ESPIAL GROUP INC.
MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 19, 2016

MANAGEMENT SOLICITATION

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Espial Group Inc. (the "**Company**") for use at the Annual Meeting of the Shareholders of the Company (the "**Meeting**") to be held at 10:00 a.m. (Ottawa time) on May 19, 2016 at 200 Elgin Street, Suite 1000, Ottawa, Ontario for the purposes set out in the Notice of Meeting. This solicitation is made by the management of the Company. It is expected that the solicitation will primarily be by mail. Proxies may also be solicited personally or by telephone by regular employees of and by agents engaged by the Company at nominal cost. The cost of solicitation will be borne by the Company. Except as otherwise stated, the information contained herein is given as of April 8, 2016.

The form of proxy forwarded to shareholders with the Notice of Meeting confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.

APPOINTMENT OF PROXY HOLDER

The persons named in the enclosed form of proxy for the Meeting are officers and directors of the Company. **A holder of common shares ("Common Shares") has the right to appoint some other person, who need not be a shareholder, to represent the shareholder at the Meeting by striking out the names of the persons designated in the accompanying form of proxy and by inserting such other person's name in the blank space provided or by executing another proper form of proxy.** To be valid, completed forms of proxy must be received at the offices of Computershare Investor Services Inc., 100 University Ave., 8th Floor, Toronto, Ontario M5J 2Y1 attention Proxy Department in the enclosed envelope, or submit the competed proxy by fax to Computershare Investor Services Inc. at 1-866-249-7775 or 1-416-263-9524, no later than 10:00 a.m. Eastern Standard Time, on May 17, 2016 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjourned meeting.

EXERCISE OF VOTE BY PROXY

The persons named in the proxy form will vote the Common Shares in respect of which they are appointed proxy holder in accordance with the direction of the shareholder who appointed them. In the absence of any direction, the Common Shares represented by the proxy will be voted FOR the election of directors and FOR the appointment of auditors. Management knows of no amendments to or variations of matters identified in the Notice or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, the enclosed form of proxy confers discretionary authority upon the management representatives if any such amendments, variations or other matters which are not now known to management should properly come before the Meeting, and accordingly the shares represented by proxies in favour of management representatives will be voted on such such amendments, variations or other matters in accordance with the best judgment of the proxy nominees.

REVOCATION OF PROXY

A proxy given by a shareholder for use at the Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Any such instrument revoking a proxy must either be received by the Company c/o Computershare Investor Services Inc., 100 University Ave., 8th Floor, Toronto, Ontario M5J 2Y1, no later than 5:00 p.m. (Ottawa time) on May 18, 2016, or, if the Meeting is adjourned, the last business day before any adjourned meeting, or be deposited with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. If the instrument of revocation is deposited with the Chairman on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

NOTICE AND ACCESS

The Company is sending proxy-related materials to non-registered shareholders using Notice and Access. Notice and Access is a set of rules for reducing the volume of materials that must be physically mailed to shareholders by posting the information circular and additional materials online. Non-Registered Shareholders will still receive the Notice of Meeting, and may choose to receive a hard copy of the information circular and other materials. Details are included in the Notice of Meeting. This Management Proxy Circular, the Notice of Meeting, a form of proxy, a copy of the Company's Annual Report, which contains the audited annual financial statements of the Company for the year ended December 31, 2015, together with the report of the auditors thereon, and the management discussion and analysis relating to such financial statements are available on SEDAR at www.sedar.com and on the Company's website at **http://www.espial.com/espial/investor-relations**. Shareholders are reminded to review these online materials when voting.

Pursuant to the requirements of the *Canada Business Corporations Act*, registered shareholders of the Company will receive paper copies of this Management Proxy Circular, the Notice, the form of proxy, the audited annual financial statements of the Company for the year ended December 31, 2015 and the MD&A relating to such financial statements. Non-registered shareholders may choose to receive paper copies of such materials by contacting the Company at the toll free number 1-866-567-8077. In order for non-registered shareholders to receive the paper copies of such materials in advance of any deadline for the submission of voting instructions and the date of the Meeting it is recommended to contact the Company as soon as possible but not later than May 9, 2016.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

If your Common Shares are registered in the name of a depository (such as The Canadian Depository for Securities Limited) or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan), you are a non-registered owner. Only registered owners of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. If you are a non-registered owner, you are entitled to direct how the Common Shares beneficially owned by you are to be voted or you may obtain a form of legal proxy that will entitle you to attend and vote at the meeting.

These shareholder materials are being provided to both registered and non-registered (beneficial) owners of the Common Shares. If you are a non-registered owner and the issuer or its agent has provided these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. If you did not object to your intermediary disclosing your name to the Company, you will receive the notice of meeting and a request for voting instructions from Computershare Investor

Services Inc., the Company's transfer agent. If you objected to your intermediary disclosing your name, you will receive the notice of meeting from your intermediary, together with either a request for voting instructions or a form of proxy. Typically, intermediaries will use a service company (such as ADP Investor Communications) to forward the notice of meeting to non-registered owners.

If you received the notice of meeting from Computershare Investor Services Inc., by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. If you do not wish to attend the Meeting (or have another person attend and vote on your behalf), you should complete, sign and return the enclosed request for voting instructions in accordance with the directions provided. You may revoke your voting instructions at any time by written notice to Computershare Investor Services Inc., except that Computershare Investor Services Inc. is not required to honour the revocation of your voting instructions unless the revocation is received by 5:00 p.m., on May 18, 2016.

If you have received the notice of meeting from Computershare Investor Services Inc. and wish to attend the Meeting and vote in person (or have another person attend and vote on your behalf), you must complete, sign and return the request for voting instructions in accordance with the directions provided and a form of proxy will be sent to you giving you (or the other person) the right to attend and vote at the Meeting. You (or the other person) must register with the transfer agent, Computershare Investor Services Inc., when you arrive at the Meeting. You should follow the instructions on the request for voting instructions and contact the Company or Computershare Investor Services Inc. promptly if you need assistance.

If you are a non-registered owner and have received the notice of meeting from your intermediary or their service company, you will receive either a request for voting instructions or a form of proxy. The purpose of these documents is to permit you to direct the voting of the shares you beneficially own. You should follow the procedures set out below, depending on which type of document you receive.

A. Request for Voting Instructions.
If you do not wish to attend the Meeting (or have another person attend and vote on your behalf), you should complete, sign and return the enclosed request for voting instructions in accordance with the directions provided. You may revoke your voting instructions at any time by written notice to your intermediary, except that the intermediary is not required to honour the revocation unless the revocation is received at least seven days before the Meeting.

If you wish to attend the Meeting and vote in person (or have another person attend and vote on the your behalf), you must complete, sign and return the enclosed request for voting instructions in accordance with the directions provided and a form of proxy will be sent to you giving you (or the other person) the right to attend and vote at the Meeting. You (or the other person) must register with the transfer agent, Computershare Investor Services Inc., when you arrive at the Meeting.

B. Form of Proxy.
The form of proxy has been signed by the intermediary (typically by a facsimile, stamped signature) and completed to indicate the number of Common Shares beneficially owned by you. Otherwise, the form of proxy is uncompleted. If you do not wish to attend the Meeting, you should complete the form of proxy in accordance with the instructions set out in the section titled "Appointment of Proxyholder" above.

If you wish to attend the Meeting and vote in person, you must strike out the names of the persons named in the proxy and insert your name in the blank space provided. To be valid, proxies must be deposited at the offices of Computershare Investor Services Inc., 100 University Ave., 8th Floor, Toronto, Ontario M5J

2Y1, no later than 10:00 a.m. (Ottawa time) on May 17, 2016 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjourned meeting. You must register with the transfer agent, Computershare Investor Services Inc., when you arrive at the Meeting.

You should follow the instructions on the document which you have received and contact your intermediary promptly if you need assistance.

AUTHORIZED CAPITAL, RECORD DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of Common Shares. The holders of Common Shares are entitled to one vote in respect of each Common Share held at all annual and special meetings of the shareholders of the Company.

No group of shareholders has the right to elect a specified number of directors nor are there cumulative or similar voting rights attached to the Common Shares. 37,358,505 Common Shares were issued and outstanding on April 8, 2016, which the Board of Directors of the Company (the "**Board**") has set as the record date for determining the shareholders of the Company who are entitled to vote at the Meeting. Holders of outstanding Common Shares of record at the close of business on the record date are entitled to vote at the Meeting.

The following table sets forth the only persons who, to the knowledge of the directors and executive officers of the Company, beneficially own or exercise control or direction over, directly or indirectly, Common Shares carrying more than 10% of the votes attached to the Common Shares, the approximate number of Common Shares beneficially owned by or controlled or directed by each such person and the percentage of Common Shares of the Company represented by the number of Common Shares so owned, controlled or directed as at April 8, 2016.

Name of Shareholder	Amount and Ownership	Approximate % of Common Shares
Relay Ventures Group of Funds (1)	4,266,385 shares	11.4%

(1) Shares are owned by Relay Ventures Parallel Fund L.P., Relay Ventures Parallel US Fund L.P., and Relay Ventures Fund L.P.

On the record date, all directors and named executive officers of the Company as a group owned beneficially, or exercised control or direction over, 5,142,029 Common Shares (not including options and warrants), representing approximately 13.8% of the issued and outstanding Common Shares.

ELECTION OF DIRECTORS

Under the articles of the Company, the number of directors of the Company can range from one to twelve. Pursuant to the by-laws of the Company, the Board may determine by ordinary resolution the number of directors to be elected within this range.

At the Company's last Annual Meeting of Shareholders held on May 15, 2015, six individuals were elected as directors of the Company. The present term of office of each of the six directors will expire immediately prior to the election of directors at the Meeting.

It is proposed that the Board remain comprised of six directors and that each of the persons whose name appears hereunder be elected as a director of the Company to serve until the close of the next annual meeting of the shareholders or until a successor is elected or appointed.

It is intended that on any ballot that may be called for relating to the election of directors, the Common Shares represented by proxies in favour of management nominees will be voted in favour of the election of such persons as directors of the Company, unless a shareholder has specified in his proxy that his Common Shares are to be withheld from voting in the election of directors. If any vacancies occur in the slate of such nominees, it is intended that discretionary authority shall be exercised to vote the Common Shares represented by such proxies for the election of such other person or persons as directors as may be nominated in accordance with the best judgment of management.

The Company has adopted a majority voting policy in director elections that will apply at any meeting of the Espial shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation as a director to the Chair of the Board promptly following the applicable shareholders' meeting. Following receipt of the resignation, the Corporate Governance and Compensation Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board. Within 90 days following the applicable shareholders' meeting, the Board shall publicly disclose in a news release their decision whether or not to accept the applicable director's resignation, including the reasons for rejecting the resignation, if applicable. The Board shall accept the resignation absent exceptional circumstances. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board or the Corporate Governance and Compensation Committee at which the resignation is considered. A copy of the majority voting policy may be found on the Espial website at www.espial.com.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

The name, present position and office with the Company, present principal occupation or employment, period of service as a director and number of Common Shares beneficially owned or controlled or directed, directly or indirectly, of each of the directors of the Company who are nominated for election as directors as of April 8, 2016 are as set out below.

Name, Province or State and Country of Residence	Position with Company	Principal Occupation	Common Shares Held	Options to Acquire Common Shares Held	Warrants to Acquire Common Shares Held	Director Since
Jaison Dolvane, Ontario, Canada	President, Chief Executive Officer, and Director	President and Chief Executive Officer of Espial	353,415	1,027,000	Nil	1997
Kumanan Yogaratnam, Ontario, Canada	Chief Technical Officer and Director	Chief Technical Officer of Espial	352,126	801,000	Nil	1997
Tawfiq Arafat, (2)(3) Ontario, Canada	Director	Partner at Relay Ventures	4,266,385(1)	95,000	Nil	2011
Peter Seeligsohn,(2)(3) Ontario, Canada	Chairman and Director	Independent Consultant	Nil	187,648	Nil	2001
Michael Lee, (2)(3) California, USA	Director	General Partner, Rogers Venture Partners	Nil	195,000	Nil	2008
Michael Hayashi, Colorado, USA	Director	Consultant and former EVP, Time Warner Cable	Nil	85,000	Nil	2015

(1) – Shares are owned by Relay Ventures Parallel Fund L.P., Relay Ventures Parallel US Fund L.P., and Relay Ventures Fund L.P.

(2) – Member of the Corporate Governance and Compensation Committee

(3) – Member of the Audit Committee

The following sets out additional information with respect to the education, experience and employment history of each of the directors and officers referred to above during the past five years.

Jaison Dolvane, Director, President and CEO

Jaison Dolvane is the CEO of Espial. Jaison co-founded Espial in 1997, and has led the Company from a start-up to a global business, transitioned Espial into new markets, drove M&A transactions and led Espial to a successful Initial Public Offering in 2007. Jaison has also led the acquisition and structuring of customer and partner deals with some of the world's largest consumer electronics, service providers and network vendors. Prior to Espial, Jaison held various roles at Nortel, Bell Northern Research, Entrust Technologies and Corel. Jaison actively speaks and participates at industry events and panels for the broadcast, Pay TV and Smart TV industries. He holds a Bachelor of Computer Science, Business from Carleton University in Ottawa, Canada. Jaison is also a member of the prestigious Young Presidents Organization (YPO), a global network of CEOs and business leaders.

Kumanan Yogaratnam, Director, Chief Technology Officer

Kumanan Yogaratnam is the CTO of Espial. Kumanan co-founded Espial in 1997 and has been the Chief Architect and technology visionary for the broad range of Espial products. Kumanan has led the creation and delivery of Espial's world leading, carrier grade and highly scalable client and server products for the Pay TV and Smart TV markets. Kumanan has been at the front of major industry changes actively participating in setting standards for Java & HTML5 in set-top boxes and smartphones (the basis for Android today), Digital Video Broadcast systems, Internet Protocol TV or IP Video, and HTML5 Web standards. Recently, Kumanan has also been instrumental in re-defining an IP TV architecture and Espial product suite for high performance cloud based user experiences using HTML5 on STBs, smart-phones and tablets. This cloud centric service vision for service providers is critical to enable long term service provider sustainability. Kumanan leads the Espial technology, product direction and participation and contributions to the Comcast RDK initiative, an open source STB operating system being adopted by major cable and telecom TV service providers globally. Kumanan holds a Masters & Bachelor of Computer Science from Carleton University in Ottawa, Canada.

Peter Seeligsohn, Director

Peter Seeligsohn is the President of KAJS Group Inc., an independent organisation pursuing the acquisition of or control positions in established businesses and the provision of strategy, operations and financing advice to private and public companies. Prior to this Mr. Seeligsohn was a General Partner at VG Partners Inc., which he joined in 1997. Prior to this he was in Corporate Finance at an accounting firm, which was subsequently acquired by Deloitte LLP. Peter is a Chartered Accountant CA(SA) and holds Bachelor of Accounting Science (Honours) and Bachelor of Commerce (Accounting) degrees.

Tawfiq Arafat, Director

Tawfiq Arafat is a Partner at Relay Ventures (formerly JLA Ventures). Mr. Arafat joined JLA Ventures in 1998. JLA Ventures was established in 1996 and has raised $315 million over four funds from a diverse group of institutional investors. JLA Ventures invest in early stage companies that focus on digital media and software. Tawfiq's extensive experience in venture capital investing includes evaluating, structuring and executing investments in various sectors of the technology industry and assisting entrepreneurs shape their vision and capital plans into successful long term growth programs. Prior to joining JLA ventures, Tawfiq was employed by Buro Happold, U.K as a consulting engineer overseeing Sheraton Hotels International construction activities in Jordan. Tawfiq received his Honours Bachelor of Science, Civil Engineering degree from University College, London University, U.K. Tawfiq serves as a director of, ecobee, Shoplogix, Leonardo and TIM Group.

Michael Lee, Director

Michael Lee is a General Partner for Rogers Venture Partners where he invests in early stage technology companies, with a focus on IoT, mobile, enterprise SaaS, and Digital Media. Prior to this, Michael served as Chief Strategy Officer for Rogers Communications where he was responsible for strategy development, business development, and strategic partner management for the Rogers Communications group of companies, which include Rogers Cable, Rogers Wireless and Rogers Media. Michael also held the roles of VP, Strategy and Development; and VP Product Management at Rogers Cable. Previous to joining Rogers, he was a founder-entrepreneur in two technology companies. Michael serves as a director of SecureKey, Axsy, ScribbleLive, Watchwith, and Tely.

Michael Hayashi, Director

Michael Hayashi is an independent consultant. Prior to this Mr. Hayashi spent 22 years at Time Warner Cable until his retirement in April, 2015 as Executive Vice President, Advanced Technology. His contributions included involvement in digital television, Video on Demand, HD and DVRs. He oversaw engineering development activities, including high speed Internet, digital phone, digital video and web development within Time Warner Cable. In 2001, Mr. Hayashi was awarded the Vanguard Award for Science & Technology, among the highest honors in the cable industry. Prior to joining Time Warner Cable, Mr. Hayashi held executive positions at Scientific-Atlanta (since acquired by Cisco), including Vice President of Video Products. Mr. Hayashi started his career at Pioneer Communications of America, graduated from St. Joseph College in Yokohama, Japan, in 1974, earned a B.S. in Engineering from Harvey Mudd College in Claremont, Calif., in 1978, and an MBA from Ohio State University in Columbus, Ohio, in 1986. Mr. Hayashi previously served on the board of Mindspeed Technologies, a semiconductor company, acquired in 2013 to M/A-COM Technology Solutions Holdings, as well as the board of BroadLogic Networks, acquired by Broadcom in 2012.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This compensation discussion and analysis ("**CD&A**") describes and explains the Company's policies and practices with respect to the compensation of its named executive officers, being each of its Chief Executive Officer (the "**CEO**"), its Chief Financial Officer (the "**CFO**") and its three other most highly compensated executive officers other than the CEO and CFO whose total compensation was, individually, more than $150,000 (collectively, with the CEO and the CFO, the "**NEOs**") for the year ended December 31, 2015.

Overview of compensation philosophy

The Board has adopted a "pay for performance" philosophy for all employees of the Company such that they receive compensation based upon the market value of the type of job they perform and their level of individual performance. The Company's policy with respect to the compensation of NEOs specifically is to:

- Establish annual goals with respect to corporate development and the individual areas of responsibility of each NEO and then to review total compensation with respect to the achievement of these goals.

- Seek to align management interests with shareholder interests through both short- and long-term incentives linking compensation to performance. The short-term incentive is in the form of cash incentive awards while the longer term incentive is in the form of stock options, which create a direct correlation between variations in the Company's stock price and the compensation of the NEO.

- Ensure that overall compensation for NEOs is not only internally equitable, but also competitive in today's market in order to attract, retain and motivate individuals with the qualifications and commitment needed to enhance shareholder value and maintain the Company's competitiveness in its market segment.

Compensation Committee

In addition to the corporate governance related elements of its mandate, the Corporate Governance and Compensation Committee are tasked with: (i) reviewing and studying compensation and compensation policy for the Company, including the level of compensation paid to senior officers of the Company, and reports on such matters to the Board; (ii) reviewing the goals and objectives of the Chief Executive Officer at the beginning of each year and providing a verbal appraisal of the Chief Executive Officer's performance for the most recently completed year; and (iii) reviewing the performance of senior officers of the Company.

Role of Management in Determining Compensation

In reviewing executive compensation for executive officers other than the Chief Executive Officer, the Compensation Committee relies on the advice of the Chief Executive Officer regarding other executive officers and allows him to participate in the Committee's deliberations on those executive officers. The Chief Executive Officer, however, is not allowed to participate in the Committee's deliberations on his compensation. The recommendations of the Compensation Committee are referred to the Board for approval.

Elements of Executive Compensation

The key components of executive officer compensation are base salaries, cash incentive awards and stock options, with base salaries currently receiving the greatest emphasis followed by cash incentive awards and then stock options. The Company believes that these elements of compensation, when combined, provide an appropriate mix of conventional and incentive-based compensation. The base salary, on the one hand, provides for a stable income while the incentive compensation and stock options provide an important mix of short-term incentive in the form of an annual cash bonus and a longer-term incentive in the form of stock options.

Base salaries are determined on the basis of market data and performance/experience levels. In order to assess the competitiveness of base salaries in the market, the Company from time to time surveys outside market data. The Compensation Committee uses such outside data for general guidance and not for any specific benchmarking of NEO compensation to that of other companies. It is the Company's policy that the base salaries paid to its NEOs also reflect the individual's responsibility, experience and achievements.

The annualized base salaries of the NEOs that were employed by the Company as at December 31, 2015 are set out in the table below.

Name	**Title**	**Base Salary**
Jaison Dolvane	Chairman, President and CEO	$275,000
Carl Smith	Chief Financial Officer	$220,000
Kumanan Yogaratnam	Chief Technical Officer	$220,000

Each year the Compensation Committee sets a series of objectives for each executive and for the executive team as a whole to determine the opportunity for cash incentive awards. These objectives are prioritized and assigned potential values in light of overall company objectives. In 2015, annual bonuses were based on management achieving (i) a revenue target, (ii) an earnings before interest, foreign exchange, taxes, stock compensation, depreciation and amortization (EBITDA) target (iii) an ending cash balance target and (iv) achieving certain new customer and partner signings. Each target was assigned a percentage of the executive's total incentive target. If the financial targets were achieved, the executive would earn 100% of that portion of the incentive, if the target was not met, but was within a specified percentage of the target, the executive would earn 50% of the incentive and if actual results were over the target results by a specified percentage, the executive would earn up to 200% of the financial incentive target and potentially more on the new customer and partner target. The Compensation Committee also identified specific target accounts and set payout amounts based on number, type and size of new target account signings. The Compensation Committee and the board assigned these targets based on their belief that the three targets represented key objectives management should focus on for the long term success of the Company and that were quantifiable and measurable. In 2015, each of the NEOs earned 132% of their respective target incentive.

Payout percentage based on achieving target results	**Objective**	**Payout percentage based on actual results**	Percentage earned and paid
33%	Revenue	100%	33%
11%	EBITDA	150%	17%
11%	Cash	200%	22%
45%	New Customer and Partners	133%	60%
100%			132%

The Compensation Committee reviews both base salaries and cash incentive awards on at least an annual basis to ensure that the relevant criteria are satisfied.

The granting of options to the NEOs under the Espial Group Inc. 2007 Stock Option Plan, as amended in 2010 and 2014 (the "**2007 Plan**") serves three primary purposes: (1) to recognize significant performance during the past year; (2) to provide long-term incentives for future efforts, since the value of the options is directly dependent on the market valuation of the Company; and (3) to retain individuals, as the options typically vest over time. When determining whether and how many new option grants will be made, the Compensation Committee takes into account the amount and terms of any outstanding options and shareholdings of NEOs. The Company does not require its NEOs to own a specific amount of Common Shares.

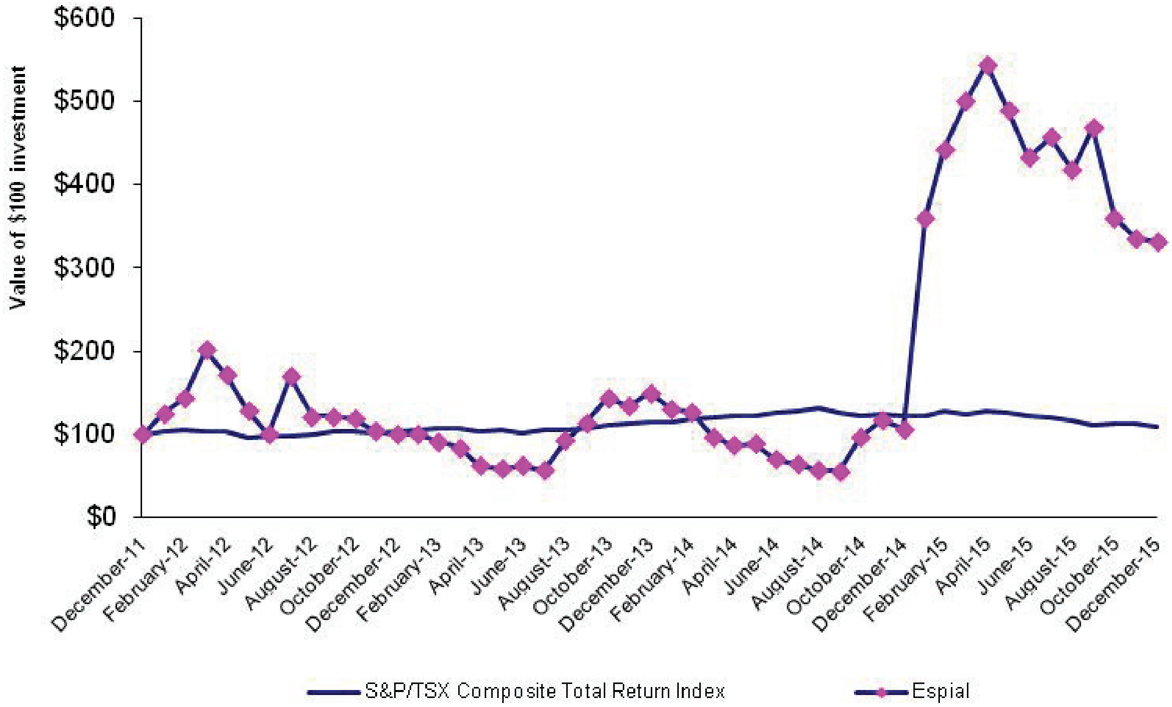
The following table sets forth all of the individual grants of stock options by the Company during the last financial year to the NEOs.

Name	Common Shares Under Option Granted (#)	Exercise or Base Price ($/Common Share)	Expiration Date
Jaison Dolvane	80,000	$2.75	2025
Kumanan Yogaratnam	70,000	$2.75	2025
Carl Smith	70,000	$2.75	2025

Total cash compensation to NEOs for the financial year ended December 31, 2015 was $1,110,285 compared to $1,158,250 in the prior year. Non-cash compensation, consisting of stock options, in the financial year ended December 31, 2015 was $387,618 compared to $1,747,309 in the fiscal year ending December 31, 2014. During 2015, changes to the NEOs cash compensation plans were as follows: Jaison Dolvane's base salary and incentive plan increased to $258,269 and $198,000, respectively (2014 - $225,000 and $235,750, respectively), Carl Smith's base salary and incentive plan increased to $214,808 and $112,200 (2014- $195,000 and $133,250, respectively), Kumanan Yogaratnam's base salary and incentive plan increased to $214,808, and $112,200, respectively (2014 - $195,000 and $174,250, respectively).

Performance Graph

The following graph compares the cumulative return on $100 invested in Common shares of the Company with the S&P/TSX Composite Total Return Index over the past five years:



Summary Compensation Table

The following table sets forth all compensation earned in respect of the individuals who were, at any time during 2015, the Chief Executive Officer or the Chief Financial Officer, and the three other most highly compensated executive officers during the past three years whose total compensation in 2015 was, individually, more than $150,000 (collectively, the "**Named Executive Officers**" or "**NEOs**") of the Company.

					Non-Equity Incentive Plan Compensation(1)				
Name and Principal Position	**Year**	**Salary ($)**	**Share-Based Awards ($)**	**Option Based Awards (1) ($)**	**Annual Incentive Plans ($)**	**Long Term Incentive Plans ($)**	**Pension Value ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
Jaison Dolvane Chief Executive Officer	2015	258,269		140,952	198,000				597,221
	2014	225,000		788,785	235,750				1,249,535
	2013	195,000	-	25,000	97,900	-	-	-	317,900
Carl Smith Chief Financial Officer	2015	214,808		123,333	112,200				450,341
	2014	195,000		329,493	133,250				657,743
	2013	185,000	-	25,000	48,950	-	-	-	258,950
Kumanan Yogaratnam Chief Technology Officer	2015	214,808		123,333	112,200				450,341
	2014	195,000		629,031	174,250				998,281
	2013	180,000	-	25,000	68,530	-	-	-	273,530

(1) Option based award values are calculated at their fair market value established using the Black Scholes methodology, which has been chosen as the method to value options as it is the most widely recognized methodology and is accepted by Canadian Generally Accepted Accounting standards. This fair market value does not necessarily reflect the market value on the date of the grant as the Black Scholes methodology considers various factors including historical share prices, price volatility and interest rates.

NEOs – Incentive Plan Awards

Outstanding Option Based Awards

The following table sets out all of the options that had been granted and were outstanding to any of the Named Executive Officers as at December 31, 2015.

Name	Number of securities underlying unexercised options (#)	Option Exercise price ($)	Option expiration date	Value of unexercised in the money options (1) ($)
Jaison Dolvane Chief Executive Officer	170,000	$1.00	10-Mar-20	224,400
	237,000	$0.82	28-May-20	355,500
	25,000	$0.48	15-Mar-22	46,000
	30,000	$0.63	31-May-13	50,700
	395,000	$2.95	05-Jun-24	0
	80,000	$2.75	11-Mar-25	0
Kumanan Yogaratnam Chief Technology Officer	130,000	$1.00	10-Mar-20	171,600
	161,000	$0.82	28-May-20	241,500
	20,000	$0.48	15-Mar-22	36,800
	30,000	$0.63	31-May-13	50,700
	315,000	$2.95	05-Jun-24	0
	70,000	$2.75	11-Mar-25	0
Carl Smith Chief Financial Officer	75,000	$1.80	24-Mar-18	39,000
	25,000	$1.20	12-Aug-18	28,000
	20,000	$1.00	10-Mar-20	26,400
	6,000	$0.82	28-May-20	9,000
	10,000	$0.48	15-Mar-22	18,400
	30,000	$0.63	31-May-23	50,700
	165,000	$2.95	05-Jun-24	0
	70,000	$2.75	11-Mar-25	0

(1) Dollar amounts have been calculated based on the December 31, 2015, closing price of the common shares on the Toronto Stock Exchange of $2.32.

The granting of options to the NEOs and Directors under the 2007 Plan serves three primary purposes: (1) to recognize significant performance during the past year; (2) to provide long-term incentives for future efforts, since the value of the options is directly dependent on the market valuation of the Company; and (3) to retain individuals, as the options typically vest over time. When determining whether and how many new option grants will be made, the Compensation Committee takes into account the amount and terms of any outstanding options and shareholdings of NEOs and Directors.

Incentive Plan Awards – value vested or earned during the year

The following table sets out the value of incentives earned by the NEOs or vested in their favor during the 2015 year.

Name	Option based awards - value vesting during the year ($) [(1)]	Share based awards - value vested during the year ($)	Non-equity incentive plan compensation - value earned during the year ($)
Jaison Dolvane, Chief Executive Officer	$143,918	-	$143,918
Carl Smith, Chief Financial Officer	$67,709	-	$37,709
Kumanan Yogaratnam, Chief Technology Officer	$117,959	-	$ 117,959

(1) Option based award values are calculated at their fair market value established using the Black Scholes methodology, which has been chosen as the method to value options as it is the most widely recognized methodology and is accepted by Canadian Generally Accepted Accounting standards. This fair market value does not necessarily reflect the market value on the date of the grant as the Black Scholes methodology considers various factors including historical share prices, price volatility and interest rates.

Termination and Change of Control Benefits

Termination – CEO and CTO

Messrs. Dolvane and Yogaratnam, the Company's CEO and CTO, respectively (each referred to in this section as the "**Executive**"), each entered into a written employment agreement with the Company on October 1, 2002. A summary of the terms of each Executive's agreement covering termination follows.

Payments on Termination Without Cause or for Good Reason

If the Executive's employment with the Company is terminated by the Company for any reason other than death, cause or long-term disability, or is terminated by the Executive due to the Company reducing his role and responsibilities or compensation, failing to make payment of amounts owed, making changes to his contract without his consent while the Company is bankrupt in related proceedings or protection, or ceasing to operate as a going concern (collectively, "**Good Reason**"), the Company will: (i) pay to the Executive an amount equal to the salary earned by him up to the date of termination and any outstanding vacation pay calculated as of such date; (ii) reimburse the Executive for any expenses incurred by him up to and including the date of termination (iii) pay to the Executive an amount equivalent of 12 months' base salary; (iii) maintain the Executive's benefits for 12 months or, if that is not possible, pay to the Executive an amount equal to the cost to the Executive of securing comparable alternate benefit coverage for any benefits that cannot be maintained during the 12-month period and (iv) pay to the Executive an amount equivalent to the amount that would have been payable to him under incentive plans for the prior financial year to the extent that such amount may be outstanding and for the 12 months' pay an amount to be calculated as a percentage of base salary at the date of termination, the percentage to be an average of the percentages used to calculate the Executive's incentive payment in the preceding two years.

In order to be eligible to receive the payments noted above, the Executive must comply (subject to any waiver or consent from the Company) with the 12 month non-competition and non-solicitation covenants and the confidentiality provision of his employment agreement. The Company may, upon any breach by the Executive of such non-competition, non-solicitation and/or confidentiality covenants, cease paying any amounts owing under the termination provisions (other than amounts owing at the date of termination) and may seek monetary damages and/or injunctive relief.

Payments on Termination by Company for Cause or by Reason of Long-term Disability or on Termination by the Executive Without Good Reason

If the Executive's employment with the Company is terminated by the Company for cause or by reason of long-term disability, or if such employment is terminated by the Executive without Good Reason, the Company will: (i) pay to the Executive an amount equal to the salary earned by him up to the date of termination and any outstanding vacation pay calculated as of such date; (ii) reimburse the Executive for any expenses incurred by him up to and including the date of termination; and (iii) pay to the Executive any amounts owing to him under the incentive plans in accordance with the terms of such plans for the previous financial year to the extent such amounts are outstanding at the date of termination or are subsequently agreed to be payable by the Board.

If the Executive's employment with the Company is terminated by the Company by reason of long-term disability, the Company will: (i) continue to pay to the Executive an amount equal to his salary at the rate in effect immediately prior to such termination for the balance, if any, of the applicable waiting period for long-term disability benefits stipulated in the Company's long-term disability plan (the "**Waiting Period**") or six (6) months from the commencement of the sick leave, whichever first occurs; (ii) maintain during the Waiting Period and during any period in which the Executive is receiving long-term disability benefits pursuant to the Company's long-term disability plan (the "**Long-Term Disability Period**") the Executive's benefits which are normally continued for the Company's employees who are in receipt of either short-term disability benefits or long-term disability benefits. The Executive and the Company agree that the Company will not terminate the Executive's employment by reason of long-term disability for a period of one (1) year from the first day that the Executive's ability to perform his duties under his employment agreement is affected by reason of disability, including any time that the Executive is on sick leave, short-term disability leave or long-term disability leave.

Payments on Death of the Executive

If the Executive's employment with the Company is terminated by death, the Company will: (i) pay to the Executive an amount equal to the salary earned by him up to the date of death and any outstanding vacation pay calculated as of such date; (ii) reimburse Executive for any expenses incurred by him up to and including the date of death; (iii) pay to the Executive any amounts owing to him under the incentive plans in accordance with the terms of such plans for the previous financial year to the extent such amounts are outstanding at the date of death or are subsequently agreed to be payable by the Board; (iv) if applicable, arrange for the Executive to receive any pension benefits to which he is entitled pursuant to the Company's pension plan.

Termination – CFO

On March 24, 2008, Carl Smith joined the Company as its Chief Financial Officer. Mr. Smith's current base salary is $220,000. Mr. Smith's employment may be terminated for cause at any time without notice, bonus or payment in lieu thereof. In the event of a without cause termination, Mr. Smith's employment may be terminated upon delivery of six (6) months' notice or payment in lieu thereof based on base salary, plus any bonus earned on a pro-rata basis to the date of notice of termination. In the event Mr. Smith is terminated within 12 months from a change of control, Mr. Smith's termination payment is increased to twelve (12) months plus any bonus earned on a pro-rata basis to the date of notice of termination.

Payments on Termination

The following table provides details regarding the estimated incremental payments from the Company to each of the NEOs assuming termination without cause, and in the case of the CFO not due to an acquisition, on December 31, 2015.

Name	Annual Base Salary	Estimated Bonus based on 2015 awards	Value of benefits
Jaison Dolvane Chief Executive Officer	$275,000	$202,500	$24,173
Carl Smith Chief Financial Officer	$220,000	$114,750	$20,425
Kumanan Yogaratnam Chief Technology Officer	$220,000	$114,750	$20,909

Change of Control

Option Plan

Pursuant to the terms of the 2007 Plan, the Board has the discretion to determine that a particular option will become exercisable in whole or in part as a result of, among other things, a change of control transaction. Assuming a change of control occurred on December 31, 2015 and the Board determined all outstanding options granted to NEOs to be exercisable immediately prior to such change of control, the estimated aggregate value of the options that would be exercisable by the NEOs in connection with such change of control (based on the closing market price of the Company's shares on December 31, 2015) would be $1,348,700

Senior Management Incentive Plan

Pursuant to the terms of the Senior Management Incentive Plan, a participant is entitled to receive a bonus payment sufficient to cover (on an after tax basis) his excess tax liability upon completion of certain change of control transactions. See: "Senior Management Incentive Plan - Compensation Upon Completion of Certain Transactions" below.

Director Compensation

Director Compensation Table

The following table provides information regarding compensation paid to the Company's non-executive directors during the financial year ended December 31, 2015. No other board members received compensation relating to their service on the board of directors in 2015.

Name	Fees earned ($)	Share based awards ($)	Option based awards ($) [1]	Non-equity incentive plan compensation ($)	Pension Value ($)	All other compensation ($)	Total ($)
Peter Seeligsohn	$33,125	-	$52,857	-	-	-	$85,982
Michael Lee	$23,375	-	$52,857	-	-	-	$76,232
Tawfiq Arafat	$15,000	-	$52,857	-	-	-	$67,857
Michael Hayashi	$24,161 [2]	-	$125,979	-	-	-	$150,140

(1) Option based award values are calculated at their fair market value established using the Black Scholes methodology, which has been chosen as the method to value options as it is the most widely recognized methodology and is accepted by Canadian Generally Accepted Accounting standards. This fair market value does not necessarily reflect the market value on the date of the grant as the Black Scholes methodology considers various factors including historical share prices, price volatility and interest rates.

(2) Mr. Hayashi's compensation is paid in USD. Amount shown is the Canadian dollar equivalent converted at $1.30.

Directors – Outstanding Unexercised Options

The following table sets out all of the outstanding unexercised options held by the Company's non-executive directors as at December 31, 2015.

Name	Number of securities underlying unexercised options (#)	Option Exercise price ($)	Option expiration date	Value of unexercised in the money options (1) ($)
Peter Seeligsohn	46,648	$2.62	5-Dec-17	-
	4,000	$1.20	12-Aug-18	$4,480
	6,000	$1.00	10-Mar-20	$7,920
	9,000	$0.82	28-May-20	$13,500
	7,000	$0.48	15-May-22	$12,880
	20,000	$0.63	31-May-23	$33,800
	30,000	$2.95	5-Jun-24	-
	30,000	$2.75	11-Mar-25	-
				-
Michael Lee	45,000	$0.95	29-Jul-18	$61,650
	6,000	$1.00	10-Mar-20	$79,120
	9,000	$0.82	28-May-20	$13,500
	20,000	$0.48	15-May-22	$36,800
	20,000	$0.63	31-May-23	$33,800
	30,000	$2.95	5-Jun-24	-
	30,000	$2.75	11-Mar-25	-
Tawfiq Arafat	30,000	$2.95	5-Jun-24	-
	30,000	$2.75	11-Mar-25	-
Michael Hayashi	30,000	$3.98	4-Apr-25	-

(1) Dollar amounts have been calculated based on the December 31, 2015, closing price of the common shares on the Toronto Stock Exchange of $2.32.

Incentive Plan Awards – value vested or earned during the year

The following table sets out the value of incentives earned by the non-executive directors or vested in their favor during the 2015 fiscal year.

Name	Option based awards - value vesting during the year ($) [(1)]	Share based awards - value vested during the year ($)	Non-equity incentive plan compensation - value earned during the year ($)
Peter Seeligsohn	$ 28,608	-	$ 28,608
Michael Lee	$ 28,608	-	$ 28,608
Tawfiq Arafat	$ 5,019	-	$ 5,019
Michael Hayashi	$ -	-	$ -

(1) Option based award values are calculated at their fair market value established using the Black Scholes methodology, which has been chosen as the method to value options as it is the most widely recognized methodology and is accepted by Canadian Generally Accepted Accounting standards. This fair market value does not necessarily reflect the market value on the date of the grant as the Black Scholes methodology considers various factors including historical share prices, price volatility and interest rates.

Incentive plan compensation amounts earned by Directors that are NEOs are disclosed above under "NEOs – Incentive Plan Awards".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

Equity Compensation Plan Information

The following table presents information concerning the categories of compensation plan under which equity securities of the company are authorized for issuance for the year ended December 31, 2015.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted Average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	4,012,119	$1.20	3,457,492
Equity compensation plans not approved by security holders	-	-	-
TOTAL	4,012,119	$1.20	3,457,492

Stock Option Plan

On May 7, 2007, the Company adopted the 2007 Plan for employees, directors, officers and consultants to provide additional incentives to attract, retain and motivate directors, officers, employees and consultants of the Company and its subsidiary. The maximum number of Common Shares that may be issued pursuant to options granted under the 2007 Plan shall not exceed 20% of the total number of all issued and outstanding Common Shares from time-to-time. The 2007 Plan may be administered by either the Board or by a committee established by the Board. In administering the 2007 Plan, the Board or the committee, as the case may be, may determine the terms related to each option, including the number of shares subject to each option, the exercise price and expiration date of each option, and the extent to which each option is exercisable during the term of the option. The price at which options are granted will be no lower than the closing price per share of a board lot of the Common Shares on the exchange where they are listed on the trading day prior to the date of grant or, if the Common Shares did not trade on such last trading day, the average, rounded up to the nearest cent, of the bid and ask prices per share for a board lot of the Common Shares at the close of trading on such last trading day (the "**Market Price**").

Certain restrictions on grants apply, including that the maximum number of shares issuable to insiders, at any time, or issued to insiders, within any one year period, pursuant to the 2007 Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Common Shares of the Company. To date, the Board has administered the 2007 Plan, with recommendations from the Corporate Governance and Compensation Committee from time to time.

As at April 8, 2016, the Company had 4,682,119 options outstanding (representing approximately 12.5% of the Company's issued and outstanding Common Shares) under the 2007 Plan to purchase Common Shares of the Company, a further 2,789,584 [(representing approximately 7.5% of the Company's issued and outstanding Common Shares) Common Shares remained available for issuance under this plan. Options vest over four years. One quarter of the options vest after 12 months and the remainder vest in twelve equal tranches over the three years thereafter. The maximum term of these options is as specified in the particular option agreement; provided that in no event shall the expiry date of the options be more than 10 years except in the case where the expiry date of any vested option falls on, or within ten days immediately following, a black-out period, in which case the expiry date of such option shall instead be the last day of such ten-day period.

Notwithstanding the vesting periods set forth above, the Board may determine at the time of grant that a particular option will be exercisable in whole or in part on different dates and may determine at any time after the grant date that a particular option will be exercisable in whole or in part on earlier dates for any reason, including the occurrence of a proposal by the Company or any other person to implement a transaction that would, if implemented, result in a change of control of the Company.

In addition, unless otherwise determined by the Board, an option will expire before its expiry date in the following events and manner: (1) if an Optionholder dies, the vested portion of the option may be exercised during the period ending six months after the death of the Optionholder; (2) if an Optionholder resigns his or her office or employment or an Optionholder's contract as a consultant terminates at its normal termination date, the vested portion of the option may be exercised during the period ending 90 days after the termination date; (3) if the employment of an Optionholder is terminated without cause, including constructive dismissal, or an Optionholder's contract as a consultant is terminated by the Company before its normal termination date without cause, the vested portion of the option may be exercised during the period ending 90 days after the termination date; (4) if an Optionholder's employment or service ceases due to permanent disability, the vested portion of the option may be exercised during the period ending 12 months after the date of cessation; and (5) an option will expire immediately upon the Optionholder being dismissed from his or her office or employment or consulting agreement for cause.

An Optionholder may assign options to a permitted assign. An option may be exercised only by the Optionholder (or a permitted assign, as such term is defined in *National Instrument 45-106, Prospectus Exemptions* of the Canadian Securities Administrators) and is not assignable in law or in equity, and any purported assignment is void and of no force and effect whatsoever.

The 2007 Plan is administered by the Board or, if determined by the Board, by the Board with the assistance of a compensation committee of the Board consisting of not less than three directors. The Board shall have the authority to interpret the Plan, to adapt, amend, rescind and waive rules and regulations related thereto. The Board may, at any time and from time to time, amend, suspend or terminate the Plan at any time, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or materially prejudice the rights of any Optionholder under any Option previously granted to the Optionholder without the consent or deemed consent of the Optionholder. Examples of the amendments that may be made by the Board without shareholder approval include, without limitation, amendments related to (a) the vesting provisions of the 2007 Plan or any option granted under the Plan, (b) the early termination provisions of the 2007 Plan or any option granted under the 2007 Plan, (c) the addition of any form of financial assistance by the Company for the acquisition by all or certain categories of participants, and the subsequent amendment of any such provision which is more favourable to such participants, (d) the addition or modification of a cashless exercise feature, payable in cash or Common shares, which provides for a full deduction of the number of underlying Common Shares from the Plan reserve, (e) changing the maximum percentage of Common Shares which are reserved for issuance under the 2007 Plan to a maximum number of Common Shares not exceeding the number of Common Shares which then represents the maximum percentage previously approved by the Company's security holders; (f) the suspension or termination under applicable laws (including, without limitation, the rules, regulations and policies of the TSX); and/or (g) general housekeeping matters.

Notwithstanding the foregoing, the Board may not, without the approval of the security holders of the Company, make amendments to the Plan for any of the following purposes: (1) to increase the maximum number of Common Shares that may be issued pursuant to Options granted under the 2007 Plan; (2) to reduce the exercise price of options for the benefit of an insider; (3) to extend the expiry date of options for the benefit of an insider; (4) to increase the maximum number of common shares issuable to insiders; and (5) to amend the amending provision of the 2007 Plan.

Senior Management Incentive Plan

The Company has also created an incentive compensation plan (the "**Incentive Plan**") to create appropriate economic assurances for the Executives (and one other senior employee who is not an executive officer) ("**Participants**") to encourage their continued focus on the growth and success of the Company and alleviate such participant's tax liability upon disposition of Company shares acquired by them pursuant to the exercise of warrants in connection with the Company's initial public offering (the "**IPO Shares**"). Under current Canadian tax laws, the taxable employment benefit incurred upon the disposition of the IPO shares may exceed the gross proceeds received upon such disposition. The Incentive Plan provides an opportunity for Participants to receive a bonus payment sufficient to cover (on an after tax basis) such excess tax liability upon completion of certain transactions (see "*Compensation Upon Completion of Certain Transactions* "below) nor to receive certain benefits in connection with certain eligible dispositions of IPO Shares (see "*Eligible Dispositions*" below).

To date, no compensation has been earned or paid under the Incentive Plan.

Compensation Upon Completion of Certain Transactions.

In the event of a Transaction (as defined below), Participants will be eligible to receive an incentive distribution in the form of a bonus pool created at the time of consummation of any such Transaction (the "**Bonus Pool**"). The Bonus Pool is to consist of bonus allocations sufficient to cover (on an after tax basis) the Participant's tax liability incurred as a result of his realization of the taxable employment benefit to the Participant pursuant to a Transaction that is in excess of all proceeds received on sales of

IPO Shares up to that time, including pursuant to the Transaction (net of tax payable on the taxable employment benefit to the Participant arising from Eligible Dispositions prior to the Transaction).

The following events constitute a "**Transaction**" for the purposes of the Incentive Plan: (a) any merger, amalgamation, plan or arrangement or other consolidation involving the Company with or into any other corporation and involving a change in control; (b) any transaction or series of related transactions to which the Company is a party in which 50% or more of the voting power of the Company is transferred; other than (i) an amalgamation or consolidation with a wholly-owned subsidiary of the Company, or (ii) any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; (c) any sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company; (d) any liquidation, dissolution, winding up or bankruptcy of the Company, whether voluntary or involuntary; (e) any other transaction by the Company that results in a deemed disposition of the IPO Shares for Canadian income tax purposes; or (f) any sale of IPO Shares by a Participant's representative following the Participant's death or permanent incapacity to manage property.

A Participant whose employment is terminated for cause is no longer entitled to any compensation upon the closing of any subsequent Transaction.

Eligible Dispositions

In addition to a Participant's entitlement to amounts under the Bonus Pool upon consummation of a Transaction, a Participant will also be entitled to the following benefits under the Incentive Plan in connection with dispositions of IPO Shares by a Participant prior to the expiry of this Incentive Plan for cash proceeds of CAD$1.20 or more per Share (an "**Eligible Disposition**"). Upon an Eligible Disposition, subject to the limitations below, a Participant is entitled to receive: (a) an amount from the Bonus Pool sufficient to cover (on an after tax basis) the Participant's tax liability incurred as a result of the realization of the Participant's taxable employment benefit on such Eligible Disposition of IPO Shares that is in excess of the proceeds received from such Eligible Disposition and any prior disposition of IPO Shares (net of tax on the Participant's taxable employment benefit arising from prior Eligible Dispositions); and (b) a grant of fully vested options under the Company's stock option plan to acquire one half of the number of IPO Shares disposed of by the Participant pursuant to the Eligible Disposition.

The maximum amount payable by the Company in any calendar year in respect of all Eligible Dispositions in such calendar year is $220,000. No options will be granted in respect of any Eligible Disposition where the proceeds from such sale are: (a) less than CAD$1.20 per Share; or (b) together with proceeds received on any prior disposition of IPO Shares, equal to or greater than the tax payable on the taxable employment benefit that would arise from the disposition of all IPO Shares by the Participant. Further, no cash compensation shall be payable in connection with any Eligible Disposition where the proceeds from such sale are equal to or greater than either of: (i) CAD$1.625 per Share (or such other per Share amount that is equal to the tax payable on the taxable employment benefit arising in connection with such sale); or (ii) together with proceeds received on any prior disposition of IPO Shares, the tax payable on the taxable employment benefit that would arise from the disposition of all IPO Shares by the Participant.

A Participant ceases to be eligible to receive any benefits in respect of any Eligible Dispositions under the Incentive Plan if his employment is terminated for cause. If the Company's common shares are trading at CAD$1.20 or more per share and a Participant is requested by the Compensation Committee in writing to make a Eligible Disposition with respect to a certain number of IPO Shares during a period that is not a Black-Out Period under the Company's policies (nor any other time which trades by the participant would be prohibited by law) and the Participant refuses to place an irrevocable sell order with respect to such IPO Shares (with a minimum sale price as specified by the Compensation Committee in such request) within five (5) trading days of such written request, the Participant shall thereafter not be entitled to any benefit under this Incentive Plan with respect to the IPO Shares that the Compensation Committee has requested be sold in accordance with this paragraph.

General

If the Company's cash and cash equivalents falls below $2.5 million after deducting all secured debt obligations, the Company is required to establish and maintain a segregated account in the amount of the aggregate maximum cash liability of the Company to Participants under this Incentive Plan at such time. Such segregated account shall be held in escrow by an escrow agent.

The Incentive Plan terminates upon the earliest of: (i) the completion of any Transaction; (ii) all Participants have disposed of all of their IPO Shares and/or all Participants are no longer entitled to any benefit under this Incentive Plan with respect to all IPO Shares then held by them; or (iii) immediately upon a change to Canadian income taxation laws that has the effect of permitting the disposition of the IPO Shares without triggering tax liability in excess of the proceeds received upon disposition.

Any Bonus Pool payments to Participants under the Incentive Plan are subject to payroll deductions and all required withholdings required by applicable law.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has primary liability insurance and excess liability insurance for its directors and officers. The aggregate annual premium for the period from June 1, 2015 through May 31, 2016 for that insurance was approximately $40,500, no part of which is payable by the directors and officers of the Company. The insurance coverage under each policy for each loss is limited to an aggregate of $10,000,000 for each policy period and $5,000,000 per claim. The policy provides for varying deductibles based on the type of claim ranging from $50,000 to $150,000.

INDEBTEDNESS OF OFFICERS, DIRECTORS AND EMPLOYEES

No current or former director, executive officer, employee or any associate of any current or former director, executive officer or employee of the Company has been indebted to the Company or any subsidiary during the fiscal year ended December 31, 2015.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Management of the Company is not aware of any material interest of any director or nominee for director, executive officer or anyone who has held office for such since the beginning of the Company's last financial period or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

APPOINTMENT OF AUDITORS

The auditors of the Company during the year ended December 31, 2015 were KPMG LLP. KPMG LLP was first appointed as the auditors of the Company in April 2014. Deloitte LLP served as the Company's auditors from July 2006 to April 2014. At the Meeting, the shareholders of the Company will be called upon to appoint KPMG LLP as auditors of the Company to serve until the next annual meeting of the shareholders of the Company and to authorize the Board to fix the remuneration of the auditors as appointed. It is intended that on any ballot that may be called relating to the appointment of auditors and the fixing of their remuneration by the directors, that the shares represented by proxies in favour of management nominees will be voted in favour of the appointment of KPMG LLP and the fixing of their remuneration by the directors, unless a shareholder has specified in his proxy that his shares are to be withheld from voting.

The resolution to appoint KPMG LLP as auditor of the Company must be passed by at least 50% of votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.

REPORT ON CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), the Company is required to disclose its corporate governance practices, as summarized below.

Composition of Board. The Board is comprised of six members. Peter Seeligsohn, an "independent" director, serves as the Board's Chair. In addition to chairing all Board meetings, the Chair's role is to facilitate and chair discussions among the Company's independent directors, facilitate communication between the independent directors and the Company'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 Chair's responsibilities and duties are described in detail in a position description developed by the Board.

A majority of the Company's directors are independent. In particular, four members, namely Peter Seeligsohn, Michael Lee, Tawfiq Arafat and Michael Hayashi, are independent. None of the independent Board members provide any services to the Company except for their services as board members and committee members, and none are members of management. Two directors, Jaison Dolvane, the President and Chief Executive Officer of the Company, and Kumanan Yogaratnam, the Chief Technology Officer of the Company are considered not to be independent. The independent directors devote a part of every regularly scheduled board meeting to meet and discuss various issues without management. In fiscal 2015, four such independent sessions were held.

Meeting Attendance

The following tables present information concerning meetings of the Board and Committees and director attendance at such meetings for the year ended December 31, 2015.

Type of Meeting	**2015 Number of Meetings**
Board of Directors	13
Audit Committee	4
Corporate Governance and Compensation Committee	2

	Board of Directors	**Audit Committee**	**Corporate Governance and Compensation Committee**
Jaison Dolvane	13	NA	NA
Kumanan Yogaratnam	13	NA	NA
Peter Seeligsohn	13	4	2
Michael Lee	13	4	2
Tawfiq Arafat	13	4	2
Michael Hayashi	12	NA	NA

Board Mandate. The Board is responsible for the stewardship of the Company. In this regard, the Board (or the Committees of the Board duly constituted by the Board to the extent such delegation is permitted by law and is specifically made by the Board) has specific responsibilities relating to, among other things: (i) satisfying itself as to the integrity of the CEO and other senior officers of the Company and that these officers create a culture of integrity throughout the organization; (ii) adopting a strategic planning process and approving and reviewing, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business; (iii) overseeing the identification of the principal risks of the Company's business and the implementation of appropriate systems to manage these risks; (iv) adopting a disclosure policy; (v) overseeing the integrity of the Company's internal control and management information systems; (vi) developing, maintaining and evaluating the Company's approach to corporate governance; and (vii) succession planning (including appointing, training and monitoring senior management);. In discharging its duties and responsibilities, the Board may conduct such examinations, investigations or inquiries, and engage such special legal, accounting or other advisors, at the expense of the Company, at such time or times and on such terms and conditions as the Board considers appropriate. The Board regularly considers all materials and other communications it receives so as to facilitate consistent disclosure practices aimed at informative, timely and broad dissemination of material information to the market in compliance with applicable securities laws and the rules and policies of the TSX Exchange. The text of the Board's written mandate, which was adopted in May 2007, is included as Appendix "A" to this Management Proxy Circular.

Position Descriptions. Board members, the Chairman and the Chief Executive Officer of the Company have defined position descriptions. The performance of the Chief Executive Officer of the Company is monitored by both the Corporate Governance and Compensation Committee and the Board against clear corporate objectives derived from the strategic and operating plan. Position descriptions for the Chairs of the Audit Committee and Corporate Governance and Compensation Committee are set out in the mandates of each of these Committees.

Orientation and Continuing Education. The Board will give new directors such information and orientation opportunities as may be deemed by the Board to be necessary or appropriate to ensure that they understand the nature and operation of the Company's business, the role of the Board and its committees and the contribution individual directors are expected to make. To date no formal continuing education has been sponsored by the Company, but the Board will give all directors such continuing education opportunities as may be deemed by the Board to be necessary or appropriate so that they may maintain or enhance their skills and abilities as directors. The Company also provides directors with the opportunity to meet senior management of the Company and such personnel are invited from time to time to present to the Board at Board meetings. Most meetings are held at the Company's premises, allowing directors the opportunity to gain additional insight into the Company's operations. In addition, analyst reports and other information relating to the Company's business and the industry it operates are presented at Board meetings and strategy sessions and industry-related articles of interest are distributed to Board members from time to time.

Ethical Business Conduct. The Company has adopted a code of business conduct and ethics designed to promote integrity and to deter wrongdoing. The Board is committed to ensuring the Company adheres to applicable legal requirements and maintains the highest standards of conduct and integrity. Employees of the Company, including its executive officers, are required to sign customary agreements respecting the protection of proprietary or confidential information and the protection and proper use of the Company's trade secrets, computer systems and other assets. The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. In particular:

(a) *Disclosure of Interest*. The Company's Board members are aware of their fiduciary obligations and the disclosure requirements respecting any conflicts of interest that may arise in connection with any matters brought before the Board. This includes their obligations under the *Canada Business Corporations Act* (the "**Act**") to disclose the nature and extent of any interest that he or she may have in a material transaction or material contract, whether such contract or transaction is made or proposed. Directors who hold such an interest must make such disclosure upon the earlier of the meeting where such contract or transaction is first considered or upon the director becoming an interested party in accordance with the Act. Pursuant to the Act, a director having made such disclosure must abstain from voting in respect of such contract or transaction under most circumstances.

(b) *Independent Deliberations*. Upon any disclosure of a conflict of interest, the Board requests the applicable director to excuse him or herself from the Board's deliberations and discussions in respect of the matter in which he or she has disclosed such conflict of interest and, if circumstances warrant, the directors having no interest in the proposed transaction may convene one or more separate meetings (ie. in the absence of any interested directors or officers) to further investigate and consider the proposed transaction and the Board may establish a special committee of independent directors to consider such transaction.

(c) *Access to Counsel.* Legal counsel is invited to all Board meetings and in the event of any debate in respect of whether a conflict of interest exists, such counsel is consulted to assist in the determination of the matter. Legal counsel is also available to Board members outside of Board meetings in the event of any questions relating to a perceived or actual conflict of interest. In this regard, the Board of Directors Charter provides that, subject only to the approval of the corporate governance and compensation committee (which is comprised entirely of independent directors), each Board member is entitled to retain independent counsel and/or such other advisors as he/she deems necessary to carry out his/her duties as a member of the Board.

(d) *Corporate Governance Committee*. As mentioned above, the Company maintains a corporate governance and compensation committee comprised entirely of independent directors. The mandate of this committee includes: (i) recommending and bringing forward to the Board a list of corporate governance issues for review, discussion or action by the Board or a committee thereof, and undertake such other initiatives as are necessary or desirable to provide effective corporate governance for the Corporation; (ii) monitoring and assessing the relationship between the Board and management of the Corporation, and define the limit to management's responsibilities and make recommendations with a view to ensuring that the Board is able to function independently of management; and (iii) administering the Company's majority voting policy for uncontested director elections.

Nomination of Directors. The Corporate Governance and Compensation Committee annually (or more frequently, if appropriate) recommends to the Board nominees for election or appointment as directors. Recommendations are made in consultation with the chair of the Board based on the appropriate size and composition of the Board and Board committees, as well as the competencies, skills and personal qualities required of directors to enable the Board and Board committees to properly discharge their respective responsibilities. The Board approves the final choice of nominees. When appropriate, the Board has authorized the Chief Executive Officer to conduct searches for prospective Board members whose skills and attributes meet those criteria. Prior to recommending any candidate for appointment or election, his or her relevant biographical and background information has been considered by the Board and such proposed candidate has been personally interviewed by all Board members, including the independent Board members.

Compensation. The Corporate Governance and Compensation Committee of the Company is comprised entirely of independent directors. The Corporate Governance and Compensation Committee, in concert with the CEO, reviews the directors' compensation plan (including Board and committee retainers, meeting fees, equity-based compensation, and such other forms of compensation as the Committee may consider appropriate) with a view to ensuring directors' compensation levels are commensurate with responsibilities and risks undertaken. The Corporate Governance and Compensation Committee then makes recommendations to the Board as a whole, which ultimately determines directors' compensation. Further responsibilities and powers of the Compensation Committee include those described below under the heading Committees of the Board.

Assessments. The Company has not adopted any formal process to regularly assess the Board, its committees and individual directors. However, at least annually, the Board will perform a self-evaluation to determine the Board's effectiveness and performance (which will be orally assessed and reported). In addition, the Board from time to time discusses what actions, if any, could improve Board and committee performance, and, if required, implements the required and desirable changes.

Term Limits. The Company has not adopted term limits for directors of the Company. The Board believes that the need to have experienced directors who are familiar with the business of the Company 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, imposing this restriction means the Board would lose the contributions of longer serving directors who have developed a deeper knowledge and understanding of the Company over time. 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 Company and its operations and thereby provide an increasing contribution to the Board as a whole.

Board and Senior Management Diversity. The Company believes that an effectively functioning Board is critical to its success, and that its Board must have the flexibility to adopt director election and composition practices that suit its unique needs and circumstances. The Company seeks the most qualified persons, regardless of gender or other characteristics unrelated to expertise and performance. Accordingly, the Company does not have written policies or set targets with respect to representation of women on the Board or as members of its senior management team. Such policies, while well intended, may create arbitrary and technical impediments to the selection of the most qualified persons. This approach enables the Company to make decisions regarding the composition of its Board and senior management team based on what is in the best interests of the Company and its shareholders. Presently there are no women who are executive officers or on the Board.

COMMITTEES OF THE BOARD

The Board has established two standing committees, namely the Audit Committee, and the Corporate Governance and Compensation Committee. The members of the committees are all independent directors.

Audit Committee.
Audit Committee Charter: The Audit Committee's charter is attached as Appendix "B" to this Management Proxy Circular.

Composition of Audit Committee: Peter Seeligsohn (Chair), Michael Lee and Tawfiq Arafat are the members of the audit committee and each member is independent and financially literate as defined in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). For each member of the Audit

Committee, the Board considered the following experience and education in determining that such member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of the accounting issues that can reasonably be expected to be raised by the Company's financial statements, and hence is financially literate as defined in NI 52-110:

Peter Seeligsohn. Mr. Seeligsohn began his career at Touche Ross where he was involved with a variety of technology and non-technology small and medium-sized enterprises, providing auditing and related services. Following his time at Touche Ross, Mr. Seeligsohn acted as a controller, from 1994 to 1995 for Syfrets Limited, a Schedule B investment and portfolio-management bank, where he provided accounting and other related services. Mr. Seeligsohn is a Chartered Accountant CA(SA) and holds a Bachelor of Accounting Science (Honours) from UNISA and a Bachelor of Commerce from the University of Cape Town.

Tawfiq Arafat. Mr. Arafat is a Partner at Relay Ventures (formerly JLA Ventures). Mr. Arafat joined JLA Ventures in 1998. JLA Ventures was established in 1996 and has raised $315 million over four funds from a diverse group of institutional investors. JLA Ventures invest in early stage companies that focus on digital media and software. Tawfiq's extensive experience in venture capital investing includes evaluating, structuring and executing investments in various sectors of the technology industry and assisting entrepreneurs shape their vision and capital plans into successful long term growth programs. Prior to joining JLA ventures, Tawfiq was employed by Buro Happold, U.K as a consulting engineer overseeing Sheraton Hotels International construction activities in Jordan. Tawfiq received his Honours Bachelor of Science, Civil Engineering degree from University College, London University, U.K. Tawfiq serves as a director of HealthUnity, ecobee, Shoplogix, VFM Leonardo and TIM Group

Michael Lee. Mr. Lee is a General Partner for Rogers Venture Partners where he invests in early stage technology companies, with a focus on IoT, mobile, enterprise SaaS, and Digital Media. Prior to this, Michael served as Chief Strategy Officer for Rogers Communications where he was responsible for strategy development, business development, and strategic partner management for the Rogers Communications group of companies, which include Rogers Cable, Rogers Wireless and Rogers Media. Michael also held the roles of VP, Strategy and Development; and VP Product Management at Rogers Cable. Previous to joining Rogers, he was a founder-entrepreneur in two technology companies. Michael serves as a director of SecureKey, Axsy, ScribbleLive, Watchwith, and Tely.

The Audit Committee has instituted a policy whereby it pre-approves all audit and non-audit services. The Audit Committee pre-approves non-audit services, if any, on a quarterly basis and also considers on a continuing basis whether the provision of non-audit services is compatible with maintaining the independence of the external auditor. In 2015, the Company paid $161,015 in audit fees, including $45,015 related to the short-form prospectus required for the 2015 equity offering (compared to $128,172 in audit fees, including $28,117 related to the short-form prospectus required for an equity offering in 2014). During the year ended December 31, 2015 the Company paid KPMG $6,500 of fees related to tax services (2014 - $5,850).

The Company has filed an Annual Information Form (the "**AIF**") for its 2015 fiscal year on SEDAR at www.sedar.com that contains, among other things, all of the disclosure required by NI 52-110.

Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee is responsible for developing our approach to corporate governance issues and to oversee the development, adoption and continual evaluation of our performance against corporate governance guidelines and practices applicable to Espial. This committee is also responsible for management and board of directors succession planning. It also reviews the Chief Executive Officer's and the Chief Financial Officer's goals and objectives at the beginning of each year, and provides an appraisal of the Chief Executive Officer's and the Chief Financial Officer's performance for the most recently completed year.

This committee also fulfils the compensation review function to ensure that we have high-calibre executive management in place and a total compensation plan that is competitive, motivating and rewarding for employees. This committee reviews and makes recommendations to our Board regarding the appointment of our executive officers, and the establishment of, and any material changes to, executive compensation programs, including that of the Chief Executive Officer. It is also responsible for overseeing our employee compensation, stock option and benefit plans.

Composition of Corporate Governance and Compensation Committee: Peter Seeligsohn, Michael Lee and Tawfiq Arafat are the members of the Compensation and Corporate Governance Committee and each member is independent as defined in NI 52-110.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

The *Canada Business Corporations Act* permits certain eligible shareholders of the Company to submit shareholder proposals to the Company, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The Company must receive shareholder proposals for the annual meeting of shareholders of the Company to be held in 2017 by January 13, 2017.

ADDITIONAL INFORMATION

Financial information is provided in the Company's comparative financial statements and management discussion and analysis for its most recently completed financial year. Copies of the Company's financial statements and management discussion and analysis have been filed on SEDAR at www.sedar.com or can be requested by calling the Company's Chief Financial Officer at (613) 566-3427. Additional information relating to the Company can also be found on SEDAR at www.sedar.com.

APPROVALS AND CERTIFICATION

The contents, mailing and delivery of this Management Proxy Circular have been approved by the Board of the Company. The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(Signed) "Jaison Dolvane"

DATED AT OTTAWA, ONTARIO, this 8th day of April, 2016.
Jaison Dolvane
President and Chief Executive Officer

APPENDIX “A”

ESPIAL GROUP INC.

BOARD OF DIRECTORS CHARTER

A. General

1. Composition of the Board

The board of directors (the “Board”) of Espial Group Inc. (the “Corporation”) will consist of such number of directors as may be fixed from time to time by the Board, subject to the articles of the Corporation. The directors on the Board will meet the independence requirements applicable to the Corporation from time to time, including any requirements of applicable securities legislation or any stock exchange on which the Corporation’s securities are traded.

Under Canadian securities laws, a director is “independent” if the director has no direct or indirect material relationship with the Corporation. A “material relationship” means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment, and includes certain relationships identified in National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.

The directors of the Corporation should have a mix of competencies, skills and experience necessary to enable the Board and the Board committees to properly discharge their respective responsibilities.

2. Nomination of Board Members

The Corporate Governance and Compensation Committee will annually (or more frequently, if appropriate) recommend to the Board nominees for election or appointment as directors. Recommendations are made in consultation with the chair of the Board (the “Chair”) based on the appropriate size and composition of the Board and Board committees, as well as the competencies, skills and personal qualities required of directors to enable the Board and Board committees to properly discharge their respective responsibilities. The Board will approve the final choice of nominees.

Directors are elected at each annual meeting of shareholders.

3. Orientation of New Directors and Continuing Education

The Board will give new directors such information and orientation opportunities as may be deemed by the Board to be necessary or appropriate to ensure that they understand the nature and operation of the Corporation’s business, the role of the Board and its committees and the contribution individual directors are expected to make.

The Board will give all directors such continuing education opportunities as may be deemed by the Board to be necessary or appropriate so that they may maintain or enhance their skills and abilities as directors, and to ensure that their understanding of the nature and operations of the Corporation’s business remains current.

4. Chair

The Board will appoint the Chair from among its members.

If the Chair is not present at any meeting of the Board, the lead independent director or, in the absence of the lead independent director, one of the other directors chosen from those directors present at the meeting will preside at the meeting.

5. Responsibilities of the Chair

The Chair will provide leadership to the Board in fulfilling its mandate. The Chair's responsibilities will include:

(a) consulting with the President and Chief Executive Officer (the "CEO") and the Secretary of the Corporation in determining the dates and locations of Board meetings and shareholders meetings;

(b) presiding at meetings of the Board and meetings of the shareholders of the Corporation;

(c) setting the schedule and agenda for Board meetings with input from the lead independent director, the other directors, the CEO and other senior management of the Corporation where appropriate;

(d) assisting the chairs of Board committees in developing agendas for Board committee meetings that will enable the Board committees to successfully carry out their responsibilities;

(e) ensuring that all business that is required to be brought before a meeting of shareholders is brought before a meeting of shareholders;

(f) arranging for senior management and others to attend Board meetings where appropriate;

(g) facilitating the delivery of accurate, timely and clear information to the Board to enable the Board to successfully carry out its responsibilities;

(h) coordinating the activities of the Board committees with the activities of the Board;

(i) assigning tasks to appropriate directors and Board committees;

(j) acting as the principal interface between the Board and the CEO;

(k) providing advice, counsel and mentorship to the CEO, other directors and senior management of the Corporation;

(l) together with the CEO, speaking for the Corporation in its communications with shareholders and the public; and

(m) performing such other functions as may reasonably be requested by the Board.

6. Secretary of the Board

The Board will appoint the Secretary of the Corporation or another officer of the Corporation to act as secretary and keep minutes of all Board meetings.

7. Board Meetings

The Board will meet at least five times per year and will meet at such other times during each year as it deems appropriate. In addition, the Chair or any director may call a special meeting of the Board at any time.

The independent directors will hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

8. Attendance of the Corporation's Officers or External Advisers at Meetings

At the invitation of the Chair, or one or more officers of the Corporation or the Corporation's external auditors or legal, financial or other advisers may attend any meeting of the Board or part thereof.

9. Procedure, Records

Subject to any statute or the memorandum and articles of association of the Corporation, the Board will fix its own procedures at meetings and keep records of its proceedings. The minutes of its meetings will be table at the next meeting of the Board.

10. Board Attendance

Directors are expected to attend and review in advance all materials for Board meetings, meetings of Board committees of which they are members and the annual meeting of the shareholders of the Corporation. Directors are also expected to spend the time needed, and to meet as frequently as necessary, to discharge their responsibilities.

11. Delegation of Responsibilities

The Board will be entitled to delegate from time to time to any individual or committee any of its responsibilities that lawfully may be delegated.

12. Procedures for Shareholder Feedback

The Board will establish and annually review the measures by which shareholders can communicate with the Corporation and the Board, including the adequacy of resources available within the Corporation to respond to shareholders.

13. Authority to Engage Advisers

Each director shall be entitled, subject to the approval of the Corporate Governance and Compensation Committee, to retain independent counsel and/or such other advisers as he/she deems necessary to carry out his/her duties as a member of the Board. The engagement of any such counsel or advisers will be at the Corporation's expense.

B. Mandate of the Board

1. General

The Board is responsible for the overall stewardship of the Corporation and for supervising the management of the business and affairs of the Corporation with a view to the best interests of the Corporation.

Directors shall exercise their business judgment in a manner consistent with their fiduciary duties. In particular, in exercising their powers and performing their duties, the directors will act honestly and in good faith with a view to the best interests of the Corporation, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board discharges its responsibilities for supervising the management of the business and affairs of the Corporation by delegating the day-to-day management of the Corporation to senior officers. The Board relies on senior officers to keep it appraised of all significant developments affecting the Corporation and its operations. The directors are entitled to rely on the honesty and integrity of those senior officers and the auditors and other professional advisors of the Corporation in discharging their fiduciary duties.

2. Specific Responsibilities

In fulfilling its general responsibility for the overall stewardship of the Corporation, the Board has specific responsibility for the following:

(a) satisfying itself as to the integrity of the CEO and other senior officers of the Corporation and that the CEO and other senior officers create a culture of integrity throughout the organization;

(b) adopting a strategic planning process and approving and reviewing, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business;

(c) overseeing the identification of the principal risks of the Corporation's business and the implementation of appropriate systems to manage these risks;

(d) overseeing the integrity of the Corporation's internal control and management information systems;

(e) succession planning (including appointing, training and monitoring senior management);

(f) adopting a disclosure policy for the Corporation;

(g) developing, maintaining and evaluating the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;

(h) in addition to those matters which must by law be approved by the Board, overseeing the development of, and reviewing and approving, significant corporate plans and initiatives, including the strategic plan, the annual business plan and budget, major acquisitions and dispositions and other significant matters or corporate strategy or policy; and

(i) at least annually, performing a self-evaluation to determine the Board's effectiveness and performance (which will be orally assessed and reported), review this Charter and, if required, implement the required and desirable changes.

APPENDIX "B"

ESPIAL GROUP INC.

AUDIT COMMITTEE CHARTER

A. Establishment of Committee and Procedures

Composition of Committee

The Audit Committee (the "Committee") of the board of directors (the "Board") of Espial Group Inc. (the "Corporation") will consist of not less than three directors of the Corporation, each of whom will meet the independence and financial literacy requirements applicable to the Corporation from time to time, including any requirements of applicable securities legislation or any stock exchange on which the Corporation's securities are traded.

Under Canadian securities laws, a director is "independent" if the director has no direct or indirect material relationship with the Corporation. A "material relationship" means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment, and includes certain relationships identified in National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.

Under Canadian securities laws, a director is "financially literate" if the director 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.

Appointment of Committee Members

Members of the Committee will be appointed from time to time by the Board. A member may be removed at any time by the Board and will cease to be a member upon ceasing to be a director of the Corporation.

Orientation of New Members

The Board will give new Committee members such information and orientation opportunities as may be deemed by the Board to be necessary or appropriate in the circumstances.

Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board will fill any vacancy if the membership of the Committee is less than three directors.

Committee Chair

The Board will appoint a Chair of the Committee. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee chosen from those members present at the meeting will preside at the meeting.

Responsibilities of the Committee Chair

The Chair of the Committee will provide leadership to the Committee in fulfilling its mandate and other matters delegated to it by the Board. The Chair's responsibilities will include:

i) working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of Committee meetings and the agendas for meetings;

ii) presiding at Committee meetings;

iii) ensuring that the Committee is properly organized and effectively discharges its duties;

iv) facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;

v) reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;

vi) leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and

vii) taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

Secretary of Committee

The Committee will appoint a Secretary who need not be a director of the Corporation, to keep minutes of all Committee meetings.

Meetings

The Committee will meet at least four times per year and will meet at such other times during each year as it deems appropriate. In addition, the Chair of the Committee may call a special meeting of the Committee at any time.

A majority of the members of the Committee will constitute a quorum. The Committee will not transact business except at a meeting at which a quorum is present or by a resolution in writing signed by all the members of the Committee.

Notice of Meetings

Notice of the time and place of every meeting will be given in writing (including by way of written facsimile communication) to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Attendance of the Corporation’s Officers or External Auditors at Meetings

At the invitation of the Chair of the Committee, the external auditors, one or more officers of the Corporation or the legal, financial or other advisers of the Corporation may attend any meeting of the Committee or part thereof.

Procedure, Records

Subject to any statute or the memorandum and articles of association of the Corporation, the Committee will fix its own procedures at meetings and keep records of its proceedings. The minutes of its meetings will be tabled at the next meeting of the Board.

Reporting to the Board

The Committee will, when the Committee deems appropriate, but in any event not later than the next regular meeting of the Board, report to the Board all action it has taken since its previous report to the Board, and will make such recommendations to the Board as it deems prudent as a result of such action.

The Corporation’s Auditors

The Committee will recommend to the Board: (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation; and (b) the compensation of the external auditor. The Committee will review the circumstances surrounding any proposed change in the external auditors and will recommend the removal of the external auditors if the circumstances warrant.

The external auditors of the Corporation will report to, and ultimately be accountable to, the Committee and the Board as representatives of the shareholders. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

Delegation of Responsibilities

The Committee will be entitled to delegate from time to time to any individual or subcommittee any of its responsibilities that lawfully may be delegated.

B. Mandate of Committee

Management is responsible for preparing the interim and annual financial statements of the Corporation and for maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. The Committee is responsible for reviewing management's actions in that regard.

The Committee will:

Financial Reporting and Disclosure

i) review with management and the Corporation's internal and external auditors generally the Corporation's financial reporting and the preparation of the financial statements, including, without limitation, the judgment of the external auditors as to the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;

ii) review with the external auditors, before completion of the annual audit of the Corporation, the financial statements and the report of the external auditors thereon, in order to ensure that the external auditors are satisfied with the disclosure made to them of the required information and with the content of the financial statements;

iii) review with management and the external auditors all significant accounting practices and policies and all changes or proposed changes in such practices and policies and in financial reporting requirements that may affect the Corporation's financial statements, as well as key estimates and judgments of management that may be material to financial reporting;

iv) review and discuss with management and the external auditors, where appropriate, prior to public disclosure:

- the financial statements of the Corporation;
- management's discussion and analysis of financial condition and results of operations ("MD&A") with regard to the financial statements;
- the annual information form;
- the contents of the annual report to shareholders;
- annual and interim earnings press releases;
- all certifications that may be made by the Chief Executive Officer and Chief Financial Officer on the annual or interim financial results, disclosure controls and procedures and internal controls over financial reporting;
- any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Corporation;

and any other similar disclosure filings to be made by the Corporation under the requirements of securities laws or stock exchange rules applicable to the Corporation;

v) ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of those procedures;

vi) review, as appropriate, any report required by an appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter, including, without limitation, the disclosure of the external auditors' services and fees, Committee members and their qualifications and activities of the Committee;

vii) review with management, the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements;

Policies, Procedures and Internal Controls

i) discuss with management the Corporation's policies and procedures for managing the principal risks of its business to determine if management has identified the principal risks of the Corporation's businesses and has implemented and is maintaining systems and procedures to manage those risks;

ii) review the Corporation's accounting systems and internal control procedures to determine their effectiveness and to determine if the Corporation is in compliance with legal and regulatory requirements and with the Corporation's policies, and where recommendations are made for the improvement of such systems and procedures, monitor management's corrective actions;

iii) establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

Relationship with External Auditors

i) review the audit plans of the internal and external auditors of the Corporation, including proposed timing, scope and fees of such audit and the degree of detail of those plans and the co-ordination between those plans;

ii) review any matters raised by the external auditors as affecting the conduct of their audit, including any restrictions imposed by management on the scope of the external auditor's examinations;

iii) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to monitor and confirm the external auditors' independence, including, without limitation: (i) requesting and reviewing, on a periodic basis, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation; (ii) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors; (iii) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence, and (iv) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Corporation;

iv) pre-approve all non-audit services to be provided to the Corporation or any subsidiaries by the Corporation's external auditor; the Committee may delegate to any one of its members the approval of such services, in which case the items approved will be reported to the Committee at its next scheduled meeting following such pre-approval;

Other

i) meet separately with management, the external auditors and internal auditors from time to time, as it deems necessary, but not less than annually, and consider any matter that they recommend bringing to the attention of the Board;

ii) review and consider, as appropriate, any significant reports and recommendations issued by the Corporation or by the external auditors, together with management's response thereto;

iii) review reports on expenses of the senior officers of the Corporation;

iv) review all related party transactions entered into by the Corporation;

v) review any business plans and operating and capital budgets of the Corporation;

vi) review with management the adequacy of the Corporation's insurance coverage, including directors' and officers' liability coverage;

vii) annually prepare a report from the Committee to shareholders or others concerning the Committee's activities in the discharge of its responsibilities, when and as required by applicable laws or regulations; and

viii) at least annually, perform a self-evaluation to determine the Committee's effectiveness and performance (which will be orally assessed and reported), evaluate succession plans related to Committee membership and review this Charter and, if required, recommend changes to the Board.

The Committee may, at the request of the Board or on its own initiative, investigate such other matters as it considers necessary or appropriate in the circumstances and will have the authority to (i) retain independent counsel and other advisors as it determines necessary to carry out its duties, (ii) set and pay compensation for any advisors employed by the Committee, and (iii) communicate directly with the Corporation's internal and external auditors.