



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

For the Annual General and Special Meeting of Shareholders

to be held on December 15, 2022



**AXIS AUTO FINANCE INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 15, 2022**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "**Meeting**") of the holders of common shares (the "**Shareholders**") of Axis Auto Finance Inc. (the "**Corporation**" or "**Axis**") will be held at the offices of the Corporation at 165 Galaxy Court, 2<sup>nd</sup> Floor, Etobicoke, Ontario M9W 0C8, on December 15, 2022, at 11:00 a.m. (Eastern) for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the year ended June 30, 2022 and the auditors' report thereon;
2. to elect eight directors of the Corporation for the ensuing year;
3. to appoint Ernst & Young LLP as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration as such;
4. to consider and, if thought appropriate, to pass an ordinary resolution re-approving the Corporation's long term incentive plan (the "**LTIP Resolution**");
5. to consider and, if thought appropriate, to pass an ordinary resolution approving the extension of the period in which certain holders of option may exercise such options (the "**Option Resolution**"); and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

This Notice of Meeting is accompanied by a proxy statement and information circular of the Corporation dated November 1, 2022 (the "**Information Circular**"). Details of the matters to be put before the Meeting are set forth in the Information Circular. In the event of an adjournment or postponement of the Meeting, the adjourned or postponed Meeting will be held at a time and place to be specified either by the Corporation before the Meeting or by the Chair of the Meeting, as applicable.

This year, as described in the notice and access notification mailed to shareholders of the Corporation, the Corporation has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: [www.axisautofinance.com](http://www.axisautofinance.com) (the "**Website**"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs. The Meeting materials will be available on the Website as of November 15, 2022 and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access please call 1.855.964.5626 ext. 275 or email [tsxtis@tmx.com](mailto:tsxtis@tmx.com). In order to receive a paper copy in time to vote before the Meeting, your request should be received by December 6, 2022.

A form of proxy solicited by management of the Corporation in respect of the Meeting is enclosed herewith.

The Corporation is actively monitoring the ongoing COVID-19 situation and is sensitive to public health concerns. The Corporation will be restricting physical access to the Meeting and only registered shareholders and formally appointed proxyholders will be allowed to attend. The Corporation strongly encourages registered shareholders and proxyholders not to attend the Meeting in person, and Shareholders are encouraged to vote using one of the methods described in the accompanying management information circular. To further mitigate the risk of the spread of the virus, the Meeting will be audio-cast live at 11:00 a.m. (Toronto time) on December 15, 2022 and can be accessed by conference call at 1.866.305.1460, Access Code: 8915520. This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in the Meeting via the conference call.

Given the restrictions in place, the Corporation's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting.

Shareholders are requested to sign the enclosed form of proxy and return it in the envelope provided for that purpose. To be effective, the form of proxy must be received at the offices of TSX Trust Company, 100 Adelaide Street West, Suite 301, Attn: Proxy Department, Toronto, Ontario, M5H 4H1 or via internet at [www.voteproxyonline.com](http://www.voteproxyonline.com) by not later than 11:00 a.m. (Toronto time) on December 13, 2022 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting, or in either case by such later date and time as the Board may determine in its sole discretion. The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting.

**DATED** at Mississauga, Ontario this 1<sup>st</sup> day of November, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

Signed "*Todd Hudson*"

Todd Hudson  
Chief Executive Officer  
Axis Auto Finance Inc.



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**MANAGEMENT INFORMATION CIRCULAR**  
**Dated as of November 1, 2022**

This management information circular (this "**Information Circular**") is furnished in connection with the solicitation of proxies for use at our annual general and special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Axis Auto Finance Inc. ("**Axis**" or the "**Corporation**") to be held on December 15, 2022 at 11:00 a.m. (Eastern), at the offices of the Corporation at 165 Galaxy Court, 2<sup>nd</sup> Floor, Etobicoke, Ontario, M9W 0C8, and at any adjournment(s) thereof.

Only Shareholders of record at the close of business on November 1, 2022 (the "**Record Date**") will be entitled to vote at the Meeting.

The Company presents its consolidated financial statements in Canadian dollars. In this Information Circular, all references to "\$" are to Canadian dollars.

The information contained in this Information Circular is provided as at November 1, 2022, except where otherwise indicated.

### **HOW TO VOTE YOUR SHARES**

#### **Appointment and Revocation of Proxies**

The persons named in the enclosed form of proxy are Ilja Troitschanski and Todd Hudson, our President and our Chief Executive Officer, respectively (the "**Management Designees**"). **As a Shareholder, you have the right to appoint a person or company, who need not be a Shareholder, to represent you at the meeting.** To exercise this right, you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy. The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

To be valid, completed proxy forms must be dated, completed, signed and deposited with TSX Trust Company: (i) by mail to TSX Trust Company, 100 Adelaide Street West, Suite 301, Attn: Proxy Department, Toronto, Ontario, M5H 4H1, or (ii) voting by facsimile by submitting your completed proxy forms to 416-595-9593, or (iii) online at [www.voteproxyonline.com](http://www.voteproxyonline.com). Your proxy or voting instructions must be received in each case no later than 11:00 a.m. (EST) on December 13, 2022 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjourned meeting. If you receive more than one proxy form because you own Common Shares registered in different names or addresses, each proxy form should be completed and returned.

You may revoke your proxy at any time prior to a vote. You may revoke your proxy / change your vote by submitting a proxy bearing a late date than the first proxy submitted. Any new proxies submitted must be deposited prior to the proxy deadline set out in the immediately preceding paragraph in order to be counted. If you or the person you give your proxy to attend personally at the Meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective, the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

### **Persons Making the Solicitation**

**This solicitation is made on behalf of our Management Designees.** We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual meeting and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

### **Exercise of Discretion by Proxy**

The Common Shares represented by proxy in favour of the Management Designees will be voted on all matters considered at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted or withheld from voting on such matter in accordance with the specification so made. If you do not provide instructions, your Common Shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this Information Circular, we know of no such amendment, variation or other matter.

### **Advice to Beneficial Holders**

**The following information is of significant importance to Shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, that acts as nominee for many Canadian brokerage firms).

Intermediaries are required 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 to clients.

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities that they own (called "**OBOs**" for "*Objecting Beneficial Owners*") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "*Non-Objecting Beneficial Owners*").

Pursuant to NI 54-101, the Corporation distributes copies of the Meeting materials to The Canadian Depository for Securities Limited and intermediaries for onward distribution to Beneficial Shareholders. The Company does not send Meeting materials directly to Beneficial Shareholders. Intermediaries are required to forward the Meeting materials to all Beneficial Shareholders for whom they hold Common Shares unless such Beneficial Shareholders have waived the right to receive them.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you as a Beneficial Shareholder by your broker will be similar to the proxy provided to Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") in Canada and in the United States. Broadridge mails a Voting Instruction Form ("**VIF**") in lieu of the proxy provided by the Corporation. The VIF will name the same persons as the proxy to represent you at the Meeting. **You have the right to appoint a person (who need not be a Beneficial Shareholder), different from the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right insert the name of your desired representative (which may be you) in the blank space provided in the VIF.** Once you have completed and signed your VIF, return it to Broadridge by mail or facsimile, or deliver your voting instructions to Broadridge by phone or via the internet, in accordance with Broadridge's instructions. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it must be completed and returned to Broadridge, in accordance with Broadridge's instructions well in advance of the Meeting in order to: (a) have your Common Shares voted at the Meeting as per your instructions; or (b) have an alternate representative chosen by you duly appointed to attend and vote your Common Shares at the Meeting.**

### **COVID-19 Protocols**

The Corporation is actively monitoring the ongoing COVID-19 situation and is sensitive to public health concerns. The Corporation will be restricting physical access to the Meeting and only registered shareholders and formally appointed proxyholders will be allowed to attend. The Corporation strongly encourages registered shareholders and proxyholders not to attend the Meeting in person, and Shareholders are encouraged to vote using one of the methods described in the accompanying management information circular. To further mitigate the risk of the spread of the virus, the Meeting will be audio-cast live at 11:00 a.m. (Toronto time) on December 15, 2022 and can be accessed by conference call at 1.866.305.1460, Access Code: 8915520. This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in the Meeting via the conference call.

Given the restrictions in place, the Corporation's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting.

### **Notice and Access**

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The Corporation will not send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. Rather, TSX Trust, the Corporation's registrar and transfer agent, will mail the Meeting materials to non-objecting beneficial owners.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of Common Shares. As at October 31, 2022, there were 122,109,949 Common Shares outstanding. As a holder of Common Shares as at the Record Date, you are entitled to one vote for each common share owned.

As of October 31, 2022, the only persons or companies who, to our knowledge, our directors or executive officers, beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the outstanding Common Shares are as follows:

Name	Approximate Number of Common Shares Held Directly or Indirectly	Approximate Percentage of outstanding Equivalent Common Shares
Ilja Troitschanski <sup>(1)</sup>	13,923,331	11.40%
Westlake Services, LLC	30,000,000	24.57%

**Note:**

(1) Mr. Troitschanski's direct and indirect ownership or control of Common Shares are held: (i) 8,134,470 Common Shares directly; (ii) 1,618,618 held by his spouse; and (iii) 4,170,243 held through MTIT Advanced Technologies Corp.

As at the date hereof, our board of directors (the "**Board**") and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control over 30,122,983 Common Shares or approximately 24.67% of the issued and outstanding Common Shares.

## MATTERS TO BE ACTED UPON AT THE MEETING

### A. Election of Directors

#### *Director Nominees*

Our Board has fixed the number of directors at eight members. Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of the election as directors of the eight nominees set forth below:

Paul Stoyan	Todd Hudson
Ilja Troitschanski	Bruce Smith
Wes Neichenbauer	Lesley Gallinger
Jim Nikopoulos	Ian Anderson



In the event that a vacancy among such nominees occurs for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

Shareholders have the ability to vote for or against the election of a director on an individual director basis. Each director elected will hold office until the next annual meeting of the Shareholders or until his or her successor is duly elected or appointed, unless his or her office is vacated prior to such time, in accordance with our by-laws.

### *Biographies of Directors*

The following information relating to the nominees as directors is based partly on our records and partly on information received by us from the nominees and sets forth the names, ages and cities of residence of the proposed nominees, their committee memberships, the date on which each became a director of us (or a predecessor of us), the present occupations and brief biographies of such persons and the number of our Common Shares owned, controlled or directed by each held as at the date hereof.

<b>Nominee for Election as Director</b>	<b>Director Since</b>	<b>Common Shares Owned, Controlled or Directed</b>	<b>% of Common Shares Held</b>
<b>Paul Stoyan</b> Toronto, Ontario  Chairman Member of: <ul style="list-style-type: none"> <li>• Compensation &amp; Corporate Governance Committee</li> </ul>	May 17, 2018	1,242,166	1.01%
<p>Mr. Stoyan is a partner in, and the Chair of Gardiner Roberts LLP, a Canadian business law firm. Mr. Stoyan practices business law with a special emphasis on mergers and acquisitions, corporate finance and corporate governance. Mr. Stoyan presently serves on the board of directors of ECN Capital Corporation and Enghouse Systems Limited, both listed on the TSX and has previously served as a director of Open Text Corporation and Element Financial Corporation. Mr. Stoyan presently serves on the compensation committees of Enghouse Systems Limited and ECN Capital and is also a member of the board of directors of the Alcohol and Gaming Commission of Ontario. Mr. Stoyan holds a Bachelor of Laws from the University of Toronto and a Bachelor of Arts from the University of Toronto, where Mr. Stoyan was the Gold Medalist. Mr. Stoyan has earned the professional independent director designation (ICD.D) from the Institute of Corporate Directors and the University of Toronto's Rotman School of Management.</p>			

<b>Nominee for Election as Director</b>	<b>Director Since</b>	<b>Common Shares Owned, Controlled or Directed</b>	<b>% of Common Shares Held</b>
<b>Todd Hudson</b> Toronto, Ontario	May 17, 2018	9,310,079	7.62%

Mr. Hudson brings more than 25 years of sales and operations management experience in the Canadian alternative lending industry to Axis. His last position was Chief Operating Officer of ECN Capital (TSX: ECN), having previously been Executive Vice President of Originations at Element Financial Corporation. Prior to joining Element Financial, Mr. Hudson was the President of Hathway Financial, a financial services company that specialized in small to mid-sized commercial credits in the transportation, construction and industrial equipment markets. Before founding Hathway Financial in 2003, Mr. Hudson held key roles at Newcourt and CIT Group and was responsible for national vendor programs in the transportation, construction and automotive verticals.

Nominee for Election as Director	Director Since	Common Shares Owned, Controlled or Directed	% of Common Shares Held
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<b>Ilja Troitschanski</b> Toronto, Ontario	December 17, 2012	13,923,331	11.40%
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Mr. Troitschanski founded Axis in 2012 and has grown it to be the largest Canadian sub-prime automotive finance company. Prior to Axis, Mr. Troitschanski was a founder and president of Kingsmill Capital Partners Inc., a financial consulting firm based in Toronto specializing in advising private and early-stage public companies. Since its inception in 2005, Kingsmill has raised its clients over \$100M in equity capital in addition to developing and executing public market strategies and sourcing strategic growth opportunities. Mr. Troitschanski has been involved in the management of several companies funded by Kingsmill Capital from 2005 to 2012. He was director, founder and officer of five publicly traded Capital Pool Companies on the TSX Venture exchange, all of which have completed their Qualifying Transactions. Mr. Troitschanski received a Bachelor of Business Administration Degree in Heidelberg, Germany in 1999.

Nominee for Election as Director	Director Since	Common Shares Owned, Controlled or Directed	% of Common Shares Held
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<b>Bruce Smith</b> Toronto, Ontario	July 25, 2016	668,214	0.55%
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Member of:

- Audit Committee (Chair)
- Compensation & Corporate Governance Committee

Mr. Smith is the former Canadian President and COO of Element Financial Corporation, having retired in October 2015. Prior to joining Element, from 2006 to 2011, Mr. Smith served as the Managing Director and Senior Vice President of Vendor Finance at CIT Financial. Earlier in his career, he held several senior management positions at Newcourt Credit Group and also served as President and General Manager of Dell Financial Services in Canada. Mr. Smith has a Bachelor of Commerce degree from McMaster University and is a Chartered Professional Accountant (CPA, CA).

<b>Nominee for Election as Director</b>	<b>Director Since</b>	<b>Common Shares Owned, Controlled or Directed</b>	<b>% of Common Shares Held</b>
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<b>Wes Neichenbauer</b> Toronto, Ontario	May 23, 2018	1,702,884	1.39%
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Member of:

- Audit Committee

Mr. Neichenbauer currently serves as a Director, VP and CFO for Rowntree Enterprises Inc. and its associated companies, he has been with Rowntree since 2006. He has extensive experience in both the automotive and real estate sectors. Prior to joining Rowntree, Wes was with Applewood Holdings Inc. and was the CFO for Patriot Equities Corporation (TSX: PEQ), he has also worked in investment banking. Mr. Neichenbauer currently serves on the Board of WALKAWAY Insurance (2005 – Present). Mr. Neichenbauer holds an Honours BA from the University of Western Ontario and is a Chartered Professional Accountant (CPA, CA).

<b>Nominee for Election as Director</b>	<b>Director Since</b>	<b>Common Shares Owned, Controlled or Directed</b>	<b>% of Common Shares Held</b>
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<b>Lesley Gallinger</b> Toronto, Ontario	October 8, 2020	119,050	0.09%
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Member of:

- Audit Committee

Lesley Gallinger is President and Chief Executive Officer of Ontario's Independent Electricity System Operator. Under her leadership, the IESO oversees the safe and reliable operation of Ontario's bulk electricity system, ensuring affordable electricity is available when and where people need it. As part of its mandate to plan and prepare for the future, the IESO works with sector partners to identify energy needs, develop supply options, drive innovation, and harness data and information for decision-making. Prior to joining the IESO, she served as President and Chief Executive Officer of Elexion Energy. Ms. Gallinger sits on several boards, including the Ontario Energy Network where she serves as Vice Chair, and the Nuclear Waste Management Organization. Prior to joining the IESO she also served on the boards of the Ontario Energy Association and the Electricity Distributors Association. She holds a Master of Business Administration from the Schulich School of Business at York University, is a Chartered Professional Accountant and a Certified Public Accountant (Illinois). She has also completed the Chartered Director and Audit Committee Certified program at the DeGroote School of Business, McMaster University.

<b>Nominee for Election as Director</b>	<b>Director Since</b>	<b>Common Shares Owned, Controlled or Directed</b>	<b>% of Common Shares Held</b>
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<b>Jim Nikopoulos</b> Toronto, Ontario	March 31, 2022	613,636	0.50%
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Member of:

- Compensation & Corporate Governance Committee (Chair)

Mr. Nikopoulos is the Founder and CEO of MJ Holdings Corp., an investment company that has made numerous investments in early-stage companies across various industries. Jim also serves as Vice-Chair of Triad Financial Services Inc. (the longest-standing manufactured housing finance company in the U.S.), and Vice-Chair of 3MotionAI (a smart health technology company focused on maximizing human performance and reducing injury risk at work and play).

Mr. Nikopoulos was the Founder & CEO of Core Data Centers Inc., a data center and connectivity services company, prior to a sales exit transaction. He also served as President of ECN Capital Corp. (TSX: ECN), a leading provider of prime consumer credit portfolios to more than 100 US financial institutions. Jim began his career as a Partner at Davies Ward Phillips & Vineberg LLP, a leading business law firm, where he practiced in the areas of mergers and acquisitions, corporate finance, and governance. Mr. Nikopoulos also holds positions on several charitable boards, including the St. Michael's Hospital Foundation. He earned an Honours BA degree from the University of Toronto and a Law (JD) degree from Osgoode Hall Law School. Jim was named one of Canada's Top 40 under 40 Lawyers by Lexpert in 2014.

<b>Nominee for Election as Director</b>	<b>Director Since</b>	<b>Common Shares Owned, Controlled or Directed</b>	<b>% of Common Shares Held</b>
<b>Ian Anderson</b> <b>Los Angeles, California</b>	April 19, 2022	Nil <sup>(1)</sup>	Nil

Mr. Anderson has held the role of President of Westlake Financial Services since 2008, and under his leadership, Westlake's portfolio has grown from USD \$400 million to over \$15 billion. Prior to joining Westlake, Mr. Anderson held positions at Bayview Acceptance, Wells Fargo and Triad Financial. Mr. Anderson holds a bachelor's degree from the University of California and is the recipient of numerous industry awards.

**Note:**

- (1) Westlake Financial Services, LLC is the beneficial owner of 30,000,000 Common Shares. Mr. Anderson, in his role as President of Westlake Financial Services, LLC, does not control, directly or indirectly, the Common Shares owned by Westlake Services, LLC.

*Corporate Cease Trade Orders or Bankruptcies*

None of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, referred to as an "**Order**") that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an Order that was issued after the 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.

### *Bankruptcies*

None of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) 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.

### *Penalties and Sanctions*

None of our directors (nor any personal holding company of any of such persons) 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 any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **B. Re-Appointment of Auditors**

We are soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of Ernst & Young LLP, Chartered Professional Accountants ("EY"), as our auditors, to hold office until the next annual meeting of our Shareholders and to authorize the directors to fix their remuneration as such.

We retained EY effective July 20, 2017, as the Corporation's auditors following the resignation of the former auditors first appointed by the Shareholders in July 2016.

**We recommend that Shareholders vote FOR the appointment of EY as auditor. The persons named in the enclosed form of proxy intend to vote FOR the appointment of EY as auditor unless expressly directed to the contrary.**

## **C. Approval of the LTIP Resolution**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, without or without variation, an ordinary resolution approving the adoption of the Corporation's Omnibus Long-Term Incentive Plan (the "**LTIP**"). The full text of the resolution is set out below.

On October 31, 2022, the Board approved the adoption of the LTIP. The Board is of the view that the LTIP is required in order to allow different types of incentives to be granted to certain officers, directors, employees and consultants of the Corporation or a subsidiary. The Corporation currently has in place a "rolling" Stock Option Plan (the "**Option Plan**") and a share-settled restricted share unit plan. The LTIP would replace each of these plans and allow for various long-term incentive awards to be governed by one plan document and simplify the administration of long-term incentive awards. For a summary of the LTIP, please see "*Statement of Executive Compensation – The LTIP*".

All options issued pursuant to the Option Plan and any awards issued under the Corporation's existing restricted share unit plan, respectively, would continue to be governed by the terms of such plans; however, assuming the LTIP is approved by Shareholders at the Meeting, awards granted thereafter will be governed by the LTIP. If the LTIP is approved, the total number of Common Shares reserved and available for grant and issuance from treasury pursuant to awards under the LTIP, together with other share based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares at the time of any grant.

Pursuant to the LTIP, the Board may grant options ("**Options**"), restricted share units ("**RSUs**") and deferred share units ("**DSUs**" and collectively with the Options and RSUs, the "**Awards**") to eligible participants

The foregoing description of the LTIP is intended as a summary only and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the LTIP, which is set out in Schedule "B" of this Circular.

At the Meeting, in accordance with the TSX rules, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, resolutions, in the form set forth below (the "**LTIP Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting:

"**WHEREAS** on October 31, 2022, the board of directors of Axis Auto Finance Inc. (the "**Corporation**") approved the adoption of the Omnibus Long-Term Incentive Plan (the "**LTIP**") for the benefit of employees, officers, directors of, and consultants to, the Corporation and its affiliates;

**AND WHEREAS** the LTIP does not have a fixed number of common shares ("**Common Shares**") issuable pursuant thereto;

**AND WHEREAS** the rules of the Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under security based compensation arrangement which does not have a fixed maximum number of securities issuable thereunder, be approved every three years;

**BE IT RESOLVED THAT:**

1. the LTIP, as approved by the board of directors, and reflected in the copy of the LTIP attached as Schedule "B" to the management information circular of the Company dated November 1, 2022 (the "**Circular**"), be and is hereby approved, ratified and confirmed;
2. the Corporation has the ability to continue to grant options, rights and entitlements under the LTIP until December 15, 2025, being the three year anniversary of the shareholder approval being sought at the Meeting; and
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of these resolutions."

The Board recommends that Shareholders vote **FOR** the LTIP Resolution.

**Unless specifically instructed to vote against the LTIP Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the LTIP. In order to be effected, this ordinary resolution must be approved by a majority of the votes cast in respect thereof.**

**D. Approval of the Option Resolution**

In July 2016, the Corporation granted an aggregate of 252,000 options (the "**July 2016 Options**") to two insiders of the Corporation (one director and one of the Corporation) and in September 2016, the Corporation granted an aggregate of 558,000 options (the "**September 2016 Options**", and together with the July 2016 Options, the "**2016 Options**") to three insiders of the Corporation (the same director, the same officer and one additional officer). Each July 2016 Option is exercisable into one Common Share at \$0.60 per share for a period ending seven years from the grant date. Each July 2016 Option is exercisable into one Common Share at an exercise price of \$0.60 per share for a period ending July 25, 2023 (the "**Original July Expiry Date**"). Each September 2016 Option is exercisable into one Common Share at an exercise price of \$0.70 for a period ending September 7, 2023 (the "**Original September Expiry Date**").

Given that the 2016 Options are not currently in the money, the directors have determined it is in the best interests of the Corporation to extend each of the Original July Expiry Date and the Original September Expiry Date by an addition three years (the "**Extension**").

In accordance with the TSX Company Manual, disinterested shareholder approval is required for the Extension to become effective. To the extent that any of the insiders holding 2016 Options hold Common Shares, such Common Shares will not be counted in the approval of the Option Resolution.

At the Meeting, in accordance with the TSX rules, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, resolutions, in the form set forth below (the "**Option Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting:

"**WHEREAS** on July 25, 2016, the board of directors of Axis Auto Finance Inc. (the "**Corporation**") granted an aggregate of 252,000 options to insiders of the Corporation (the "**July 2016 Options**"). Each July 2016 Option is exercisable into one common share of the Corporation (a "**Common Share**") at an exercise price of \$0.60 per share for a period ending July 25, 2023 (the "**Original July Expiry Date**");

**AND WHEREAS** on September 7, 2016, the board of directors of the Corporation granted an aggregate of 558,000 options to insiders of the Corporation (the "**September 2016 Options**"). Each September 2016 Option is exercisable into one Common Share at an exercise price of \$0.70 for a period ending September 7, 2016 (the "**Original September Expiry Date**");

**AND WHEREAS** the directors of the Corporation have determined it is in the best interests of the Corporation to extend each of the Original July Expiry Date and the Original September Expiry Date by an addition three years (the "**Extension**");

**AND WHEREAS** the rules of the Toronto Stock Exchange provide that the Extension requires disinterested shareholder approval;

**BE IT RESOLVED THAT:**

1. the Extension, as approved by the board of directors, be and is hereby approved, ratified and confirmed; and
2. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of these resolutions."

The Board recommends that Shareholders vote **FOR** the Option Resolution.

**Unless specifically instructed to vote against the Option Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the Extension. In order to be effected, this ordinary resolution must be approved by a majority of the votes cast in respect thereof.**

## **EXECUTIVE COMPENSATION**

### **Compensation & Corporate Governance Committee**

Our Compensation & Corporate Governance Committee assists our Board in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives and goals by assessing and making recommendations regarding compensation, benefits, incentive programs and employee retention.

The Board has adopted a written mandate setting forth the purpose, composition, authority and responsibility of the Compensation & Corporate Governance Committee. The primary responsibilities and duties of the Compensation & Corporate Governance Committee, include, but are not limited to:

- discharging the Board's responsibilities relating to the compensation of the Corporation's executive officers;
- administering the Corporation's incentive compensation and equity-based compensation plans; and
- assisting the Board with respect to management succession and development.

In addition, the Compensation & Corporate Governance Committee is responsible for: (i) making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board; (ii) developing the Corporation's approach to governance issues; and (iii) reporting to the Board with respect to appropriate candidates for nominations to the Board, and for evaluating the performance of the Board.

Our Compensation & Corporate Governance Committee is currently composed of Jim Nikopoulos, Paul Stoyan and Bruce Smith, all of whom are independent.

#### *Jim Nikopoulos*

Mr. Nikopoulos is the Founder and CEO of MJ Holdings Corp., an investment company that has made numerous investments in early-stage companies across various industries. Jim also serves as Vice-Chair of Triad Financial Services Inc. (the longest-standing manufactured housing finance company in the U.S.), and Vice-Chair of 3MotionAI (a smart health technology company focused on maximizing human performance and reducing injury risk at work and play).

Mr. Nikopoulos was the Founder & CEO of Core Data Centers Inc., a data center and connectivity services company, prior to a sales exit transaction. He also served as President of ECN Capital Corp. (TSX: ECN), a leading provider of prime consumer credit portfolios to more than 100 US financial institutions. Jim began his career as a Partner at Davies Ward Phillips & Vineberg LLP, a leading business law firm, where he practiced in the areas of mergers and acquisitions, corporate finance, and governance. Mr. Nikopoulos also holds positions on several charitable boards, including the St. Michael's Hospital Foundation. He earned an Honours BA degree from the University of Toronto and a Law (JD) degree from Osgoode Hall Law School. Jim was named one of Canada's Top 40 under 40 Lawyers by Lexpert in 2014.

#### *Paul Stoyan*

Mr. Stoyan is a partner in, and the Chair of Gardiner Roberts LLP, a Canadian business law firm. Mr. Stoyan practices business law with a special emphasis on mergers and acquisitions, corporate finance and corporate governance. Mr. Stoyan presently serves on the board of directors of ECN Capital Corporation and Enghouse Systems Limited, both listed on the TSX and has previously served as a director of Open Text Corporation and Element Financial Corporation. Mr. Stoyan presently serves on the compensation committees of Enghouse Systems Limited and ECN Capital and is also a member of the board of directors of the Alcohol and Gaming Commission of Ontario.

#### *Bruce Smith*

Bruce Smith was appointed as the Canadian President and Chief Operating Officer of Element Financial Corporation in May 2011. Mr. Smith retired as COO in October 2015. Prior to joining Element, from 2006 to 2011, Mr. Smith served as the Managing Director and Senior Vice President of Vendor Finance at CIT Financial. Earlier in his career, he held several senior management positions at Newcourt Credit Group



and also served as President and General Manager of Dell Financial Services in Canada. Mr. Smith has a Bachelor of Commerce degree from McMaster University and is a Chartered Professional Accountant (CPA, CA).

### *Named Executive Officers*

Pursuant to applicable securities regulations, the Corporation must disclose the compensation paid to its Named Executive Officers ("NEOs") and directors for the three most recently completed financial years. For the year ended June 30, 2022 we had four named executive officers ("NEOs"), namely the executive officers listed below:

<b>Name</b>	<b>Principal Position(s)</b>
Todd Hudson	Chief Executive Officer
Ilja Troitschanski	President
Richard Lloyd	Chief Financial Officer
Steven Koster	Managing Director

### *Compensation Discussion and Analysis*

For the year ended June 30, 2022, the Corporation did not have a formal pre-determined compensation plan. Rather, the Corporation informally assessed the performance of its NEOs and considered a variety of factors generally, both objective and subjective, when determining compensation levels, including: (1) to provide a compensation program that is fair and competitive in order to attract and retain well-qualified and experienced executives within the Corporation; (2) to focus the efforts of executives on business performance; and (3) to recognize individual performance.

Due to the Corporation's early stage and currently modest size, compensation for the NEOs is composed primarily of three components: base fees, performance bonuses and stock-based compensation:

#### *Base Fees*

Base fees form an essential component of the Corporation's compensation strategy as they are key to the Corporation remaining competitive, are fixed and therefore not subject to uncertainty, and can be used as the base to determine other elements of compensation and benefits.

In determining the base fees of executive officers, the Board considers the following: (a) the recommendations of the Compensation Committee; (b) the particular responsibilities related to the position; (c) the experience, expertise and level of the executive officer; (d) the executive officer's length of service to the Corporation; and (d) the executive officer's overall performance based on informal feedback.

There is no mandatory framework that determines which of the above-referenced factors may be more or less important and the emphasis placed on any of these factors is at the discretion of the Board and may vary among the executive officers. In respect of the base fees paid to the President and Chief Executive Officer, the Board and the Compensation Committee also broadly considered the performance of the President and Chief Executive Officer against the Corporation's performance in the previous year. The Corporation does not engage in benchmarking and did not focus on any particular performance metric.

### *Bonus Payments*

The purpose of the Corporation's bonus program is to provide the NEOs with the opportunity to receive a cash incentive that is broadly related to the progress of the Corporation and individual performance. The Corporation does not utilize a set of formal objective measures to determine discretionary bonus entitlements; rather, bonus payments to NEOs are determined in a discretionary manner on a case by case basis. In addition, no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the level of bonuses (if any) to be paid. In addition, the Corporation does not focus on any particular performance metric in awarding bonuses.

### *Long-Term Incentives*

The Board believes that granting stock options and RSUs to officers, directors, consultants and employees encourages retention and more closely aligns the interests of key personnel with the interests of Shareholders while at the same time not drawing on the limited cash resources of the Corporation. Options are granted to officers, directors and consultants on a case by case basis in keeping with the Corporation's compensation objectives. As of October 21, 2022, the Corporation has 7,011,001 options issued and outstanding and 1,468,732 RSUs issued and outstanding.

The Corporation does not utilize a set of formal objective measures to determine long-term incentive entitlements, rather, long-term incentive grants, such as stock options, to NEOs are determined in a discretionary manner on a case by case basis but having consideration to the number of options previously granted. There are no other specific quantitative or qualitative measures associated with option grants and no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the number of stock based compensation (if any) to be granted and the Corporation does not focus on any particular performance metric.

### *Risks of Compensation Policies and Practices*

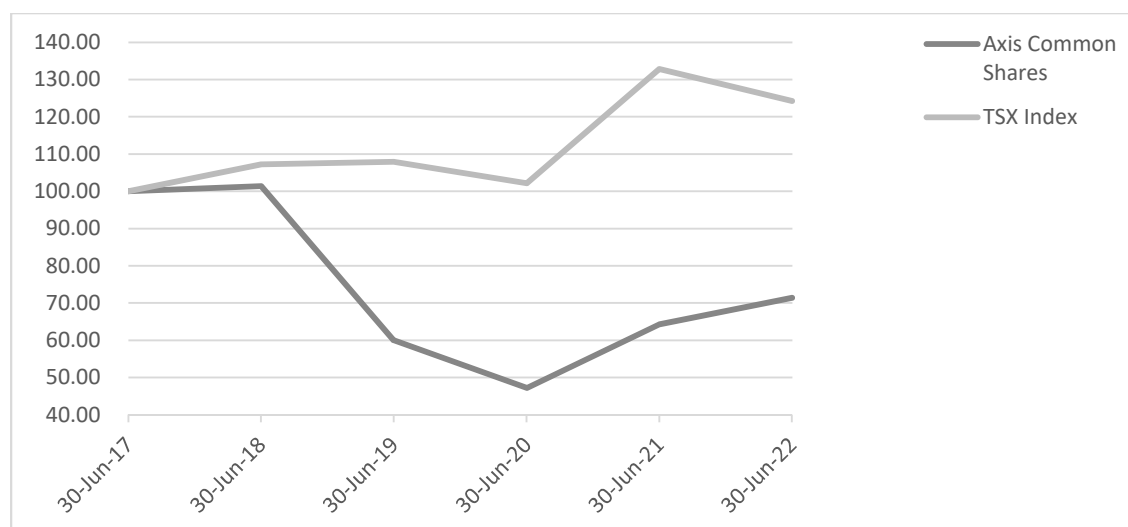
The Compensation Committee and the Board work in tandem to oversee any potential risks in the Corporation's compensation policies and practices. There are no formal practices in place to identify and mitigate excessive risks other than through informal discussion at meetings of the Compensation Committee and the Board. The Board and the Compensation Committee have considered the risks of the current compensation program as set out herein and have determined that at this stage in the development of the Corporation the risks are not material.

### *Purchase of Financial Instruments*

The Corporation currently does not have in place any formal policies to prevent a director or NEO from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by such director or NEO, but the Corporation may consider adopting such a policy in the future.

### *Performance Graph*

The following line graph compares the cumulative return of the Common Shares based on the trading prices of the Common Shares on the TSX and the TSX Venture Exchange (the "**TSXV**"), as applicable, with the total return of the S&P/TSX Composite Index value (the "**TSX Index**") for the most recently completed fiscal year. The Common Shares commenced trading on the TSX on April 7, 2022, prior thereto, the Common Shares were listed on the TSXV, and the graph assumed that the dividends paid on the Common Shares were reinvested on the date paid.



	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
TSX Index	100	107.22	107.90	102.19	132.82	124.23
Common Shares	100	101.43	60.00	47.14	64.29	71.43

### Summary Compensation Table

The following table provides a summary of the compensation of NEOs for the year ended June 30, 2022 and for the two preceding years:

Name and principal position	Year	Salary (\$)	Share – based Awards (\$) <sup>(1)</sup>	Option-based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Pension Plan	Value or prerequisites (\$) <sup>(4)</sup>	Value or other compensation (\$)	Total Compensation (\$)
<b>Ilja Troitschanski,</b> <i>President and Director</i>	2022	275,000	Nil	Nil	Nil	Nil	25,000	Nil	300,000
	2021	275,000	61,429	Nil	Nil	Nil	25,000	Nil	361,429
	2020	264,423	47,142	Nil	Nil	Nil	20,833	Nil	332,398
<b>Todd Hudson,</b> <i>Chief Executive Officer and Director</i>	2022	375,000	Nil	Nil	Nil	Nil	35,000	Nil	410,000
	2021	375,000	61,429	Nil	Nil	Nil	35,000	Nil	471,429
	2020	360,577	47,142	Nil	Nil	Nil	35,000	Nil	442,719
<b>Richard Lloyd,</b> <i>Chief Financial Officer</i>	2022	225,000	Nil	Nil	Nil	Nil	15,000	Nil	240,000
	2021	225,000	46,071	Nil	Nil	Nil	15,000	Nil	286,071

Name and principal position	Year	Salary (\$)	Share – based Awards (\$) <sup>(1)</sup>	Option-based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Pension Plan	Value or prerequisites (\$) <sup>(4)</sup>	Value or other compensation (\$)	Total Compensation (\$)
	2020	216,346	35,357	Nil	Nil	Nil	12,500	Nil	264,203
Steven Koster, Managing Director	2022	275,000	Nil	Nil	Nil	Nil	25,000	Nil	300,000
	2021	275,000	28,502	Nil	Nil	Nil	25,000	Nil	328,502
	2020	264,423	15,000	Nil	Nil	Nil	24,000	Nil	303,423

**Notes:**

- (1) Estimated value of share-based awards using price of the Common Shares on the conversion date.
- (2) Estimated fair value of options granted in the fiscal year, and valued using the Black-Scholes pricing model as at the grant date.
- (3) Performance-based variable compensation.
- (4) Perquisites include health & dental benefit.

### Stock Options and Other Compensation Securities

The following table sets forth all compensation securities awarded to the NEOs during or prior to the fiscal year ended June 30, 2022:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ilja Troitschanski	200,000	0.70	June 8, 2025	Nil	Nil	Nil	Nil
	1,008,000	0.30	July 1, 2024	504,000			
Todd Hudson	1,200,000	0.70	June 8, 2025	Nil			
	204,000	0.30	May 15, 2025	102,000	Nil	Nil	Nil
Richard Lloyd	145,000	0.70	June 8, 2025	Nil	Nil	Nil	Nil
	480,000	0.70	September 7, 2023	Nil			
	75,000	0.79	May 16, 2024	Nil			
Steven Koster	475,000	0.70	June 8, 2025	Nil	Nil	Nil	Nil

**Notes:**

- (1) The "in-the-money" options are disclosed based on the closing price of \$0.50 per Axis common share as of June 30, 2022.
- (2) Based on market price as at June 30, 2022.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value of incentive plan awards which vested during the year, and the value of non-equity incentive plan compensation earned by each of our NEOs during the fiscal year ended June 30, 2022:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$)
Ilja Troitschanski	Nil	Nil	Nil
Todd Hudson	Nil	Nil	Nil
Richard Lloyd	Nil	Nil	Nil
Steven Koster	Nil	Nil	Nil

**Notes:**

- (1) Based on stock options strike price for those options which vested during the fiscal year.
- (2) Based on share price at time of vesting for the share-based awards which vested during the fiscal year.

**Other Compensation - The LTIP**

The Corporation is seeking Shareholder approval of the LTIP at the Meeting. The LTIP will allow for a variety of equity-based awards that provide different types of incentives, particularly Options, RSUs and DSUs, to be granted to officers, directors, employees and consultants of the Company and its subsidiaries. The following discussion is qualified in its entirety by the text of the LTIP.

Under the terms of the LTIP, the Board, or if authorized by the Board, the Compensation & Corporate Governance Committee, may grant Awards to eligible participants, as applicable. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interests of any participant in any award are not assignable or transferable, whether voluntary, involuntary, by operation of law, otherwise, other than by will or the laws of descent and distribution.

The LTIP provides that appropriate adjustment, if any, will be made by the Board in connection with a reclassification, reorganization or other change of the Common Shares, share split or consolidation, distribution, merger or amalgamation, in the Common Shares issuable or amounts payable to preclude the dilution or enlargement of the benefits of the LTIP. The LTIP does not contain any form of financial assistance.

All prior Options and RSUs granted under the Company's existing Option Plan and restricted share unit plan or any other vehicles, will continue to be governed by the terms of such plans; however, assuming that the LTIP is approved by Shareholders at the Meeting, Awards granted thereafter will be governed by the LTIP.

If the LTIP is approved, the total number of Common Shares reserved and available for grant and issuance from treasury pursuant to awards under the LTIP and any other security-based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares at the time an Award is granted. Any increase in the issued and outstanding Common Shares will result in an increase the available number of

Common Shares issuable under the LTIP and any exercises or vesting of Awards will make new grants available under the LTIP effectively resulting in a re-loading of the number of Awards available to grant under the LTIP. The LTIP must be renewed every three years in accordance with applicable TSX rules.

In the previously completed fiscal year, an aggregate of 1,202,963 options and RSUs were granted under the Option Plan and the RSU Plan representing an annual burn rate of 1.04%. In fiscal 2021 and 2020, the annual burn rates were 1.42% and 0.44%, respectively.

The maximum number of Common Shares that may be: (i) issued to insiders of the Corporation within any one –year period; or (ii) issuable to insiders of the Corporation at any time, in each case, under the LTIP alone, or when combined with all of the Corporation's other security-based compensation arrangements, including the Option Plan, cannot exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time.

An option shall be exercisable during a period established by the Board which shall commence on the date of the grant and shall terminate no earlier than one year and no later than 10 years after the date of grant. The minimum exercise price of an option will be determined by the Board based on the weighted average closing price of the Common Shares on the TSX on the five trading days prior to the date such option is granted. The LTIP provides that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a blackout period. In such cases, the extended exercise period shall be terminated 10 business days after the last day of the black-out period.

The number of DSUs that a participant is entitled to receive in a fiscal year is based upon the percentage that the Board has determined that such participant will receive, in DSUs multiplied by the participant's annual retainer divided by the market value of Common Shares (as set out in the LTIP). Each participant is entitled to redeem his or her DSUs within 90 days of his or her separation from the Corporation, and such DSUs may be settled in cash or Common Shares purchased on the open market.

The Board may determine the number of RSUs to be granted to a participant, the relevant vesting provisions of such RSUs, including any performance criteria and period over which such performance criteria must be met, if any and any other terms and conditions prescribed in the LTIP. The Board shall determine whether RSUs will be settled in Common Shares issued from treasury or purchased on the secondary market or settled in cash.

The following table describes the impact of certain events upon the rights of holders of Awards under the LTIP, including termination for cause, resignation, retirement, termination other than for cause and death or long-term disability, subject to the terms of a participant's employment agreement, grant agreement and the change of control provisions described below:

<b>Event Provisions</b>	<b>Options</b>	<b>RSUs and DSUs</b>
<i>Termination for cause</i>	Immediate forfeiture of all unexercised vested and unvested options	Immediate forfeiture of all unvested RSUs and DSUs, as applicable
<i>Termination other than for cause</i>	Forfeiture of all unvested options upon the earlier of the original expiry date and 90 days after termination to exercise vested options or such longer period as the Board may determine in its sole discretion	The Corporation shall settle any vested RSUs and DSUs in accordance with their terms, and other unexercised or unvested RSUs and DSUs shall immediately vest and be settled on a pro-rated basis based on time elapsed and/or performance criteria, as applicable
<i>Resignation</i>	Forfeiture of all unvested options upon the earlier of the original expiry date and 90 days after resignation to exercise vested	Forfeiture of all unvested RSUs and DSUs, as applicable, and the Corporation shall settle

Event Provisions	Options	RSUs and DSUs
	options or such longer period as the Board may determine in its sole discretion	any vested RSUs and DSUs in accordance with their terms
<i>Retirement</i>	All unvested options continue to vest in accordance with their terms and any vested unexercised options shall expire on the earlier of five years after the date of retirement and the original expiry date of the options	RSUs and DSUs shall continue to vest in accordance with their terms. Settlement of RSUs and DSUs subject to performance criteria shall be pro-rated for the time elapsed in the performance period up to the date of retirement
<i>Death or long-term disability</i>	Forfeiture of all unvested options upon the earlier of the original expiry date and 12 months after date of death or long-term disability to exercise vested options or such longer period as set out by the Board in its sole discretion	RSUs and DSUs shall continue to vest for a maximum period of 12 months or until the vesting date set out in the grant agreement (whichever is shorter) and settle within 30 days of such period.

In connection with a change of control of the Corporation, the Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity, provided that the Board may accelerate the vesting of Awards if: (i) the required steps to cause the conversion or exchange or replacement of Awards are impossible or impracticable to take or are not being taken by the parties required to take such steps (other than the Corporation); or (ii) the Corporation has entered into an agreement which, if completed, would result in a change of control and the counterparty or counterparties to such agreement require that all outstanding Awards be exercised immediately before the effective time of such transaction or terminated on or after the effective time of such transaction. If a participant is terminated without cause during the 24<sup>th</sup> month period following a change of control, any Awards then outstanding shall automatically vest so that (i) options may be exercised in whole or in part by the participant for 90 days thereafter or prior to the expiry date in respect thereof, whichever is sooner, and; (ii) other Awards shall vest and the participant shall be entitled to receive and the Corporation shall issue Common Shares in satisfaction of such Awards.

The Board may, in its sole discretion, suspend or terminate the LTIP at any time, or from time to time, amend, revise or discontinue the terms and conditions of the LTIP or of any securities granted under the LTIP and any grant agreement relating thereto, subject to any required regulatory and TSX approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the LTIP or as required by applicable laws.

The Board may amend the LTIP or any securities granted under the LTIP at any time without the consent of a participant provided that such amendment shall: (i) not adversely alter or impair any Award previously granted except as permitted by the terms of the LTIP; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX; and (iii) be subject to shareholder approval, where required by law, the requirements of the TSX or the LTIP, provided however that shareholder approval shall not be required for the following amendments and our Board may make any changes which may include but are not limited to:

- any amendments of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the LTIP, correct or supplement any provision of the LTIP that is inconsistent with any other provision of the LTIP, correct any grammatical or typographical errors or amend the definitions in the LTIP;
- any amendments to the vesting provisions of Awards;
- any amendments to accelerate the date on which any Award may be exercised under the LTIP; and

- any amendments of the LTIP or an Award as necessary to comply with applicable law or the requirements of any stock exchange upon which the Common Shares are then listed; or
- any amendments regarding the administration of the LTIP.

Notwithstanding the foregoing, shareholder approval is required for certain amendments to the LTIP, including, but not limited to the following:

- any change to the maximum number of Common Shares issuable from treasury under the LTIP;
- (i) any amendment which reduces the exercise price of any Award, after such Awards have been granted, except in the case of an adjustment pursuant to the LTIP; or (ii) any cancellation of an Award granted and the substitution of that Award by a new Award with a reduced price;
- any amendment which extends the expiry date of any Award beyond the original expiry date, except in case of an extension due to a black-out period;
- expands the authority of the Board to permit assignability of Awards other than as permitted under the LTIP;
- adds to the categories of eligible participants who may be designated for participation in the LTIP;
- removes or increases the insider participation limit under the LTIP; or
- any amendments to the amendments provisions of the LTIP.

### **Other Compensation - Stock Option Plan**

The Corporation is seeking Shareholder approval of the LTIP at the Meeting. The LTIP will allow for a variety of equity-based Awards, including options. Any options outstanding under the existing stock option plan of the Corporation (the "**Option Plan**") will continue to be governed by the terms of the Option Plan. As of the date of the most recently completed fiscal year ended June 30, 2022, a total of 7,436,001 options were issued and outstanding under the Option Plan, representing approximately 6.0% of the issued and outstanding Common Shares, on a non-diluted basis. If the LTIP Resolution is passed at the Meeting, no further options will be granted under the Option Plan.

### **Other Compensation – the RSU Plan**

The Corporation is seeking Shareholder approval of the LTIP at the Meeting. The LTIP will allow for a variety of equity-based Awards, including RSUs. Any RSUs outstanding under the existing restricted share unit plan of the Corporation (the "**RSU Plan**") will continue to be governed by the terms of the RSU Plan. As of the date of the most recently completed fiscal year ended June 30, 2022, a total of 1,164,706 RSUs were issued and outstanding under the RSU Plan, representing approximately 0.9% of the issued and outstanding Common Shares, on a non-diluted basis. If the LTIP Resolution is passed at the Meeting, no further RSUs will be granted under the RSU Plan.

### **Pension Plan Benefits**

No benefits were paid, and no benefits are proposed to be paid to the NEOs or directors under any pension or retirement plan.

No deferred compensation plans were paid, and no benefits are proposed to be paid to the NEOs or directors under a deferred compensation plan.

### **Termination and Change of Control Benefits**

The Corporation has entered into employment agreements with each of the NEOs (the "**Employment Agreements**"), that provide for certain payments to be made to our executive officers in certain circumstances, including following the occurrence of a "change of control" of the Corporation. The



following table shows the compensation arrangements that would be provided to NEOs upon the occurrence of the termination events listed therein:

<b>Termination Event</b>	<b>Applies to</b>	<b>Arrangement</b>
Termination Without Cause Termination for Good Reason <sup>(1)</sup>	CEO	Earned Amounts: all base salary earned up to the termination date, the pro-rated annual perquisite amount up to the termination date, and the pro-rated annual bonus amount calculated based on the average paid in the two years prior to the termination date. Base Salary: to receive 30 months base salary. Bonus Consideration: to receive 2.5 times the average annual bonus paid to the NEO in the immediately preceding two years. Benefit Plans: continued participation in the Corporation's benefit plans in which the NEO participated for two years from the termination date.
Termination Without Cause Termination for Good Reason(1)	All NEOs (other than the CEO)	Earned Amounts: all base salary earned up to the termination date, the pro-rated annual perquisite amount up to the termination date, and the pro-rated annual bonus amount calculated based on the average paid in the two years prior to the termination date. Base Salary: to receive 24 months base salary. Bonus Consideration: to receive 2 times the average annual bonus paid to the NEO in the immediately preceding two fiscal years. Benefit Plans: continued participation in the Corporation's benefit plans in which the NEO participated for two years from the termination date.
Termination after Change of Control Without Cause or for Good Reason	CEO	Base Salary: to receive 30 months base salary. Bonus Consideration: to receive 2.5 times the average annual bonus paid to the NEO in the immediately preceding two fiscal years. Benefit Plans: continued participation in the Corporation's benefit plans in which the NEO participated for 30 months from the termination date.
Termination after Change of Control Without Cause or for Good Reason	All NEOs (other than the CEO)	Base Salary: to receive 24 months base salary. Bonus Consideration: to receive 2 times the average annual bonus paid to the NEO in the immediately preceding two fiscal years. Benefit Plans: continued participation in the Corporation's benefit plans in which the NEO participated for 30 months from the termination date.

Termination Event	Applies to	Arrangement
Disability	All NEOs	Earned Amounts: all base salary earned up to the termination date, the pro-rated annual perquisite amount up to the termination date, and the pro-rated annual bonus amount calculated based on the average paid in the two years prior to the termination date. Base Salary: to receive 12 months base salary. Bonus Consideration: to receive 1 times the average annual bonus paid to the NEO in the immediately preceding two years.
Death	All NEOs	Earned Amounts: estate to receive all base salary earned up to the termination date, the pro-rated annual perquisite amount up to the termination date, and the pro-rated annual bonus amount calculated based on the average paid in the two years prior to the termination date. Base Salary: estate to receive 12 months base salary.
Termination for Just Cause	All NEOs	None.
Resignation	All NEOs	None.

**Note:**

- (1) Termination for good reason means termination by the NEO if, due to action by the Corporation or on a change of control, such NEO: (i) no longer continues to be employed at substantially the same level of responsibility and compensation; (ii) the failure of the Corporation to continue to provide the NEO with benefits at least as favorable as provided for in the NEO's employment agreement, or a reduction thereof; or (iii) relocation of the NEO without consent.

The following table sets forth the estimated incremental payments that would be made to each of the NEOs assuming a change of control termination event (as described in the table above) occurred on June 30, 2022.

Name	Severance Period (Months)	Salary (\$)	Bonus (\$)	Benefits and Prerequisites (\$)	Option-based Awards (\$) <sup>(1)</sup>	Share-based Awards (\$) <sup>(1)</sup>	Total Incremental Payment (\$)
Ilja Troitschanski	24	550,000	Nil	62,500	504,000	Nil	1,116,500
Todd Hudson	30	937,500	Nil	87,500	102,000	Nil	1,127,000
Richard Lloyd	24	450,000	Nil	37,500	Nil	Nil	487,500
Steven Koster	24	550,000	Nil	62,500	Nil	Nil	612,500

**Notes:**

- (1) On or prior to the effective date of a change of control, the board of directors may accelerate the vesting of any outstanding options so that they become immediately exercisable, and all RSUs automatically become vested in full. The amounts shown in the table include the approximate value of in-the-money value of all option-based awards which have been calculated based on the market price of our Common Shares on June 30, 2022 (being \$0.50 per Common Share), and the value of all unvested share-based awards held by the NEOs.
- (2) Share-based awards comprise a part of the NEOs base salary. These amounts reflect those RSUs held by the NEO that were not a part of such NEOs base salary.

The Employment Agreements contain confidentiality, non-solicitation and non-competition clauses, which restrict the NEOs, during the course of their employment and for a period of 12 months following their termination, from: (i) performing any services for a business, establish control or otherwise be commercially involved in any business in Canada that competes with the Corporation's business; (ii) inducing or attempting to persuade any officer, employee or consultant of the Corporation who reported to

such NEO to alter such person's relationship with the Corporation; or (iii) solicit business from any customer or client of the Corporation or attempt to direct such customer or client away from the Corporation. The Employment Agreements also restrict the NEOs from disclosing, in any manner or at any time, any confidential information of the Corporation (unless such information has become generally available to the public other than as a result of disclosure made by such NEO).

## Compensation of Directors

The primary objectives of our director compensation program are to attract highly qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities of serving on the board. In addition, our philosophy of using compensation to foster a culture of ownership also extends to our director compensation policies.

During this fiscal year end, the Company granted options to two independent directors. Directors are also reimbursed for miscellaneous out-of-pocket expenses in carrying out their duties as directors.

When determining the value of long-term incentives to be granted to outside directors, consideration is given to incentives previously granted to the directors. The compensation for the directors of the Corporation is set by the Board on recommendation from the Compensation Committee. In light of the Corporation's current stage of development, the Board determined that directors would be compensated through option-based awards and RSU grants. Officers who are also directors are not paid any compensation for acting as a director.

The following table sets forth for the fiscal year ended June 30, 2022, information concerning the compensation paid to the Corporation's directors other than directors who are also NEOs.

*Director Summary Compensation Table*

Name	Fees Earned(\$) <sup>(1)</sup>	Share-based Awards (\$) <sup>(2)</sup>	Option-based Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Paul Stoyan	34,000	Nil	Nil	Nil	Nil	Nil	34,000
Bruce Smith	34,000	Nil	Nil	Nil	Nil	Nil	34,000
Wes Neichenbauer	25,000	Nil	Nil	Nil	Nil	Nil	25,000
Gerry Thom <sup>(4)</sup>	21,000	Nil	Nil	Nil	Nil	Nil	21,000
Lesley Gallinger	25,000	Nil	Nil	Nil	Nil	Nil	25,000
Jim Nikopoulos <sup>(5)</sup>	7,000	75,000	90,000	Nil	Nil	Nil	172,000
Ian Anderson <sup>(6)</sup>	Nil	Nil	94,000	Nil	Nil	Nil	94,000

**Notes:**

- (1) Fees earned during 2022 fiscal year represent the fees earned during a period from July 1, 2021 to June 30, 2022.
- (2) Estimated value of share-based awards that were granted, using the price of the Common Shares at the grant date.
- (3) Pertains to options granted in the fiscal year and valued using the Black-Scholes pricing model as at the grant date.
- (4) Mr. Thom resigned as a director on March 31, 2022.
- (5) Mr. Nikopoulos was appointed a director on March 31, 2022.
- (6) Mr. Anderson was appointed a director on April 19, 2022.

Independent board members are entitled to an annual base fee of \$20,000, with the Chairman of the board awarded an additional \$10,000. Annual grants of RSUs in the amount of \$25,000 (\$33,000 to the Chairman) are also paid to the independent directors. The Corporation also provides annual compensation to the members of its Audit Committee and Compensation Committee as follows: (i) \$10,000 to the Chair of the Audit Committee; (ii) \$5,000 to each other member of the Audit Committee; (iii) \$8,000 to the Chair of the

Compensation Committee; and (iv) \$4,000 to each additional member of the Compensation Committee. Director cash compensation is paid on a quarterly basis. There are no attendance fees, as directors are expected to attend all meetings the Corporation's board. Option grants are awarded on a case by case basis as approved by the board of directors.

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

The following table sets forth all compensation securities awarded to the directors during or prior to the fiscal year ended June 30, 2022.

Name	Option-based Awards			Share-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (\$)
Paul Stoyan	300,000	0.70	June 8, 2025	Nil	Nil	Nil	Nil
Bruce Smith	60,000	0.32	June 3, 2028	30,000	Nil	Nil	Nil
	50,000	0.70	June 8, 2025	Nil	Nil	Nil	Nil
	204,000	0.60	July 25, 2023	Nil	Nil	Nil	Nil
	48,000	0.70	September 7, 2023	Nil	Nil	Nil	Nil
	60,000	0.50	March 5, 2026	Nil	Nil	Nil	Nil
Wes Neichenbauer	200,000	0.70	June 8, 2025	Nil	Nil	Nil	Nil
Lesley Gallinger	200,000	0.45	October 8, 2027	100,000	111,111	55,555	Nil
Jim Nikopoulos	200,000	0.66	April 7, 2029	Nil	113,636	56,818	Nil
Ian Anderson	200,000	0.71	April 19, 2029	Nil	Nil	Nil	Nil

**Notes:**

- (1) The "in-the-money" options are disclosed based on the closing price of \$.50 per Common Share on June 30, 2022.
- (2) The market value of share-based awards are based on the closing price of \$.50 per Common Share on June 30, 2022.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value of incentive plan awards which vested during the year, and the value of non-equity incentive plan compensation earned by each of our NEOs during the fiscal year ended June 30, 2022.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Paul Stoyan	Nil	Nil	Nil
Bruce Smith	6,400	Nil	Nil
Wes Neichenbauer	Nil	Nil	Nil
Lesley Gallinger	30,000	29,445	Nil
Jim Nikopoulos	Nil	Nil	Nil
Ian Anderson	Nil	Nil	Nil

**Notes:**

(1) Based on stock options strike price for those options that vested during the fiscal year.

(2) Based on share price at the time of vesting for the share-based awards that vested during the fiscal year.

### Share Ownership Guidelines

The Corporation has adopted a stock ownership guidelines policy (the "**Ownership Guidelines**"), which requires the Corporation's directors and officers to maintain an equity ownership interest in our Common Shares. The Ownership Guidelines mandate that participants meet or exceed the following levels of ownership of Common Shares:

Chief Executive Officer and President	Five x annual base salary
Chief Financial Officer and Chief Operating Officer	Two x annual base salary
Executive Officers	One x annual base salary
Non-employee Directors	Three x cash component annual retainer

For the purpose of the Ownership Guidelines, the value of the shareholdings is based on the 20-day average closing price immediately preceding the Corporation's previous year end, being June 30. The Ownership Guidelines were adopted in 2018, and all of our directors and officers must satisfy this requirement within five years of the date of adoption.

### SECURITIES AUTHORIZED FOR ISSUANCES UNDER EQUITY COMPENSATION PLAN

The table below sets forth information as at June 30, 2022 with respect to the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance. All of the Corporation's equity compensation plans have been approved by its Shareholders.

<b>Plan Category</b>	<b>Number of common shares to be issued upon exercise of outstanding rights</b>	<b>Weighted-average exercise price of outstanding rights (\$)</b>	<b>Number of common shares available for future issuance under equity compensation plans – RSU and Stock Option Plans (excluding securities reflected in column (a))</b>
RSU Plan	1,164,706	\$0.41	
Stock Option Plan	7,436,001	\$0.58	
Total	8,600,707		3,692,034

### **NORMAL COURSE ISSUER BID**

On November 24, 2021, the Corporation announced that the TSXV had accepted a notice filed by the Corporation of its intention to make a Normal Course Issuer Bid ("NCIB"). The notice provides that the Corporation may, during the 12 month period commencing November 26, 2021 and ending November 25, 2022, purchase up to 6,907,562 Common Shares in total, being approximately 10% of the public float (common shares not held by insiders and related parties). All Common Shares purchased pursuant to the NCIB are purchased for cancellation, and all such purchases are made on the open market through the facilities of the TSXV. The price which the Corporation pays for any such shares will be the market price at the time of acquisition. As of October 31, 2022, under the current NCIB, the Corporation has purchased an aggregate of 6,670,000 Common Shares at an average price of \$0.61 per share.

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

No director, officer, employee or former director, officer or employee or any associate of any such person is, nor at any time during the year ended June 30, 2022 was, indebted to the Corporation, nor have any guarantees, support agreements, letters of credit or other similar arrangements or understandings been provided by the Corporation to or for the benefit of any such persons at any time during the year ended June 30, 2022.

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

Except as disclosed herein, there were no material interests, direct or indirect, of our insiders, proposed nominees for election as directors, or any associate or affiliate of such insiders or nominees since the beginning of our last financial year, or in any proposed transaction, which has affected or would materially affect us or any of our subsidiaries.

### **CORPORATE GOVERNANCE**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the "**Guidelines**") requires certain disclosure regarding the corporate governance practices of the Corporation. The Corporation is pleased to make the following disclosure regarding its corporate governance policies.

The Corporation's articles of incorporation provide that its Board be comprised of a minimum of three and a maximum of 15 directors. In accordance with the CBCA, the Board may appoint one or more additional directors who shall hold office until the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders. Further particulars of the process by which compensation for the executive officers is determined is provided under "*Executive Compensation – Compensation Discussion and Analysis*".

The Board has established the Audit Committee and the Compensation Committee and has approved mandates for each of these committees, which are described below. The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's mandate. The mandate of the Board, as well as the mandates of various Board committees, set out in writing the responsibilities of the Board and the committees for supervising the Chief Executive Officer.

## Independence

Six of the Corporation's eight directors are independent in accordance with the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Messrs. Troitschanski and Hudson are not independent as they are officers of the Corporation.

In addition to chairing all Board meetings, Mr. Stoyan's as the Chair is to facilitate and chair discussions among the Corporation's independent directors, facilitate communication between the independent directors and the Corporation's management and, if and when necessary, act as a spokesperson on behalf of the Board in dealing with the press and members of the public. The Board holds regularly scheduled meetings as well as ad hoc meetings from time to time.

Where potential conflicts arise during a director's tenure on the Board, such conflicts are expected to be immediately disclosed to the Board.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name	Name of Other Reporting Issuers
Ilja Troitschanski	-
Todd Hudson	-
Paul Stoyan	ECN Capital Corporation Enghouse Systems Limited
Bruce Smith	-
Wes Neichenbauer	-
Lesley Gallinger	-
Jim Nikopoulos	-
Ian Anderson	-

## Board Mandate

The Board, directly and through its committees, oversees management and is responsible for the stewardship of the Corporation, ensuring that long-term value is being created for all of its shareholders while considering the interests of the Corporation's various stakeholders including shareholders, employees, clients, suppliers and the community.

The responsibilities of the Board include, among other things, ensuring that:

- all Board members understand the business of the Corporation;
- processes are in place to effectively plan, monitor and manage the long-term viability of the Corporation;

- there is a balance between long and short-term goals and risks;
- management's performance is adequate and that an adequate management succession plan is in place;
- communication with shareholders and other stakeholders is timely and effective;
- the Board shall adopt appropriate procedures designed to permit the Board to receive feedback from shareholders on material issues;
- business is conducted ethically and in compliance with applicable laws and regulations; and
- all matters requiring shareholder approval are referred to the Board.

A copy of the mandate of the Board is attached as Schedule "A" to this Information Circular

### **Orientation and Continuing Education**

While the Corporation does not yet have a formal continuing education program, the directors individually and as a group are encouraged to keep themselves informed on changing corporate governance and legal issues. Directors are individually responsible for updating their skills required to meet their obligations as directors.

### **Ethical Business Conduct**

The Board is responsible for promoting an ethical business culture and fostering an environment that places an emphasis on compliance. The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behavior. 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**

The Board is responsible for the identification and assessment of potential directors. While no formal nomination procedures are in place to identify new candidates, the Board does review the experience and performance of nominees for election to the Board. Members of the Board 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 Board also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.

### **Board Committees**

Our Board has two committees, the Audit Committee and Compensation & Corporate Governance Committee.



## ***Committee Composition***

<b>Committee Composition</b>			
<b>Name of Director</b>	<b>Independent</b>	<b>Audit</b>	<b>Compensation &amp; Corporate Governance</b>
Paul Stoyan	Yes	-	Yes
Bruce Smith	Yes	Yes (Chair)	Yes
Wes Neichenbauer	Yes	Yes	-
Lesley Gallinger	Yes	Yes	-
Jim Nikopoulos	Yes		Yes (Chair)
Ian Anderson	Yes		

### **Compensation & Corporate Governance Committee**

For a full description of the Compensation & Corporate Governance mandate and the role of the Compensation & Corporate Governance Committee, please see the section entitled "*Executive Compensation - Compensation & Corporate Governance Committee*" above.

### **Audit Committees**

For a full description of the Audit Committee mandate and the role of the Audit Committee, please see the section entitled "*Audit Committee*" below.

### **Assessments**

The Board has not adopted formal procedures for assessing its own effectiveness, or that of the Audit Committee, or the individual directors. However, the Corporation believes that its corporate governance practices are appropriate and effective given the Corporation's developmental stage.

The Corporation's method of corporate governance allows for the Corporation to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

### **Board Term Limits and Renewal**

The Corporation has not adopted term limits or other mechanisms of Board renewal directors of the Corporation. The Board believes that the need to have experienced directors who are familiar with the business of the Corporation must be balanced with the need for renewal, fresh perspectives and a healthy skepticism when assessing management and its recommendations. In addition, as mentioned above, the Board undertakes an assessment process that evaluates its effectiveness.

While term limits can help ensure the Board gains fresh perspective, the Board believes that term limits have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and thereby provide an increasing contribution to the Board as a whole.

## **Diversity Disclosure**

The Corporation has not adopted formal policies or targets relating to gender diversity or the representation of designated groups under the CBCA (ie women, aboriginal peoples, persons with disabilities and members of visible minorities) among the members of its Board of Directors and senior management. However, the Corporation seriously considers and evaluates diversity when identifying and nominating Board candidates and when making senior management appointments, while continuing to assess professional qualifications and aptitudes, personalities and other qualifications of each candidate, depending on the ad hoc needs of the Corporation. Currently, one director (12.5% of the directors) and no senior officers of Corporation are women. There are no other members of designated groups on the Board or among senior management. Members of the Board are elected for a period of one year and remain in office until the next annual general meeting of shareholders at which their mandates terminate.

## **AUDIT COMMITTEE**

The Corporation is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers or employees of the Corporation or of an affiliate of the Corporation. The Corporation's Audit Committee consists of Bruce Smith, Wes Neichenbauer and Lesley Gallinger.

### **Audit Committee Charter**

The Board has adopted a charter for its Audit Committee, the text of which is set forth in Schedule "A" to the Corporation's Annual Information Form dated September 28, 2022.

### **Independence**

Multilateral Instrument 52-110 *Audit Committees*, ("**MI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of the member's independent judgment.

All three members of the Audit Committee, being Bruce Smith, Wes Neichenbauer and Lesley Gallinger, are considered independent directors pursuant to Canadian securities laws.

### **Financial Literacy**

MI 52-110 provides that 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.

All existing members of the Audit Committee are financially literate as such term is defined in MI 52-110.

#### *Bruce Smith*

Bruce Smith was appointed as the Canadian President and Chief Operating Officer of Element Financial Corporation in May 2011. Mr. Smith retired as COO in October 2015. Prior to joining Element, from 2006 to 2011, Mr. Smith served as the Managing Director and Senior Vice President of Vendor Finance at CIT Financial. Earlier in his career, he held several senior management positions at Newcourt Credit Group and also served as President and General Manager of Dell Financial Services in Canada. Mr. Smith has a Bachelor of Commerce degree from McMaster University and is a Chartered Professional Accountant (CPA, CA).

### *Wes Neichenbauer*

Mr. Neichenbauer currently serves as a Director, VP and CFO for Rowntree Enterprises Inc. and its associated companies; he has been with Rowntree since 2006. Prior to joining Rowntree, Wes was with Applewood Holdings Inc. and was the CFO for Patriot Equities Corporation (TSX: PEQ), he has also worked in investment banking. Mr. Neichenbauer currently serves on the Board of WALKAWAY Insurance (2005 – Present). Mr. Neichenbauer holds an Honours BA from the University of Western Ontario and is a Chartered Professional Accountant (CPA, CA).

### *Lesley Gallinger*

Ms. Gallinger is the President and CEO of Ontario's Independent Electricity System Operator, overseeing the safe and reliable operation of Ontario's bulk electricity system. Prior to joining IESO, she was the President and CEO of Elexicon Energy, the 4<sup>th</sup> largest Municipal owned Local Distribution Company in Ontario. Ms. Gallinger is active in industry and currently serves as a Director and Committee Chair for a number of energy organizations. Ms. Gallinger has a B.A. from York University and an M.B.A. from the Schulich School of Business. She also holds a CPA (CMA), and CPA (Illinois). Ms. Gallinger received both the Chartered Director and Audit Committee certifications from The Director's College (McMaster University).

### **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on:

- i. the exemption in section 2.4 (De Minimis Non-audit Services) of MI 52-110; or
- ii. an exemption from MI 52-110, in whole or in part, granted under Part 8 (Exemptions).

### **Pre-Approval Policies and Procedures**

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

### **Audit Fees**

The following table sets forth the fees paid by the Corporation and its subsidiaries to its auditors for services billed during the financial years ended June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Audit fees	240,000	220,000
Tax fees	23,000	20,500
All other fees <sup>(1)</sup>	3,033	3,050
<b>Total</b>	<b>266,033</b>	<b>243,550</b>

**Note:**

- (1) Other fees incurred included allocation of Canadian Public Accountability Board (CPAB) levies.

## **Report of the Audit Committee**

In the performance of its oversight function, the Audit Committee reviewed and discussed the Corporation's audited consolidated financial statements as of and for the financial year ended June 30, 2022 with management and the auditors. The audited financial statements were represented to have been prepared in accordance with International Financial Reporting Standards, or IFRS.

The Audit Committee is satisfied that it appropriately fulfilled its mandate to the best of its ability during and for the financial year ended June 30, 2022. The financial statements and Management's Discussion and Analysis for the financial year ended June 30, 2022 are included with the materials made available with this Circular.

## **ADDITIONAL INFORMATION**

We undertake to provide, upon request, a copy of our management's discussion and analysis of the financial condition and results of operations and the 2022 audited financial statements, as well as a copy of our subsequent interim financial statements and this information circular. Copies of these documents may be obtained on request without charge from mail at 165 Galaxy Court, 2<sup>nd</sup> Floor, Etobicoke, Ontario M9W 0C8, or by phone at 416-633-5626 or our website <http://www.axisautofinance.com> or by accessing the disclosure documents available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

## **OTHER MATTERS**

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of annual general and special meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this Information Circular has been approved by our directors.

## **APPROVAL**

The contents and mailing of this Information Circular have been approved by the Board.

**DATED** at Toronto, Ontario, this 1<sup>st</sup> day of November, 2022.

## **BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ "Paul Stoyan"*

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Paul Stoyan  
Board Chair  
Axis Auto Finance Inc.

## SCHEDULE "A"

### AXIS AUTO FINANCE INC.

(the "Company")

#### MANDATE OF THE BOARD OF DIRECTORS

As approved by the Board of Directors of the Company (the "**Board**") on July 29, 2022.

##### A. MANDATE

The Board directly, and through its committees, oversees the management of the Company and is responsible for the stewardship of the Company, ensuring that long-term value is being created for all of its shareholders while considering the interests of the Company's various stakeholders including employees, customers and the community.

##### B. BOARD COMPOSITION

The number of directors may be set from time to time by the Board within the minimum and maximum numbers approved by the Company's shareholders and as set out in the Company's constating documents. The directors shall be elected by the Company's shareholders, except as permitted by the *Canada Business Corporations Act*. If a vacancy occurs, the Board may identify, select and approve a replacement director, or may decide to reduce the size of the Board. The Board shall be comprised of an appropriate mix of directors to comply with applicable securities regulations, including any requirements in terms of director independence. A director shall be considered independent if he or she would be considered independent for the purposes of National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

The Board will appoint a Chair (the "**Chair**") and a Corporate Secretary. The Chair shall be designated from among the members of the Board. If the Chair is not independent for the purposes of NI 58-101, then a majority of the Board's independent directors shall appoint an independent lead director (the "**Lead Director**") from among the directors, who shall serve for such term as the Board may determine. The Lead Director or non-executive Chair shall chair any meetings of the independent directors and assume such other responsibilities as the independent directors may designate in accordance with any applicable position descriptions or other applicable guidelines that may be adopted by the Board from time to time.

##### C. MEETINGS AND BOARD PROCESS

The Board shall meet at least four times per year, once after each quarter to review financial information and annual continuous disclosure materials required by the Canadian Securities Administrators have been prepared. The Board will meet more frequently if circumstances dictate.

Board meetings will allow for input from all Board members. Any director may request that the Lead Director or non-executive Chair co-ordinate a meeting of the non-executive members of the Board.

The Chair shall be responsible for establishing or causing to be established the agenda for each Board meeting. The Board and the Board committee liaison with the Company will be principally through the Company's Chief Executive Officer. The Board may, from time to time, assign specific duties and tasks to individuals or committees.

An Audit Committee and a Compensation Committee (collectively, the "**Committees**") have been established. Each of the Committees shall operate under a written mandate document approved by the Board.

Periodically the Board will evaluate the effectiveness of the Board as a whole and ensure that appropriate succession plans are in place. This may include reviewing the process for nominating, orienting and remunerating Board members, determining the committees required and changing the mandates for the Committees.

The Board has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the books, records, facilities and personnel of the organization. The Board has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

#### **D. RESPONSIBILITIES**

The Board members shall ensure that:

- (a) all Board members understand the business of the Company;
- (b) processes are in place to effectively plan, monitor and manage the long-term viability of the Company;
- (c) there is a balance between long and short-term goals and risks;
- (d) management's performance is adequate and that an adequate management succession plan is in place;
- (e) communication with shareholders and other stakeholders is timely and effective;
- (f) the Board shall adopt appropriate procedures designed to permit the Board to receive feedback from shareholders on material issues;
- (g) business is conducted ethically and in compliance with applicable laws and regulations; and
- (h) all matters requiring shareholder approval are referred to them.

#### **E. OPERATIONAL MATTERS**

In the process of executing its responsibilities the Board will:

- (a) review corporate performance on a quarterly basis;
- (b) review and approve dividend payments, if any;
- (c) review and approve Company banking and borrowing resolutions;
- (d) review and approve any changes in the issued shares;
- (e) review accounting policies, internal control and audit procedures;

- (f) review and approve the annual continuous disclosure materials required by the Canadian Securities Administrators;
- (g) review and approve the annual financial statements and the interim quarterly results;
- (h) recommend to the shareholders the appointment of auditors and their remuneration; and
- (a) provide advice to management.

## **F. CODE OF CONDUCT**

The Board must adopt a written Code of Ethics and Business Conduct (the "**Code**") as part of its efforts to promote a culture of integrity and honesty throughout the Company. The Code will apply to the Board itself and to the Company's management and employees. Only the Board may grant any waivers to the Code. If the Board grants a waiver to the Code, the Board will determine if disclosure of the waiver is necessary in accordance with applicable laws and stock exchange rules. Contents of such disclosure will be in compliance with National Policy 58-201 — *Corporate Governance Guidelines* and NI 58-101.

## **G. WHISTLEBLOWER POLICY**

The Board will, in conjunction with the Audit Committee, establish a whistleblower policy for the Company allowing Company employees, officers, directors and other stakeholders, including the public, to raise, anonymously or not, questions, complaints or concerns about the Company's practices, including fraud, policy violations, any illegal or unethical conduct and any Company accounting, auditing or internal control matters. The Board will ensure that any questions, complaints or concerns are adequately received, reviewed, investigated, documented and resolved.

## SCHEDULE "B"

### AXIS AUTO FINANCE INC. OMNIBUS LONG TERM INCENTIVE PLAN

Axis Auto Finance Inc. (the "**Company**") previously established a stock option plan which was first adopted on November 1, 2014 and a restricted share unit plan which was first adopted on November 17, 2016, (collectively, the "**Prior Plans**"). In order to advance the interests of the Company and its shareholders and for the purposes described in Section 2.1 below, the Board of Directors of the Company (the "**Board**") has authorized the establishment of the Axis Auto Finance Inc. Omnibus Long-Term Incentive Plan, effective November 1, 2022, subject to the approval of the Company's disinterested shareholders, the TSX (as defined below) and any other applicable regulatory authorities (the "**Plan**"). If the Plan is approved by the Company's shareholders at the shareholders' meeting on December 15, 2022, or any adjournment thereof, no future awards will be granted under the Prior Plans, and the awards granted under the Prior Plans shall remain subject to the terms of the Prior Plans.

#### ARTICLE 1 – DEFINITIONS

##### 1.1 Definitions

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"**Account**" means an account maintained for each Participant on the books of the Company which will be credited with Awards in accordance with the terms of this Plan;

"**Affiliate**" means any entity that is an "affiliate" for the purposes of National Instrument 45-106 — *Prospectus Exemptions*, as amended from time to time;

"**Associate**", where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant's children, as well as that Participant's relatives and that Participant's spouse's relatives, if they share that Participant's residence;

"**Awards**" means an Option, an RSU or a DSU granted to a Participant pursuant to the terms of the Plan;

"**Black-Out Period**" means the time period, referred to as the "blackout period", determined by the Company under its "Confidentiality of Material Information and Restrictions on Trading Securities Policy" (or any successor thereto or replacement thereof) pursuant to which certain prescribed persons will be prohibited from trading in the securities of the Company. For greater certainty, the Blackout Period shall not include any period in which there is a prohibition on trading in securities of the Company as a result of a cease trade or other order of any securities commission or regulatory authority;

"**Board**" has the meaning set out in the recitals hereto;

"**Broker**" means a broker independent from the Company or any of its Subsidiaries who has been designated by the Company as the broker that will purchase Shares pursuant to the Plan and who is a member of the principal Canadian stock exchange or other public exchange on which the Shares are listed, or, if the Shares are not then listed, as selected by the Board acting in good faith;



**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario, for the transaction of banking business;

**"Cash Equivalent"** means, in the case of RSUs, the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant's Account, net of any applicable taxes in accordance with Section 8.2, on the RSU Settlement Date;

**"Cause"** means:

- (a) unless the applicable Grant Agreement states otherwise, with respect to any employee or Consultant: (i) if the employee or consultant is a party to an Employment Agreement or service agreement with the Company or its Affiliates and such agreement provides for a definition of Cause, the definition contained therein; or (ii) if no such agreement exists, or if such agreement does not define Cause, any act or omission that would entitle the Company to terminate the employee's or consultant's employment or service agreement without notice or compensation under the common law for just cause, including, without in any way limiting its meaning under the common law: (A) the failure of the employee or consultant to carry out the employee's or consultant's duties properly or to comply with the Company's rules, policies and practices; (B) material breach of any agreement with the Company or an Affiliate, or a material violation of the Company's or an Affiliate's code of conduct or other written policy; (B) the indictment for or conviction of an indictable offence or any summary offence involving material dishonesty or moral turpitude; (D) material fiduciary breach with respect to the Company or an Affiliate; (E) fraud, embezzlement or similar conduct that results in or is reasonably likely to result in harm to the reputation or business of the Company or any of its Affiliates; or (F) gross negligence or willful misconduct with respect to the Company or an Affiliate;
- (b) with respect to any director, a determination by a majority of the disinterested Board members that the director has engaged in any of the following:
  - (i) gross misconduct or neglect;
  - (ii) willful conversion of corporate funds;
  - (iii) false or fraudulent misrepresentation inducing the director's appointment; or
  - (iv) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance; and
  - (v) the Board, in its sole and absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause;

**"Change of Control"** means

- (a) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its Affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the Common Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of

arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;

- (b) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (c) the sale, exchange or other disposition to a person other than an Affiliate of the Company of all or substantially all of the Company's assets;
- (d) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or

provided that, however, for greater certainty, a Change of Control shall be deemed not to occur as a result of an internal reorganization involving only the Company and any one or more of its Affiliates in the circumstances where the business of the Company is continued and where the shareholdings of the Company remain the same following the transaction as existed prior to the transaction;

**"Committee"** has the meaning ascribed thereto in Section 2.2(1) hereof;

**"Company"** means Axis Auto Finance Inc., a corporation existing under the *Canada Business Corporations Act*, and its successors from time to time;

**"Disabled"** or **"Disability"** means the permanent and total incapacity of a Participant as determined in accordance with procedures established by the Board for purposes of this Plan;

**"DSU"** means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share, credited by the Company to a Participant's Account in accordance with Article 4 hereof, subject to the provisions of this Plan;

**"DSU Agreement"** means a written letter agreement between the Company and a Participant evidencing the grant of DSUs and the terms and conditions thereof;

**"Eligible Participants"** has the meaning ascribed thereto in Section 2.3(1) hereof;

**"Employment Agreement"** means, with respect to any Participant, any written employment agreement between the Company or an Affiliate and such Participant;

**"Exercise Notice"** means a notice in writing signed by a Participant and stating the Participant's intention to exercise a particular Award, if applicable;

**"Grant Agreement"** means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a DSU Agreement, a RSU Agreement, or an Employment Agreement;

**"Insider"** has the meaning attributed thereto in the rules and policies of the TSX as amended from time to time;

**"Market Value"** means at any date when the Market Value of Shares of the Company is to be determined, the volume weighted average trading price of the Shares on the five Trading Days prior to the date of grant, calculated by dividing the total value by the total volume of Shares traded for the five Trading Days prior to the date of grant on the principal stock exchange on which the Shares are listed, or if the Shares of the Company are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on other reasonable application of a reasonable valuation method not inconsistent with the Tax Act;

**"Non-Canadian Participant"** means a Participant that is not subject to the Tax Act in connection with an Award granted thereunder;

**"Notice of Redemption"** means the written notice by a Participant, or the administrator or liquidator of the estate of the Participant, to the Company of the Participant's wish to redeem his or her DSUs;

**"Option"** means an option granted by the Company to a Participant entitling such Participant to acquire a designated number and class of Shares from treasury at the Option Price, subject to the provisions of this Plan;

**"Option Agreement"** means a written notice from the Company to a Participant evidencing the grant of Options and the terms and conditions thereof;

**"Option Price"** has the meaning ascribed thereto in Section 3.2 hereof;

**"Option Term"** has the meaning ascribed thereto in Section 3.4(1) hereof;

**"Participants"** means Eligible Participants that are granted Awards under the Plan;

**"Participant's Account"** means an account maintained for each Participant's participation in DSUs and/or RSUs under the Plan;

**"Performance Criteria"** means criteria established by the Board which, without limitation, may include criteria based on the Participant's personal performance and/or the financial performance of the Company and/or of its Subsidiaries and/or achievement of corporate goals and strategic initiatives, and that may be used to determine the vesting of the Awards, when applicable;

**"Performance Period"** means the period determined by the Board pursuant to Section 5.4(1) hereof;

**"Person"** means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

**"Plan"** has the meaning set out in the recitals hereto;

**"Prior Plans"** has the meaning set out in the recitals hereto;

**"RSU"** means a right awarded by the Company to a Participant to receive a payment in the form of Shares or the Cash Equivalent as provided in Article 5 hereof, subject to the provisions of this Plan;

**"RSU Agreement"** means a written letter agreement between the Company and a Participant evidencing the grant of RSUs and the terms and conditions thereof;

**"RSU Settlement Date"** has the meaning determined in Section 5.6(1)(a);

"**RSU Settlement Notice**" means a notice by a Participant to the Company electing the desired form of settlement of vested RSUs;

"**RSU Vesting Determination Date**" has the meaning described thereto in Section 5.5 hereof;

"**Share Based Compensation Arrangement**" for the purposes of the Plan means any option, share option plan, share incentive plan, employee share purchase plan where the Company provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Company's treasury, including a share purchase from treasury which is financially assisted by the Company by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Company's treasury;

"**Share**" means a common share in the capital of the Company, or such other security of the Company as may be designated by the Board from time to time in substitution thereof;

"**Subsidiary**" means any entity that is a "subsidiary" for the purposes of National Instrument 45-106 — *Prospectus Exemptions*, as amended from time to time;

"**Tax Act**" means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

"**Termination Date**" means (i) with respect to a Participant who is an employee or officer of the Company or a Subsidiary, such Participant's last day of active employment and does not include any period of statutory, reasonable or contractual notice or any period of deemed employment or salary continuance and (ii) with respect to a Participant who is a Consultant, the date such Consultant ceases to provide services to the Company or a Subsidiary;

"**Trading Day**" means any day on which the TSX is opened for trading; and

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

## **ARTICLE 2 – PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS**

### **2.1 Purpose of the Plan**

- (1) The purpose of the Plan is to advance the interests of the Company by: (i) providing Eligible Participants with additional incentives; (ii) encouraging share ownership of such Eligible Participants; (iii) increasing proprietary interests of Eligible Participants in the success of the Company; (iv) promoting growth and profitability of the Company; (v) encouraging Eligible Participants to take into account long-term corporate performance; (vi) rewarding Eligible Participants for sustained contributions to the Company and/or significant performance achievements of the Company; and (vii) enhancing the Company's ability to attract, retain and motivate Eligible Participants.

### **2.2 Implementation and Administration of the Plan**

- (1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by the Compensation Committee of the Board (the "**Committee**"). If the Committee is appointed for this purpose, all references to the term "Board" will be deemed to be references to the Committee.

- (2) The Board or, for greater certainty, the Committee, may, from time to time, as it may deem expedient, adopt, amend and rescind rules, regulations and policies for carrying out the provisions and purposes of the Plan, subject to any applicable rules of the TSX. Subject to the provisions of the Plan, the Board or, for greater certainty, the Committee, is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board or, for greater certainty, the Committee, shall be final and binding on all Eligible Participants.
- (3) No member of the Board or, for greater certainty, the Committee, shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.
- (4) Any determination approved by a majority of the Board or, for greater certainty, the Committee, shall be deemed to be a determination of that matter by the Board or, for greater certainty, the Committee.
- (5) Subject to the terms of this Plan and applicable law, the Board or, for greater certainty, the Committee, may delegate to one or more officers of the Company, or to a committee of such officers, the authority, subject to such terms and limitations as the Board or the Committee may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards.
- (6) The Board, or the Committee, as the case may be, subject to the terms of the Plan and has the sole and absolute discretion and authority to:
  - (a) to select those persons to whose Awards may be granted from time to time;
  - (b) to determine whether and to what extent Awards are to be granted hereunder;
  - (c) to determine the terms and conditions of any Award granted hereunder;
  - (d) to adjust the terms and conditions, at any time or from time to time, of any Award;
  - (e) to determine the number of Shares to be made subject to each Award;
  - (f) to determine to what extent and under what circumstances amounts payable with respect to an Award shall be deferred;
  - (g) to provide for the forms of Grant Agreement to be utilized in connection with the Plan;
  - (h) to determine what legal requirements are applicable to the Plan and Awards, and to require of an Eligible Participant that appropriate action be taken with respect to such requirements;
  - (i) to cancel, with the consent of the Eligible Participant or as otherwise provided in the Plan or a Grant Agreement, outstanding Awards;
  - (j) to require as a condition of the exercise of an Award the withholding from a Eligible Participant of the amount of any taxes as may be necessary or advisable in order for the

Company or any other employer to obtain a deduction or as may be otherwise required by law;

- (k) to determine whether and with what effect an individual has ceased to be an Eligible Participant and to determine the Termination Date;
- (l) to determine whether an Award is to be adjusted, modified or purchased, or is to become fully exercisable, under the Plan or the terms of an Grant Agreement;
- (m) to determine the permissible methods of Award exercise and payment;
- (n) to construe and interpret the Plan and adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan;
- (o) to administer, reconcile any inconsistency, correct any defect and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan;
- (p) to seek recommendations from the Chairman or from the Chief Executive Officer of the Company;
- (q) to appoint and compensate agents, counsel, auditors or other specialists to assist it in the discharge of its duties hereunder; and
- (r) to exercise discretion to make all other determinations or take all other actions necessary or advisable for the implementation and administration of the Plan.

### **2.3 Eligible Participants**

- (1) The Persons who shall be eligible to receive Awards ("**Eligible Participants**") shall be the officers, directors, senior executives and other employees of the Company or an Affiliate, consultants and service providers providing ongoing services to the Company and its Affiliates. In determining Awards to be granted under the Plan, the Board shall give due consideration to the value of each Eligible Participant's present and potential future contribution to the Company's success.
- (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Company or a Subsidiary.
- (3) Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment by the Company to the Participant.

### **2.4 Shares Subject to the Plan.**

- (1) Subject to adjustment pursuant to provisions of Article 8 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Awards pursuant to the Plan and any other security-based compensation arrangements shall not exceed 10% of the issued and outstanding Shares at the time of grant of an Award.
- (2) Shares in respect of which an Award is granted under the Plan, but not exercised prior to the termination of such Award or not vested or delivered prior to the termination of such Award due to the expiration, termination or lapse of such Award, shall be available for Awards to be granted

thereafter pursuant to the provisions of the Plan. All Shares issued pursuant to the exercise or the vesting of the Awards granted under the Plan shall be so issued as fully paid and non-assessable Shares. Notwithstanding anything herein to the contrary, any Shares forfeited, cancelled or otherwise not issued for any reason under the awards of the Prior Plans shall be available for grants under this Plan. Awards that by their terms are to be settled solely in cash shall not be counted against the number of Shares available for the issuance of Awards under the Plan. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Awards issuable under the LTIP and any exercises or vesting of Awards will make new grants available under the LTIP.

## **2.5 Participation Limits**

Subject to adjustment pursuant to the provisions of Article 8 hereof, the aggregate number of Shares:

- (1) (i) issued to Insiders pursuant to the Plan and all other Share Based Compensation Arrangements, within any one year period, and (ii) issuable to Insiders, at any time, pursuant to the Plan and all other Share Based Compensation Arrangements, shall in each case not exceed 10% of the number of issued and outstanding Shares on the date of grant (on a non-diluted basis). Any Awards granted pursuant to the Plan, prior to the Participant becoming an Insider, shall be excluded for the purposes of the limits set out in this subsection;
- (2) The maximum number of Shares which may be reserved for issuance to non-employee directors under the Plan shall be the lesser of (i) 1% of the issued and outstanding Shares on the date of grant, less the aggregate number of Shares reserved for issuance to such non-employee directors under any other Share Based Compensation Arrangement, and (ii) an annual grant value to any one non-employee director of \$150,000. Of the \$150,000 annual grant value set out in (ii) above, a maximum of \$100,000 value may be granted in the form of Options (based upon a Black-Scholes calculation);
- (3) All Awards are subject to a minimum one year vesting period, provided, however, that up to 5% of the Share reserved under the Plan may be granted without a minimum vesting period when such Awards are being granted to newly employed, engaged or elected Participants, as the case may be; and
- (4) The granting of an Award under the Plan to a Participant shall neither entitle nor preclude such Participant from being subsequently granted one or more additional Awards under the Plan.

## **2.6 Granting of Awards**

- (1) Any Award granted under the Plan shall be subject to the requirement that if at any time counsel to the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

- (2) Any Award granted under the Plan shall be subject to the requirement that the Company has the right to place any restriction or legend on any securities issued pursuant to this Plan.

## **ARTICLE 3 - OPTIONS**

### **3.1 Nature of Options**

An Option is an option granted by the Company to a Participant entitling such Participant to acquire one Share from treasury at the Option Price or, in the case of a Non-Canadian Participant only, from secondary market purchase, as determined by the Board, at the Option Price, subject to the provisions of this Plan.

### **3.2 Option Awards**

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including Performance Criteria, if applicable) and Option Term, the whole subject to the terms and conditions prescribed in this Plan, in any Option Agreement and any applicable rules of the TSX.

### **3.3 Option Price**

The Option Price for Shares that are the subject of any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

### **3.4 Option Term**

- (1) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, commencing on the date such Option is granted to the Participant and ending as specified in this Plan, or in the Option Agreement, but in no event shall an Option expire on a date which is: (i) before the date that is one year from the date the Option is granted; or (ii) later than the date that is 10 years from the date the Option is granted ("**Option Term**"). Unless otherwise determined by the Board, and subject to the prior approval of the TSX, to the extent required, and a 10 year Option Term limit, all unexercised Options shall be cancelled at the expiry of such Options.
- (2) Should the expiration date for an Option fall within a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the 10<sup>th</sup> Business Day after the end of the Black-Out Period, such 10<sup>th</sup> Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 7.2 hereof, the 10<sup>th</sup> Business Day-period referred to in this Section 3.4 may not be extended by the Board.

### **3.5 Exercise of Options**

- (1) Subject to the provisions of this Plan, a Participant shall be entitled to exercise an Option granted to such Participant at any time prior to the expiry of the Option Term, subject to vesting limitations which may be imposed by the Board at the time such Option is granted.



- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period.

### **3.6 Method of Exercise and Payment of Purchase Price**

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention of the Chief Financial Officer of the Company (or the individual that the Chief Financial Officer of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, cheque or bank draft of the purchase price for the number of Shares specified therein. Unless otherwise determined by the Board, the Company shall not offer financial assistance in regards to the exercise of an Option.
- (2) Upon the exercise of an Option, the Company shall, as soon as practicable after such exercise but no later than 10 Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
  - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
  - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.

### **3.7 Option Agreements**

Options shall be evidenced by an Option Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 4 and Article 8 hereof be included therein. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

## ARTICLE 4 – DEFERRED SHARE UNITS

### 4.1 Nature of DSUs

A DSU is an Award of phantom share units to an Eligible Participant, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established Performance Criteria.

### 4.2 Board to Determine Participation

The Board will determine, once each calendar year, whether an Eligible Participant's annual retainer or a portion thereof will be paid in the form of DSUs, with the balance being paid in cash.

### 4.3 DSU Awards

The number of DSUs that an Eligible Participant is entitled to receive in a fiscal year is based upon the percentage that the Board has determined the Eligible Participant will receive, in DSUs multiplied by the Participant's annual retainer divided by the Market Value. At the discretion of the Board, fractional DSUs will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

### 4.4 Redemption of DSUs

- (1) Each Participant shall be entitled to redeem his or her DSUs during the period commencing on the Business Day immediately following the Termination Date and ending on the 90<sup>th</sup> day following the Termination Date by providing a written Notice of Redemption to the Company. In the event of death of a Participant, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Participant. The Notice of Redemption must specify an election to receive:
  - (a) a cash payment equal to the number of DSUs credited to the Participant's Account as of the Termination Date multiplied by the Market Value on the Termination Date, net of any applicable withholding taxes; or
  - (b) Shares purchased on the Participant's behalf on the open market by a Broker; or
  - (c) a percentage of the DSUs paid out in cash and the remaining percentage of the DSUs paid out as Shares on the Participant's behalf on the open market by a Broker.

In the event a Notice of Redemption is not provided by a Participant, such Participant will be deemed to have elected to receive a cash payment as provided for in Section 4.4(1)(a). Notwithstanding anything else to the contrary contained herein, in a Notice of Redemption or in any Grant Agreement, the Board may, in its sole and absolute discretion, satisfy any DSU so redeemed in cash, Shares or a combination thereof.

- (2) Where Shares are purchased on the open market on the Participant's behalf, the Company will remit all or a portion of the final payment to the Broker, and the Broker will be required to (within 10 Business Days) use the amount to purchase Shares in the open market on the principal Canadian stock exchange or any other public exchange on which the Shares are traded. The number of Shares will be computed by taking the number of DSUs that the Participant elected to receive in Shares, net of the number of DSUs that would equal to any applicable withholding taxes. Any Shares acquired by the Broker from all or a portion of the final payment and any cash remaining therefrom shall be delivered directly to the Participant forthwith as soon as practicable upon completion of

such purchases. The Company will pay all brokerage fees arising in connection with the purchase of Shares by the Broker in accordance with the Plan

- (3) Provided a Notice of Redemption is received by the Company within the specified time set out in this Plan. The Company will make all of the payments described in this Article 4 (referred to hereinafter as the "**Final Payment**") to the Participant or the Broker, as applicable, within 120 calendar days of the Termination Date. Upon making such payment to the Participant or the Broker, the DSUs upon which such payment was based shall be cancelled and no further payments shall be made from the Plan in relation to such DSUs.

#### **4.5 DSU Agreements**

DSUs shall be evidenced by a DSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 4 and Article 8 hereof be included therein. The DSU Agreement shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **ARTICLE 5 – RESTRICTED SHARE UNITS**

#### **5.1 Nature of RSUs.**

An RSU is an Award entitling the recipient to acquire Shares or the Cash Equivalent, at such purchase price (which may be zero) as determined by the Board, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established Performance Criteria.

#### **5.2 RSU Awards**

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determine the class of Share, relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs, the whole subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) Any RSUs that are awarded to an Eligible Participant who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or in such other manner to ensure that such award is not a "salary deferral arrangement" as defined in the Tax Act (or any successor to such provisions).
- (3) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement, the Board shall determine whether each RSU awarded to a Participant shall entitle the Participant: (i) to receive one Share issued from treasury or purchased on the secondary market; (ii) to receive the Cash Equivalent of one Share; or (iii) to elect to receive either one Share, the Cash Equivalent of one Share or a combination of cash and Shares.

### 5.3 Restriction Period

The applicable restriction period in respect of a particular RSU award shall be determined by the Board but in all cases shall end no later than December 31 of the calendar year which is three years after the calendar year in which the Award is granted ("**Restriction Period**"). For example, the Restriction Period for a grant made in June 2023 shall end no later than December 31, 2026. Subject to the Board's determination, any vested RSUs with respect to a Restriction Period will be paid to Participants in accordance with Article 5, no later than the end of the Restriction Period. Unless otherwise determined by the Board, all unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 5.5) and, in any event, no later than the last day of the Restriction Period.

### 5.4 Performance Criteria and Performance Period

- (1) For each award of RSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the RSUs held by such Participant (the "**Performance Period**"), provided that such Performance Period may not expire after the end of the Restriction Period, being no longer than three years after the financial year in which the Award was granted.
- (2) For each award of RSUs, the Board shall establish any Performance Criteria and other vesting conditions which must be met during the Performance Period in order for a Participant to be entitled to receive Shares in exchange for his or her RSUs.

### 5.5 RSU Vesting Determination Date

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU have been met (the "**RSU Vesting Determination Date**"), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than the last day of the Restriction Period.

### 5.6 Settlement of RSUs

- (1) Except as otherwise provided in the RSU Agreement, in the event that the vesting conditions, the Performance Criteria and Performance Period, if applicable, of an RSU are satisfied, all of the vested RSUs covered by a particular grant may be settled at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the date that is six months from their RSU Vesting Determination Date (the "**RSU Settlement Date**").
- (2) Subject to Section 5.6(3), settlement of RSUs shall take place promptly following the RSU Settlement Date, and in any event no later than three months from the Termination Date, or such shorter time period as prescribed by the Board or this Plan, and take the form set out in the RSU Settlement Notice through:
  - (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
  - (b) in the case of settlement of RSUs for Shares, (i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may

be, of the estate of the Participant) is then entitled to receive; or (ii) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) is then entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares; or

- (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
- (3) Notwithstanding any other provision of this Plan, in the event that an RSU Settlement Date falls during a Black-Out Period or other trading restriction imposed by the Company and the Participant has not delivered an RSU Settlement Notice, then such RSU Settlement Date shall be automatically extended to the 10<sup>th</sup> Business Day following the date that such Black-Out Period or other trading restriction is lifted, terminated or removed.

## **5.7 Determination of Amounts**

- (1) *Cash Equivalent of RSUs.* For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and shall equal the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account which the Participant desires to settle in cash pursuant to the RSU Settlement Notice.
- (2) *Payment in Shares; Issuance of Shares from Treasury.* For the purposes of determining the number of Shares from treasury to be issued and delivered to a Participant upon settlement of RSUs pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and be the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account which the Participant desires to settle pursuant to the RSU Settlement Notice. Shares issued from treasury will be issued in consideration for the past services of the Participant to the Company and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance of Shares.

## **5.8 RSU Agreements**

RSUs shall be evidenced by an RSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 5 and Article 7 hereof be included therein. The RSU Agreement shall contain such terms that may be considered necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

# **ARTICLE 6 – GENERAL CONDITIONS**

## **6.1 General Conditions applicable to Awards**

Each Award, as applicable, shall be subject to the following conditions:

- (1) *Employment* — The granting of an Award to a Participant shall not impose upon the Company or an Affiliate any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Company to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (2) *Rights as a Shareholder* — Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) (or in the case of Shares issued in uncertificated form, receipt of evidenced of a book position on the register of the shareholders of the Company maintained by the transfer agent and registrar of the Shares). Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Share certificate is issued (or in the case of Shares issued in uncertificated form, such book position on the register is evidenced, as applicable).
- (3) *Conformity to Plan* — In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) *Transferrable Awards* — Except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.

## **6.2 Termination of Employee, Director or Consultant**

Subject to Section 6.3, unless otherwise determined by the Board or as set forth in a Grant Agreement:

- (1) Subject to a Participant's Employment Agreement and Grant Agreement and as otherwise determined by the Board, each Award shall be subject to the following conditions:
  - (a) *Termination for Cause.* Upon a Participant ceasing to be an Eligible Participant for Cause, all unexercised vested or unvested Options and unvested RSUs and DSUs granted to such Participant shall terminate on the Termination Date as specified in the notice of termination. For the purposes of the Plan, the determination by the Company that the Participant was discharged for Cause shall be binding on the Participant.
  - (b) *Termination other than for Cause.* In the case of a Participant ceasing to be an Eligible Participant due to such Participant's termination other than for Cause, subject to any later expiration dated determined by the Board:
    - (i) all vested and unexercised Options shall expire on the earlier of 90 days after the effective date of such Termination Date or the expiry date of such Option and all unvested Options shall terminate on the effective date of such termination; and

- (ii) the Eligible Participant shall be entitled to receive and the Company shall issue forthwith Shares or pay cash, in accordance with the applicable Award Agreement, in satisfaction of any vested RSUs or DSUs held by the Eligible Participant on the effective date of such Termination Date. All other unexercised or unvested Awards granted to such Participant shall immediately vest and the settlement amount of any such Awards subject to Performance Criteria shall be pro-rated for the time elapsed in the applicable Performance Period up to the date of termination, and any such Awards subject to a time vesting criteria shall be pro-rated for the time elapsed from the date of grant to the date of termination.
- (c) *Resignation.* In the case of a Participant ceasing to be an Eligible Participant due to such Participant's resignation, subject to any later expiration dates determined by the Board:
  - (i) all vested and unexercised Options shall expire on the earlier of 90 days after the effective date of such Termination Date or the expiry date of such Option and all unvested Options shall terminate on the effective date of such resignation; and
  - (ii) the Eligible Participant shall be entitled to receive and the Company shall issue forthwith Shares or pay cash, in accordance with the applicable Award Agreement, in satisfaction of any vested RSUs or DSUs held by the Eligible Participant on the effective date of such Termination Date, and all other unexercised or unvested Awards granted to such Participant shall terminate on the effective date of such resignation.
- (d) *Death or Disability.* In the case of a Participant ceasing to be an Eligible Participant due to death or Disability, as applicable, subject to any later expiration dates determined by the Board:
  - (i) all Options shall expire on the earlier of 12 months after the effective date of such death or Disability, or the expiry date of such Option, to the extent such Option was vested and exercisable by the Participant on the effective date of such death or Disability, and all unexercised unvested Options granted to such Participant shall terminated on the effective date of such death or Disability; and
  - (ii) all RSUs and DSUs shall continue to vest for a maximum period of 12 months from the effective date of such death or Disability or until the vesting date set out in the Eligible Participant's applicable Grant Agreement (whichever is shorter and being the "**Applicable Period**") and settle within 30 days of the Applicable Period.
- (e) *Retirement.* In the case of a Participant ceasing to be an Eligible Participant due to such Participant's retirement in accordance with the Company's retirement policy, subject to any later expiration dates determined by the Board:
  - (i) all unvested Options shall continue to vest in accordance with the terms of the applicable Option Agreement and any vested unexercised Options shall expire on the earlier of five years after the effective date of retirement or the expiry date of such Option;
  - (ii) all RSUs and DSUs shall continue to vest in accordance with the terms of the applicable Grant Agreement. Settlement of any such Awards subject to

Performance Criteria shall be pro-rated for the time elapsed in the applicable Performance Period up to the date of retirement.

- (2) for the avoidance of doubt, subject to applicable laws, no period of notice, if any, or payment instead of notice that is given or that ought to have been given under applicable law, whether by statute, imposed by a court or otherwise, in respect of such termination of employment that follows or is in respect of a period after the Participant's Termination Date will be considered as extending the Participant's period of employment for the purposes of determining his entitlement under the Plan;
- (3) the Participant shall have no entitlement to damages or other compensation arising from or related to not receiving any awards which would have settled or vested or accrued to the Participant after the Termination Date;
- (4) a Participant's eligibility to receive further grants of Awards under this Plan ceases as of:
  - (a) the date that the Company or an Affiliate of the Company, as the case may be, provides the Participant with written notification that the Participant's employment or services are terminated in the circumstances contemplated by this Section 6.2, notwithstanding that such date may be prior to the Termination Date; or
  - (b) the date of the death or Disability of the Participant; and
- (5) notwithstanding Subsection 6.2(3), unless the Board, in its discretion, otherwise determines, at any time and from time to time, Awards are not affected by a change of employment agreement or arrangement, or directorship within or among the Company or an Affiliate of the Company for so long as the Participant continues to be a director, employee or consultant, as applicable, of the Company or an Affiliate of the Company. For clarity and by way of example only, subject to the Board's discretion, if a director ceases to be a director but becomes or remains a consultant, the Awards held by such Participant will not be affected by ceasing to be a director.

### **6.3 Discretion to Permit Acceleration**

Notwithstanding the provisions of Section 6.2, the Board, in its discretion, subject to shareholder and TSX approval, as and when required, may at any time prior to, or following the events contemplated in such Section, or in an Employment Agreement or other written agreement between the Company or an Affiliate of the Company and the Participant, permit the acceleration of vesting of any or all Awards, all in the manner and on the terms as may be authorized by the Board, and if such discretion is taken and the vesting of any or all Awards occurs, then such Awards will be settled in accordance with the terms hereof.

### **6.4 Change of Control**

- (1) Despite any other provisions of this Plan, in the event of a Change of Control, all unvested Awards then outstanding will, as applicable, be substituted or replaced with awards of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereof) (the "**continuing entity**") on the same terms and conditions as the original Awards, subject to appropriate adjustments that do not diminish the value of the original Awards.
- (2) If, upon a Change of Control, the continuing entity fails to comply with Section 6.4(1), the vesting of all then outstanding Awards (and, if applicable, then time during which such Awards may be exercised) will be accelerated in full. Immediately prior to the Change of Control, the number of



Shares to be issued on settlement of any Awards subject to Performance Criteria, will be calculated against objective, as determined by the Board and further pro-rated based on the number of days elapsed during the Performance Period up to and including the date of the Change of Control.

- (3) No fractional Shares or other security will be issued upon the exercise of any Award and accordingly, if as a result of a Change of Control, a Participant would become entitled to a fractional Share or other security, such Participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) Despite anything else contrary in the Plan, in the event of a potential Change of Control, the Board will have the power, in its sole discretion, to modify the terms of the Plan and/or the Awards to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board had the power, in its sole discretion, to accelerate the vesting of Awards and to permit Participants to conditionally exercise their Awards, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the Change of Control referred to in this Section 6.4(4) is not completed within the time specified (as same may be extended), then despite this Section 6.4(4) or the definition of "Change of Control", (i) any conditional exercise of vested Awards will be deemed to be null, void and of no effect, and such conditionally exercised Awards will for all purposes be deemed not have been exercised, and (ii) Awards which vested pursuant to this Section 6.4(4) will be returned by the Participant to the Company and reinstated as authorized by unissued Shares and the original terms applicable to such Awards will be reinstated.
- (5) If the Board has, pursuant to the provisions of Section 6.4(4) permitted the conditional exercise of Awards in connection with a potential Change of Control, then the Board will have the power, in its sole discretion, to terminate, immediately following actual completion of such Change of Control and on such terms as it sees fit, any Awards not exercised (including all vested and unvested Awards).
- (6) Subject to any provisions with respect to the vesting of Awards in a Participant's Employment Agreement, in the event that a Participant's employment with the Company is terminated other than as a result of death, Disability or termination for Cause within 24 months of a Change of Control, (i) any Awards then outstanding shall automatically vest, so that, notwithstanding the other terms of this Plan, (ii) such Options may be exercised in whole or in part by the Participant for 90 days thereafter (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion) or prior to the Expiry Date in respect thereof, whichever is sooner; and (iii) such RSUs and DSUs shall vest and the Participant shall be entitled to receive and the Company shall issue forthwith Shares or pay cash, in accordance with the applicable Grant Agreement, in satisfaction of any such Awards held by the Participant.

## **6.5 Unfunded Plan**

Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company. Notwithstanding the foregoing, any determinations made shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Income Tax Regulations, adopted under the Tax Act or any successor provision thereto.

## **6.6 Clawback of Awards**

Notwithstanding anything else in this Plan, all grants of Awards made to Eligible Participants pursuant to this Plan shall be subject to the Company's Incentive Compensation Clawback Policy.

## **ARTICLE 7 – ADJUSTMENTS AND AMENDMENTS**

### **7.1 Adjustment to Shares Subject to Outstanding Awards**

- (1) In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award, the Company shall deliver to such Participant, at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof, in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (2) In the event of any consolidation of Shares into a lesser number of Shares at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Company shall deliver to such Participant at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (3) If, at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Company shall make a distribution to all holders of Shares by way of a dividend or otherwise of other securities in the capital of the Company, cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or shares), or should the Company effect any transaction or change having a similar effect, then the price or the number of Shares to which the Participant is entitled upon exercise or vesting of Award shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Awards in connection with such distribution, transaction or change.

### **7.2 Amendment or Discontinuation of the Plan**

- (1) The Board, in its sole discretion, may suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or any Award at any time and any agreement relating thereto, provided that such suspension, termination, amendment, or revision shall:
  - (a) not adversely alter or impair any Award previously granted except as permitted by the terms of the Plan;
  - (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and

- (c) be subject to shareholder approval, where required by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
  - (i) any amendment of a "housekeeping" nature, including without limitation those made to clarify the meaning of an existing provision of the Plan or any agreement, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or any agreement, correct any grammatical or typographical errors or amend the definitions in the Plan;
  - (ii) a change to the vesting provisions of any Award;
  - (iii) a change to accelerate the date on which any Award may be exercised under the Plan;
  - (iv) an amendment of the Plan or an Award as necessary to comply with applicable law or the requirements of any stock exchange upon which the securities of the Company are then listed or any other regulatory body having authority over the Company, the Plan, the Participants or the shareholders of the Company; or
  - (v) any amendment regarding the administration of the Plan.
- (2) Notwithstanding Section 7.2(1)(c), shareholder approval is required for the following amendments to the Plan:
  - (a) any change to the maximum number of Shares issuable from treasury under the Plan, except in the event of an adjustment pursuant to Section 7.1;
  - (b) (i) any amendment which reduces the exercise price of any Award, after such Awards have been granted, except in the case of an adjustment pursuant to Section 7.1; or (ii) any cancellation of an Award granted and the substitution of that Award by a new Award with a reduced price, except in the case of an adjustment pursuant to Section 7.1;
  - (c) any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU beyond the original expiry date, except in case of an extension due to a Black-Out Period;
  - (d) would extend the term of an Option to allow for a maximum term beyond that set out in subsection 3.4;
  - (e) expands the authority of the Board to permit assignability of Awards other than for normal estate settlement purposes;
  - (f) adds to the categories of Eligible Participants who may be designated for participation in the Plan beyond those included in the definition of Eligible Participant, including but not limited to, any amendments to the categories of Eligible Participants that permit the introduction or re-introduction of non-employee directors on a discretionary basis or amendments that increases limits imposed on non-employee director participation under the Plan;
  - (g) removes or increases the Insider participation limit under the Plan; or

- (h) any amendment to the amendment provisions of the Plan,
- (3) Any amendment or termination shall not materially and adversely alter the terms or conditions of any Award or materially and adversely impair any right of any Participant under any Award granted prior to the date of any such amendment or termination without the consent of such Participant.
- (4) Notwithstanding anything contained to the contrary in the Plan, in a Grant Agreement contemplated herein, but subject to any specific provisions contained in any Employment Agreements, in the event of a Change of Control, a reorganization of the Company, an amalgamation of the Company, an arrangement involving the Company, a take-over bid (as that term is defined in the *Securities Act* (Ontario)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Company, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances, including, without limitation, changing the Performance Criteria and/or other vesting conditions for the Awards and/or the date on which any Award expires or the Restriction Period, the Performance Period, the Performance Criteria and/or other vesting conditions for the Awards.
- (5) The Committee may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment shall not apply for any reason acceptable to the Committee.
- (6) The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

## **ARTICLE 8 - MISCELLANEOUS**

### **8.1 Use of an Administrative Agent and Trustee**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

### **8.2 Tax Withholding**

- (1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 8.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules. Notwithstanding any other provision of the Plan, the Company shall not be required to issue any Shares or make any payments under this Plan until arrangements satisfactory to the Company have been made for payment of all applicable withholding obligations.

- (2) The sale of Shares by the Company, or by a Broker, under Section 8.2(1) or under any other provision of this Plan will be made on the TSX. The Participant consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Shares on his or her behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the withholding obligations net of all selling costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Company or the Broker will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Company nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sale(s) or any delay in transferring any Shares to a Participant or otherwise.
- (3) Notwithstanding the first paragraph of this Section 8.2, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

### **8.3 Reorganization of the Company**

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

### **8.4 Personal Information**

Each Participant shall provide the Company and the Board with all information they require in order to administer the Plan. The Company and the Board may from time to time transfer or provide access to such information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing such services to the Company. By participating in the Plan, each Participant acknowledges that information may be so provided and agrees to its provision on the terms set forth herein. Except as specifically contemplated in this Section 8.4, the Company and the Board shall not disclose the personal information of a Participant except: (i) in response to regulatory filings or other requirements for the information by a governmental authority with jurisdiction over the Company; (ii) for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction to compel production of the information; or (iii) as otherwise required by law. In addition, personal information of Participants may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Company or its Affiliates including through an as set or share sale, or some other form of business combination, merger or joint venture, provided that such party is bound by appropriate agreements or obligations.

### **8.5 No Financial Assistance**

The Company shall not provide any form of financial assistance to Participants for the purposes of settling or exercising any Awards issued or granted pursuant to the Plan.

## **8.6 Governing Laws**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## **8.6 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

## **8.7 Currency**

Unless otherwise specifically provided, all references to dollars or \$ in the Plan are references to Canadian dollars.



