Warrants, all of which are held by the Nantahala Accounts, which in aggregate constitutes 9.99% of the issued and outstanding Common Shares (on an undiluted basis), would constitute 22.74% of the issued and outstanding Common Shares if all of the Pre-Funded Warrants held by the Nantahala Accounts (but no other Pre-Funded Warrants, or any other convertible securities) were exercised into Common Shares and 16.10% of the issued and outstanding Common Shares if all Pre-Funded Warrants held by the Nantahala Accounts and all other Pre-Funded Warrants (but no other convertible securities) were exercised.

If each of the Bleichroeder Accounts, the Lytton-Kambara Foundation and the Nantahala Accounts completed the full exercise of their Pre-Funded Warrants irrespective of one another, each party would become a Control Person.

Disinterested Shareholders will be asked to approve each new Control Person on a standalone basis (collectively, the "**Control Person Resolutions**"). For greater certainty, all Shareholders other than the Bleichroeder Accounts and any Associates and Affiliates will be asked to approve the Bleichroeder Accounts jointly becoming a Control Person. All Shareholders other than the Lytton-Kambara Foundation and any Associates and Affiliates will be asked to approve the Lytton-Kambara Foundation becoming a Control Person. All Shareholders other than the Nantahala Accounts and any Associates and Affiliates will be asked to approve the Nantahala Accounts jointly becoming a Control Person. In order for each Control

Person Resolution to be effective, it must be approved by a resolution passed by a majority of the votes cast by disinterested Shareholders present in person or represented by proxy at the Meeting.

The Board, having taken into account the matters as they considered relevant after receiving legal advice, have unanimously determined that obtaining the approval of respective disinterested Shareholders to the creation of each new Control Person is in the best interest of the Corporation and its disinterested Shareholders and unanimously recommends that disinterested Shareholders vote FOR the respective Control Person Resolutions.

Unless you indicate otherwise, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of form of proxy FOR each Control Person Resolution.

4. Election of Directors

The Board presently consists of five directors, namely, Raouf Halim, Omar Javaid, Roger Maggs, Christopher Morgan, and Ronald Pasek. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. The enclosed form of proxy permits Shareholders to vote for all nominees together or for each nominee on an individual basis.

It is expected that immediately after the completion of the Sale Transaction, Messrs. Halim and Maggs will resign as directors of the Corporation with Messrs. Javaid, Morgan and Pasek remaining as directors until at least the Escrow Release Date.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.

Advance Notice Requirement

The Corporation's By-Law No. 2, contains a requirement providing for advance notice of nominations of directors (the "**Advance Notice Requirement**") in certain circumstances where nominations for election to the Board are made by Shareholders. For an annual meeting of Shareholders, notice to the Corporation must be provided not less than 30 and not more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement. For a special meeting of Shareholders (that is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made. The Corporation's By-Law No. 2, is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The following tables set out certain information as of the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common Shares owned by each director of the Corporation is presented to the best knowledge of management of the Corporation and has been furnished to management of the Corporation by such directors.

RAOUF HALIM	**Principal Occupation and Biographical Information**		
California, U.S.A. Director Since: September 26, 2016 **NOT INDEPENDENT** 	Raouf Halim was the President and Chief Executive Officer of the Corporation from September 2016 until June 2024. Mr. Halim was the Chairman and one of the co-founders of icClarity, Inc. ("icClarity"), a private company developing a 3D Video capture solution for applications in augmented reality, virtual reality, mobile, and automotive markets until April 2020. Prior to icClarity, Mr. Halim was CEO of Mindspeed Technologies, Inc. which designed and developed semiconductor solutions for communications applications in wireless and wireline network infrastructure markets.		
Current Board/Committee Membership	**2024 Attendance (Total)**		**Other Public Board Memberships**
Member of the Board	10 of 11	91%	None.
Number of Common Shares Beneficially Owned, Controlled or Directed			3,581,880

OMAR JAVAID	**Principal Occupation and Biographical Information**		
California, U.S.A. Director Since: November 11, 2024 **NOT INDEPENDENT** 	Omar Javaid has more than 25 years of experience accelerating sales growth and profitability. Most recently, Mr. Javaid was Chief Product Officer at Avaya, where he led product development for Avaya's worldwide portfolio, partnerships, and alliances. Prior to this, he was a Senior Vice-President and GM of Software at Qualcomm, where he led the worldwide software portfolio. He has also held senior positions at Vonage, Hewlett-Packard, Google and Motorola. He was also the CEO and co-founder of Mobilocity, which was sold to Qualcomm. Mr. Javaid holds a Bachelor of Science degree from the University of Michigan, and has completed executive programs at Harvard Business School and Stanford University.		
Current Board/Committee Membership	**2024 Attendance (Total)**		**Other Public Board Memberships**
Member of the Board	1 of 1	100%	None.
Number of Common Shares Beneficially Owned, Controlled or Directed			None.

ROGER MAGGS	Principal Occupation and Biographical Information
Gloucestershire, United Kingdom Director Since: February 5, 2013 **INDEPENDENT** 	Roger Maggs followed a 27-year career at Alcan Aluminum, with senior postings around the world, including three Vice Presidencies of the global company, based in Montreal, Quebec. In 1994 he left Alcan and co-founded Celtic House International, a leading Canadian venture fund specializing in technology start-ups. From October 2022 to December 2024, Mr. Maggs was the Chair of the Celtic Freeport consortium that focuses on clean energy development based on the construction and operations of floating offshore wind turbines in the sea around Wales. Mr. Maggs earned a Bachelor of Science degree in Physics from the University of Wales, and a Master's degree from Warwick Business School in the UK. He was made an honorary fellow of his college in 1998. Over his career, Mr. Maggs has held directorships on more than 30 public and private boards.

Current Board/Committee Membership	2024 Attendance (Total)		Other Public Board Memberships
Member of the Board	5 of 11	45%	None.
Member of the Audit Committee	4 of 5	80%	
Member of the Compensation Committee	1 of 2	50%	
Member of the Corporate Governance and Nominating Committee	0 of 0	N/A	
Number of Common Shares Beneficially Owned, Controlled or Directed			427,849

CHRISTOPHER MORGAN	Principal Occupation and Biographical Information
Toronto, Canada Director Since: July 30, 2021 **INDEPENDENT** 	Christopher Morgan was a partner of the international law firm Skadden, Arps, Slate, Meagher & Flom LLP, and managed the firm's Toronto office. During his 30 years at Skadden, he advised Canadian clients on complex U.S. legal matters, principally relating to cross-border debt and equity offerings, mergers and acquisitions and restructurings. Christopher Morgan holds a Bachelor of Applied Science, a Bachelor of Laws and a Master of Business Administration, from the University of Toronto.

Current Board/Committee Membership	2024 Attendance (Total)		Other Public Board Memberships
Member of the Board	11 of 11	100%	None.
Member of the Audit Committee	5 of 5	100%	
Member of the Compensation Committee	2 of 2	100%	
Member of the Corporate Governance and Nominating Committee	0 of 0	N/A	
Number of Common Shares Beneficially Owned, Controlled or Directed			6,937,317

RONALD J. PASEK	Principal Occupation and Biographical Information		
California, U.S.A. Director Since: June 18, 2015 **NOT INDEPENDENT** 	Ronald Pasek was the Executive Vice President, Chief Financial Officer of NetApp, Inc. (NASDAQ: NTAP), a worldwide provider of data management software, systems and services from 2016 to 2020. Prior to his position with NetApp, Inc., Mr. Pasek was Senior Vice President of Finance and Chief Financial Officer of Altera Corporation (NASDAQ: ALTR), a worldwide provider of programmable logic devices, from 2009 to 2016. Mr. Pasek was previously employed by Sun Microsystems where he most recently served as Vice President and Corporate Treasurer. In his 19 years at Sun Microsystems, Mr. Pasek held a variety of positions in finance, including Vice President of Worldwide Field Finance, Worldwide Manufacturing, and U.S. Field Finance.		
Current Board/Committee Membership	**2024 Attendance (Total)**		**Other Public Board Memberships**
Member of the Board	11 of 11	100%	None.
Member of the Audit Committee	5 of 5	100%	
Member of the Compensation Committee	2 of 2	100%	
Member of the Corporate Governance and Nominating Committee	0 of 0	N/A	
Number of Common Shares Beneficially Owned, Controlled or Directed			6,695,351

Corporate Cease Trade Orders

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

Bankruptcies, or Penalties or Sanctions

Except as disclosed herein, to the knowledge of the Corporation, no proposed director:

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

(b) has within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;

(c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

5. Appointment of Auditor

Management of the Corporation proposes to nominate MNP LLP, Chartered Accountants, which firm has been auditor of the Corporation since May 2015, as auditor of the Corporation to hold office until the next annual meeting of Shareholders.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MNP LLP, CHARTERED ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person or company who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no proposed nominee for election as a director of the Corporation 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 other than the election of directors.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca. Financial information is provided in the Corporation's audited financial statements and MD&A. In addition, copies of the Corporation's annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

APPROVAL OF BOARD OF DIRECTORS

The contents of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: March 18, 2025.

"Ronald Pasek"

Ronald Pasek
Director, Chairman of the Board, Interim Chief Financial Officer

SCHEDULE "A"
SALE TRANSACTION RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Corporation is hereby authorized to consummate the transaction (the "**Sale Transaction**") contemplated by the asset purchase agreement entered into among the Corporation and Parade Technologies, Ltd. dated March 7, 2025 (the "**Purchase Agreement**");

2. the sale of all or substantially all of the assets of the Corporation pursuant to the Purchase Agreement is hereby approved;

3. subject to the completion of the Sale Transaction, the Corporation is hereby authorized, in its sole discretion, to declare and pay one or more special distributions of the net cash proceeds from the Sale Transaction (which may include the issuance of contingent value rights for any such distribution, in the sole discretion of the Corporation), less such amounts determined by the Corporation, including estimated net liabilities of the Corporation and estimated transaction costs, to holders of common shares (other than holders of common shares that exercise dissent rights under the *Business Corporations Act* (Ontario)) and pre-funded warrants of the Corporation of record on the date of distribution of such proceeds of the Sale Transaction following completion of the Sale Transaction, such date to be determined by the Corporation at its sole discretion and in accordance with the policies of the TSX Venture Exchange;

4. any one officer or director of the Corporation is hereby authorized and directed to make all such amendments, if any, to the Purchase Agreement as are, in the opinion of such person, necessary or desirable to give effect to the foregoing resolutions; and

5. any director or officer of the Corporation is hereby authorized and directed to execute and deliver in the name of and on behalf of the Corporation, all such certificates, instruments, agreements and other documents and do all such other acts and things as in the opinion of such person may be necessary or desirable in order to give effect to the foregoing resolutions.

SCHEDULE "B"
DELISTING RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. subject to, and conditional upon, the completion of the Sale Transaction, the Corporation is hereby authorized to apply to delist (the "**Delisting**") the Common Shares from the TSXV;

2. notwithstanding the approval of the foregoing resolution by Shareholders, the Corporation shall maintain full discretion as to when, and if, the Delisting shall be completed; and

3. any director or officer of the Corporation is hereby authorized and directed to execute and deliver in the name of and on behalf of the Corporation, all such certificates, instruments, agreements and other documents and do all such other acts and things as in the opinion of such person may be necessary or desirable in order to give effect to the foregoing resolution.

SCHEDULE "C"
CONTROL PERSON RESOLUTIONS

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. the creation of a new Control Person (as such term is defined in the policies of the TSX Venture Exchange) of Spectra7 Microsystems Inc. (the "**Corporation**"), being collectively, the 21 April Fund, LP and the 21 April Fund Ltd., through accounts managed by Bleichroeder LP, and considered to be acting jointly with Bleichroeder LP under Canadian securities laws, resulting from the exercise of 47,410,640 issued and outstanding pre-funded warrants in the capital of the Corporation, is hereby authorized and approved; and

2. any one director or officer of the Corporation is hereby authorized and directed on behalf of the Corporation to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. the creation of a new Control Person (as such term is defined in the policies of the TSX Venture Exchange) of the Corporation, being the Lytton-Kambara Foundation, resulting from the exercise of 27,047,934 issued and outstanding pre-funded warrants in the capital of the Corporation, is hereby authorized and approved; and

2. any one director or officer of the Corporation is hereby authorized and directed on behalf of the Corporation to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. the creation of a new Control Person (as such term is defined in the policies of the TSX Venture Exchange) of the Corporation, being collectively, the Blackwell Partners LLC – Series A, NCP RFM LP and Nantahala Capital Partners Limited Partnership, through accounts managed by Nantahala Capital Management, LLC ("**Nantahala**"), and considered to be acting jointly with Nantahala under Canadian securities laws, resulting from the exercise of 25,576,837 issued and outstanding pre-funded warrants in the capital of the Corporation, is hereby authorized and approved; and

2. any one director or officer of the Corporation is hereby authorized and directed on behalf of the Corporation to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.

SCHEDULE "D"
DISSENT RIGHTS

Rights of dissenting shareholders

185 (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181;

(d.1) be continued under the *Co-operative Corporations Act* under section 181.1;

(d.2) be continued under the *Not-for-Profit Corporations Act, 2010* under section 181.2; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1); 2017, c. 20, Sched. 6, s. 24.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the

shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10). R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

(b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).

SCHEDULE "E"
STATEMENT OF GOVERNANCE PRACTICES

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")	Comments
Board of Directors	
1. Board of Directors—Disclose how the board of directors (the "**Board**") of Spectra7 Microsystems Inc. (the "**Corporation**") facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.	The Board currently consists of a total of five directors of which Messrs. Roger Maggs and Christopher Morgan are considered "independent" as such term is defined in NI 58-101. Omar Javaid and Ronald Pasek are not considered independent as they are executive officers of the Corporation. Raouf Halim is not considered independent as he served as an executive officer of the Corporation within the last three years.
2. Directorships—If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Please refer to the Circular under the heading "Particulars of Matters to be Acted Upon - Election of Directors".
Orientation and Continuing Education	
3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.	Each director ultimately assumes responsibility for keeping himself informed about the Corporation's business and relevant developments outside the Corporation that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Corporation's business and developments in areas where they are not commonly exposed.
Ethical Business Conduct	
4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	The Board is responsible for promoting an ethical business culture. The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behaviour. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.
Nomination of Directors	
5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Corporate Governance and Nominating Committee is responsible for the identification and assessment of potential directors. While no formal nomination procedures are in place to identify new candidates, the Corporate Governance and Nominating Committee does review the experience and performance of nominees for election to the Board. Members of the Corporate Governance and Nominating Committee are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Corporate Governance and Nominating Committee also assesses any potential

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")	Comments
	conflicts, independence or time commitment concerns that the candidate may present.
Compensation	
6. Disclose what steps, if any, are taken to determine compensation for the directors and officers, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board and the Compensation Committee in respect of compensation is more fully described in the "Compensation Discussion and Analysis" section of the accompanying Circular.
Other Board Committees	
7. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board does not have any standing committees other than the Corporate Governance and Nominating Committee, the Compensation Committee and the Audit Committee.
Assessments	
8. Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The entire Board will evaluate the effectiveness of the Board, its committees and individual directors on an annual basis. To facilitate this evaluation, each committee will conduct an annual assessment of its performance, consisting of a review of its charter, the performance of the committee as a whole and the performance of the committee chair.

SCHEDULE "F"
AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 – Audit Committees)

National Instrument 52-110 – *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange ("**TSXV**") listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSXV listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose:

The purpose of the Committee is to:

(a) improve the quality of the Corporation's financial reporting;

(b) assist the board of directors to properly and fully discharge its responsibilities;

(c) provide an avenue of enhanced communication between the directors and external auditors;

(d) enhance the external auditor's independence;

(e) increase the credibility and objectivity of financial reports; and

(f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

1.1 Definitions

"**accounting principles**" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"**Affiliate**" means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

"**audit services**" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"**Charter**" means this audit committee charter;

"**Committee**" means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"**Control Person**" means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation;

"**financially literate**" has the meaning set forth in Section 1.2;

"**immediate family member**" means an individual's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual's immediate family member) who shares the individual's home;

"independent" means independent only as determined by the Instrument;

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

"**MD&A**" has the meaning ascribed to it in National Instrument 51-102;

"**Member**" means a member of the Committee;

"**National Instrument 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*; and

"**non-audit services**" means services other than audit services.

1.2 Meaning of Financially Literate

For the purposes of this Charter, an individual is 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 the Corporation's financial statements.

PART 2

2.1 Audit Committee

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the board of directors:

    (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

    (b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

   (a) reviewing the audit plan with management and the external auditor;

   (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;

   (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

   (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

   (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;

   (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;

   (g) reviewing interim unaudited financial statements before release to the public;

   (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;

   (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;

   (j) reviewing the terms of reference of the internal auditor, if any;

   (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and

   (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.

3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.

6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.

7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.

8. The Committee shall, as applicable, establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

   (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

(a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;

(b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its Members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.

2. Every Member shall be a director of the Corporation.

3. The majority of Members shall not be executive officers, employees or Control Persons of the Corporation.

4. If practicable, given the composition of the directors of the Corporation, each Member shall be financially literate.

5. The board of directors of the Corporation shall appoint or re-appoint the Members after each annual meeting of shareholders of the Corporation.

PART 4

4.1 Authority

Until the replacement of this Charter, the Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee;

(c) communicate directly with the internal and external auditors; and

(d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

PART 5

5.1 Required Disclosure

The Corporation must include in its Annual Information Form the disclosure required by Form 52-110F2.

5.2 Disclosure in Information Circular

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors, the Corporation shall include in its management information circular a cross-reference to the sections in the Corporation's Annual Information Form that contain the information required by section 5.1.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.

3. Minutes shall be kept of all meetings of the Committee.