



NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

for the

ANNUAL GENERAL AND SPECIAL MEETING

of

ESPIAL GROUP INC.

to be held on

JUNE 13, 2017

These materials are important and require your immediate attention. If you have questions or require assistance with voting your shares, you may contact Espial's proxy solicitation agent:

Laurel Hill Advisory Group

North American Toll-Free Number: 1-877-452-7184

Outside North America: 416-304-0211 (Collect)

Email: assistance@laurelhill.com

**YOUR VOTE "FOR" WILL ENSURE ESPIAL
CONTINUES TO MOVE FORWARD AND BRING VALUE TO SHAREHOLDERS**



VOTE FOR TODAY



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General and Special Meeting of the shareholders (“**Shareholders**”) of Espial Group Inc. (the “**Company**”) will be held at the Metcalfe Hotel, 123 Metcalfe Street, Ottawa, Ontario K1P 5L9 on Tuesday, the 13th day of June, 2017 at 10:00 a.m. (Ottawa Time) (the “**Meeting**”) for the following purposes:

1. to receive the consolidated financial statements of the Company for the fiscal year ended December 31, 2016 and the Auditors’ Report thereon;
2. to elect the directors of the Company;
3. to consider and, if thought advisable, to appoint KMPG LLP as auditors of the Company and authorize the directors to fix the remuneration of the auditors of the Company;
4. to consider, and, if thought advisable, pass an ordinary resolution approving the Company’s Shareholder Rights Plan Agreement as more fully described in the accompanying management information circular;
5. to ratify unallocated entitlements under the Company’s 2007 Stock Option Plan, as amended (the “**Plan**”) for the ensuing three (3) years; and
6. to consider, and, if deemed advisable, pass an ordinary resolution confirming, ratifying and approving the Company’s new By- Law No. 1A; and
7. to transact such further or other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

A copy of the Company’s Management Proxy Circular and a Form of Proxy accompanies this Notice, as well as a copy of the Company’s Annual Report (for those who have requested it) which contains the consolidated financial statements of the Company for the fiscal year ended December 31, 2016, together with the report of the auditors thereon and Management’s Discussion and Analysis of Financial Condition and Results of Operations relating thereto.

The board of directors of the Company has fixed 5:00 p.m. (Ottawa time) on April 28, 2017 (the “**Record Date**”), as the record date for determining the holders of record of Common Shares who are entitled to receive notice of the Meeting and to attend and vote at the Meeting and any adjournment or postponement thereof. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Form of Proxy and return it to Computershare Investor Services Inc. 100 University Ave., 8th Floor, Toronto, Ontario M5J 2Y1, no later than 10:00 a.m. (Ottawa time) on June 9, 2017, or if the meeting is adjourned or postponed, no later than 48 hours, Saturdays, Sundays and holidays excepted, preceding the meeting. Shareholders who hold Common Shares through a bank, broker or other intermediary should carefully follow the instructions provided to them by the applicable intermediary.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Jaison Dolvane".

JAISON DOLVANE
President and Chief Executive Officer

Ottawa, Ontario
April 28, 2017

**QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO
THE PROXY SOLICITOR:**



**NORTH AMERICAN TOLL-FREE
1-877-452-7184
(416-304-0211 collect)**

FAX: 416-646-2415

EMAIL: assistance@laurelhill.com

**Vote using the following
methods prior to the Meeting.**



Internet

Vote online at
www.investorvote.com



Telephone or Fax

Telephone: 1-866-732-8683
Fax: 1-866-249-7775



Mail

Return the form of proxy in the
enclosed postage paid envelope.

Registered Shareholders
*Shares held in own name and
represented by a physical
certificate.*

Non Registered Shareholders
*Shares held with a broker, bank
or other intermediary.*

Vote online at
www.proxyvote.com

Call or fax to the number(s) listed
on your voting instruction form.

Return the voting instruction form
in the enclosed postage paid
envelope.

**ESPIAL GROUP INC.
MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 13, 2017**

MANAGEMENT SOLICITATION

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Espial Group Inc. (the “**Company**”) for use at the Annual General and Special Meeting of the Shareholders of the Company (the “**Meeting**”) to be held at 10:00 a.m. (Ottawa time) on June 13, 2017 at the Metcalfe Hotel, 123 Metcalfe Street, 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, but proxies may be solicited personally or by telephone by directors, management and regular employees of the Company. The Company has also retained Laurel Hill Advisory Group (“**Laurel Hill**”) to assist with the solicitation of proxies and communications with Shareholders. In connection with these services, Laurel Hill will receive a fee of \$50,000 plus reimbursement of reasonable out-of-pocket expenses. The cost of solicitation will be borne by the Company. Except as otherwise stated, the information contained herein is given as of April 28, 2017.

VOTING INFORMATION

APPOINTMENT OF PROXY HOLDER

The persons named in the enclosed form of proxy (the “**Proxy**”) for the Meeting are officers and directors of the Company. **A holder of common shares (“Common Shares”) entitled to vote at the Meeting, 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 Proxy and by inserting such other person’s name in the blank space provided or by executing another proper form of proxy.**

If your Common Shares are held in physical form and registered in your name, then you are a Registered Shareholder. However, if like most shareholders you keep your Common Shares in a brokerage account, bank or other intermediary, then you are a Beneficial Shareholder and the manner for voting is different for Registered and Beneficial Shareholders. Therefore, you need to carefully read the applicable instructions below.

EXERCISE OF VOTE BY PROXY

The persons named in the Proxy 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, FOR the appointment of auditors, and FOR the resolutions regarding the Shareholder Rights Plan, the unallocated options under the Company’s 2007 Stock Option Plan as amended, and the new By-Law No. 1A. Management knows of no amendments to or variations of matters identified in the Notice of Meeting or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, the enclosed Proxy confers discretionary authority upon the persons named in the enclosed Proxy 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 will be voted on such such amendments, variations or other matters in accordance with the best judgment of the proxy nominees.

REVOCAION 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 Registered Shareholder who has given a proxy may revoke it 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 June 9, 2017, 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.

Beneficial Shareholders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with revocation procedures set out above.

REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a Proxy may do so using one of the following methods:

- a) complete, date and sign the enclosed Proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or
- b) use a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll free number, the holder's account number and the proxy access number; or
- c) use the internet through Computershare's website at www.investorvote.com. Registered Shareholders must follow the instructions on Computershare's website and refer to the enclosed Proxy for the holder's account number and the proxy access number.

In any case the Registered Shareholder must ensure the Proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof.

The Chair of the Meeting may waive or extend the Proxy cut-off without notice and late Proxies may be accepted or rejected by the Chair of the Meeting at his or her discretion.

BENEFICIAL SHAREHOLDERS

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) (together, "Intermediaries"), you are a non-registered owner ("Beneficial Shareholder"). These shareholder materials are being provided to both Registered and Beneficial holders of Common Shares.

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients. The form of proxy or voting instruction form supplied to you by your Intermediary will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote your Common Shares on your behalf. You should carefully follow the procedures set out therein, depending on which type of document you receive.

Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge typically mails a scannable voting instruction form ("**VIF**") instead of the form of proxy. Beneficial Shareholders are asked to complete the VIF and return it to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders may submit their votes by telephone or via the internet at www.proxyvote.com. The various voting methods will be provided by Broadridge on its VIF. The Company may utilize the Broadridge QuickVote™ service to assist Shareholders with voting their shares. Certain Beneficial Shareholders who have not objected to the Company knowing who they are (non-objecting beneficial owners) may be contacted by Laurel Hill to conveniently obtain a vote directly over the phone.

The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. 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 Beneficial Shareholder and wish to attend and vote in person at the meeting or appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, insert the name of the desired representative (which may be you) in the blank space provided in the VIF. Return the completed VIF as per the instructions provided therein.

Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any Shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

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/or 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. 36,509,394 Common Shares were issued and outstanding on April 28, 2017, 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 28, 2017.

Name of Shareholder	Amount and Ownership	Approximate % of Common Shares
PenderFund Capital Management	5,032,914 shares	13.8%

On the record date, all directors and named executive officers of the Company as a group owned beneficially, or exercised control or direction over, 8778,684 Common Shares (not including options and warrants), representing approximately 2.4% of the issued and outstanding Common Shares.

BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

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, management discussion and analysis and report of the auditor 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.

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 19, 2016, six individuals were elected as directors of the Company. The present term of office of each of the current 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. Each nominee has the appropriate level of skills and experience required to effectively manage the affairs and strategic direction of the Company. Information about each nominated director can be found beginning on page 8.

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.

✓ The Board Recommends a Vote **FOR** Each Nominated Director.

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 28, 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	Director Since
Jaison Dolvane, Ontario, Canada	President, Chief Executive Officer, and Director	President and Chief Executive Officer of Espial	353,415	1,142,000	1997
Kumanan Yogaratnam, Ontario, Canada	Chief Technical Officer and Director	Chief Technical Officer of Espial	352,126	896,000	1997
Aamir Hussain, ⁽²⁾ Louisiana, USA	Director	Executive Vice President and Chief Technology and Information Officer, CenturyLink, Inc.	Nil	Nil	N/A
Peter Seeligsohn, ⁽¹⁾⁽²⁾ Ontario, Canada	Chairman and Director	Independent Consultant	500	232,648	2001
Michael Lee, ⁽¹⁾⁽²⁾ California, USA	Director	General Partner, Rogers Venture Partners	Nil	240,000	2008
Michael Hayashi, ⁽¹⁾ Colorado, USA	Director	Independent Consultant	Nil	130,000	2015

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

(2) – 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
2016 Annual Meeting Voting Results: 99.61% FOR

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, has raised over \$100 million of financing, 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 community of business leaders.

Kumanan Yogaratnam, Director, Chief Technology Officer
2016 Annual Meeting Voting Results: 99.61% FOR

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 IPTV, 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 set-top boxes, smart-

phones and tablets. This cloud centric service vision for Pay TV operators 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 set-top box operating system being adopted by major cable and telecom service providers globally. Kumanan holds a Masters & Bachelor of Computer Science from Carleton University in Ottawa, Canada.

Peter Seeligsohn, Director

2016 Annual Meeting Voting Results: 99.59% FOR

Peter Seeligsohn is the President of KAJIS Group Inc., an independent organization 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. Peter serves on the board and is chairman of Advance Property eXposure and on the advisory board of a New York based virtual reality company

Aamir Hussain,

Nominee Standing for Election

Aamir Hussain is the Executive Vice President and Chief Technology and Information Officer for CenturyLink (NYSE: CTL), a global communications, hosting, cloud and IT services company that provides broadband, voice, video, data and managed services to millions of customers. Mr. Hussain leads product, platforms, infrastructure, cloud, network operations and information technology for CenturyLink. Prior to CenturyLink, Aamir was the Managing Director & Chief Technology Officer of Liberty Global in Europe (NASDAQ: LBTYA/B/K), one of the largest cable companies in the world serving 48 million RGUs, where he led the technology and network organizations across 13 countries in Europe spanning voice, video, broadband and wireless. While at Liberty Global, Aamir led the development of several next generation video and broadband solutions, along with mobile network solutions across the European cable footprint. Aamir has also held senior executive positions at Covad Communications, AT&T, Qwest and Telus. Aamir has completed business, telecom and strategy training at Harvard Business School and Insead in France. He also holds a Masters in Electrical Engineering from Georgia Institute of Technology and a Bachelor in Electrical Engineering from University of South Florida.

Michael Lee, Director

2016 Annual Meeting Voting Results: 99.59% FOR

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

2016 Annual Meeting Voting Results: 99.61% FOR

Michael Hayashi is a partner in Jinsei2.0 Consulting. He also serves as Chief Strategy Officer for Mediashift Technologies and as chairman for Petrichor Technologies. 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.

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 currently comprised of five 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 current directors are independent. In particular, three members, namely Peter Seeligsohn, Michael Lee and Michael Hayashi, are independent. Five of the six directors elected at our 2016 annual shareholder meeting are being nominated for re-election at the Meeting to be a director. Mr. Arafat has retired from the Board. In his stead, Mr. Hussain, who is independent, has been nominated to stand for election as a director. 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 2016, 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, 2016.

Type of Meeting	2016 Number of Meetings
Board of Directors	16
Audit Committee	4
Corporate Governance and Compensation Committee	2

	Board of Directors	Audit Committee	Corporate Governance and Compensation Committee
Jaison Dolvane	16	NA	NA
Kumanan Yogaratnam	15	NA	NA
Peter Seeligsohn	15	3	2
Michael Lee	14	3	2
Tawfiq Arafat	16	4	2
Michael Hayashi	15	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 operating 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 Toronto Stock Exchange (the "TSX"). 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 (i.e. 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 Board members, including one or more 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.

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) and Michael Lee are currently 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**”). Tawfiq Arafat, who is also independent and financially literate as defined NI 52-110, was also a member of the Audit Committee until his recent resignation from the Board. It is proposed that Aamir Hussain, if elected to the Board, will join the Audit Committee. Mr. Hussain is also independent and financially literate as defined in NI 52-110. For each member of the Audit Committee, the Board considered the experience and education of such member 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.

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 2016, the Company paid \$177,569 in audit fees (compared to \$161,015 in audit fees, including \$45,015 related to the short-form prospectus required for an equity offering in 2015). During the year ended December 31, 2016 the Company paid KPMG \$15,340 of fees related to tax services (2015 - \$6,500).

The Company has filed an Annual Information Form (the “**AIF**”) for its 2016 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: Michael Lee and Peter Seeligsohn are the currently members of the Compensation and Corporate Governance Committee and each member is independent as defined in NI 52-110. Tawfiq Arafat, who is also independent as defined NI 52-110, was also a member of the Compensation and Corporate Governance Committee until his recent resignation from the Board. Michael Hayashi, who is also independent as defined in NI 52-110, is expected to join the Compensation and Corporate Governance Committee upon his re-election at the Meeting.

Board and Senior Management Diversity

The Company recognizes and embraces the benefits of having diversity on the Board and in our senior management. Presently, the Company has one woman in a senior management position (Vice President, Engineering and Operations), but no women on the Board or serving as an executive officer. The Company has adopted a Diversity Policy, which recognizes that it is important to ensure that members of the Board and our senior management provide the necessary range of perspectives, experience and expertise required to achieve our objectives and deliver for our stakeholders.

The Company also recognizes that the Board and its senior management appointments must be based on performance, ability, merit and potential. Therefore, the Company ensures a merit based competitive process for appointments. The Company's commitment to diversity will include ensuring that diversity is fully considered by Corporate Governance and Compensation Committee in identifying, evaluating and recommending Board appointees/nominees to the Board.

With respect to the Board composition, on an annual basis, the Corporate Governance and Compensation Committee (i) assess the effectiveness of the Board appointment/nomination process at achieving the Company's diversity objectives; and (ii) consider and, if determined advisable, recommend to the Board for adoption, measurable objectives for achieving diversity on the Board. Currently, the Board does not believe that targets or strict rules set forth in a formal policy necessarily result in the identification or selection of the best candidates. At any given time the Board may seek to adjust one or more objectives concerning its diversity and measure progress accordingly.

With respect to senior management appointments, on an annual basis, the Corporate Governance and Compensation Committee will (i) assess the effectiveness of the senior management appointment process at achieving the Company's diversity objectives; and (ii) consider and, if determined advisable, recommend to the Board for adoption, measurable objectives for achieving diversity in senior management. At any given time the Board may seek to adjust one or more objectives concerning senior management diversity and measure progress accordingly.

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, 2016.

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, 2016 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 2016, 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 2016, each of the NEOs earned 91% 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	105%	35%
11%	EBITDA	178%	20%
11%	Cash	97%	11%
45%	New Customer and Partners	56%	25%
100%			91%

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 “**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.

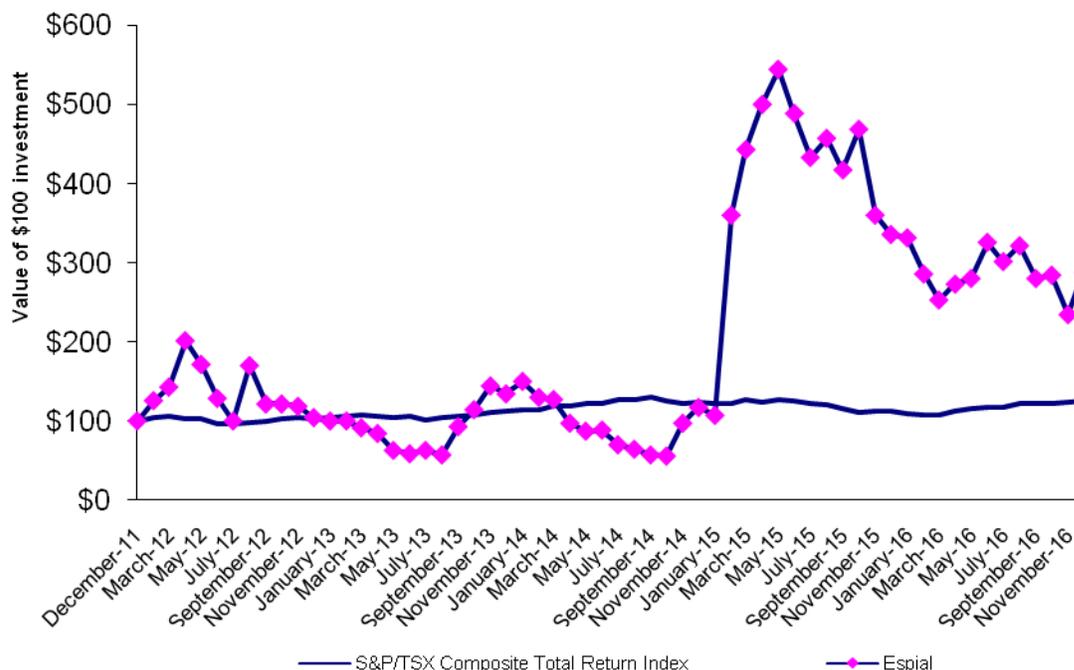
The following table sets forth all of the individual grants of stock options by the Company during the last financial year to the NEOs.

Name	Common Shares Under Option Granted (#)	Exercise or Base Price (\$/Common Share)	Expiration Date
Jaison Dolvane	90,000	\$1.99	2026
Kumanan Yogaratnam	75,000	\$1.99	2026
Carl Smith	75,000	\$1.99	2026

Total cash compensation to NEOs for the financial year ended December 31, 2016 was \$1,060,200 compared to \$1,110,285 in the prior year. Non-cash compensation, consisting of stock options, in the financial year ended December 31, 2016 was \$286,881 compared to \$387,618 in the fiscal year ending December 31, 2015.

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 2016, 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 2016 was, individually, more than \$150,000 (collectively, the “**Named Executive Officers**” or “**NEOs**”) of the Company.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽¹⁾		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)			
Jaison Dolvane Chief Executive Officer	2016	275,000		107,581	135,500				518,081
	2015	258,269		140,952	198,000				597,221
	2014	225,000		788,785	235,750				1,249,535
Carl Smith Chief Financial	2016	220,000		89,650	77,350				387,000
	2015	214,808		123,333	112,200				450,341
	2014	195,000		329,493	133,250				657,743

					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
Officer									
Kumanan Yogaratnam	2016	220,000		89,650	77,350				387,000
	2015	214,808		123,333	112,200				450,341
Chief Technology Officer	2014	195,000		629,031	174,250				998,281

⁽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, 2016.

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	207,400
	237,000	\$0.82	28-May-20	331,800
	25,000	\$0.48	15-Mar-22	43,500
	30,000	\$0.63	31-May-13	47,700
	395,000	\$2.95	05-Jun-24	0
	80,000	\$2.75	11-Mar-25	0
	90,000	\$1.99	03-Mar-26	20,700
Kumanan Yogaratnam Chief Technology Officer	130,000	\$1.00	10-Mar-20	158,600
	161,000	\$0.82	28-May-20	225,400
	20,000	\$0.48	15-Mar-22	34,800
	30,000	\$0.63	31-May-13	47,700
	315,000	\$2.95	05-Jun-24	0
	70,000	\$2.75	11-Mar-25	0
	75,000	\$1.99	03-Mar-26	17,250
Carl Smith Chief Financial Officer	75,000	\$1.80	24-Mar-18	31,500
	25,000	\$1.20	12-Aug-18	25,500
	20,000	\$1.00	10-Mar-20	24,400
	6,000	\$0.82	28-May-20	8,400
	10,000	\$0.48	15-Mar-22	17,400
	30,000	\$0.63	31-May-23	47,700
	165,000	\$2.95	05-Jun-24	0
	70,000	\$2.75	11-Mar-25	0
	75,000	\$1.99	03-Mar-26	17,250

⁽¹⁾ Dollar amounts have been calculated based on the December 31, 2016, closing price of the common shares on the TSX of \$2.22.

The granting of options to the NEOs and Directors under the 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 2016 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	\$31,269	-	\$31,269
Carl Smith, Chief Financial Officer	\$21,981	-	\$21,981
Kumanan Yogaratnam, Chief Technology Officer	\$28,173	-	\$28,173

⁽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 are entitled to certain termination and change of control benefits pursuant to their respective written employment agreement with the Company, as amended. 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 24 months' base salary; (iv) maintain the Executive's benefits for 24 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; (v) 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 has not already been paid and remains outstanding, and (vi) for the 24 period from the date of termination, pay to the Executive his target incentive entitlement (based on the year in which such termination occurred) assuming 100% achievement throughout the 24 month period.

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.

If the Executive's employment with the Company is terminated by the Company for any reason other than cause: (i) all options to acquire common shares in the capital of the Company granted to and then held by the Executive shall immediately vest and become exercisable, subject in all cases to the earlier expiration of any Option on its applicable expiry date; and (ii) Executive shall have a one-year period following notice of such termination to exercise such vested Options, subject in all cases to the earlier expiration of any Option on its applicable expiry date.

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.

Payments on a Change of Control

In the event of a change of control all unvested options to acquire common shares in the capital of the Company granted and then held by the Executives shall immediately vest and become exercisable upon completion of such change of control, subject in all cases to the earlier expiration of any option on its applicable expiry date and otherwise under the terms of the Plan.

Termination – CFO

Carl Smith, the Company's Chief Financial Officer has a current base salary of \$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 (a) one (1) month of base salary per full year of service with the Company (up to a maximum of twelve months of base salary) (the "**Applicable Notice Period**"), payable lump sum; (b) the target incentive pay entitlement (based on the year in which such termination occurred) assuming 100% achievement throughout the Applicable Notice Period; and (c) all of the benefits for the Applicable Notice Period, or payment in an amount equal to the costs for securing comparable alternate benefit coverage for any benefits not maintained during the Applicable Notice Period. In the event Mr. Smith is terminated without cause within 12 months from a change of control, Mr. Smith's termination payment is twelve (12) months base salary plus any the target incentive pay entitlement (based on the year in which such termination occurred) assuming 100% achievement throughout such period, as well as all of the benefits during such period, or payment in an amount equal to the costs for securing comparable alternate benefit coverage for any benefits not maintained.

If Mr. Smith's employment with the Company is terminated by the Company for any reason other than cause: (i) all options to acquire common shares in the capital of the Company granted to and then held by Mr. Smith immediately vest and become exercisable, subject in all cases to the earlier expiration of any Option on its applicable expiry date; and (ii) Mr. Smith has a six-month period following notice of such termination to exercise such vested Options, subject in all cases to the earlier expiration of any Option on its applicable expiry date.

In the event of a change of control, all unvested options to acquire common shares in the capital of the Company granted and then held by Mr. Smith immediately vest and become exercisable upon completion of such change of control, subject in all cases to the earlier expiration of any option on its applicable expiry date and otherwise under the terms of the Plan.

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, 2016.

Name	Severance ⁽¹⁾⁽²⁾	Estimated Bonus based on 2016 awards	Value of benefits
Jaison Dolvane Chief Executive Officer	\$550,000	\$300,000	\$37,203
Carl Smith Chief Financial Officer	\$165,000	\$63,750	\$13,072
Kumanan Yogaratnam Chief Technology Officer	\$440,000	\$170,000	\$34,575

Note:

(1) Severance payments are calculated based on the annualized salary and short term incentives described herein.

Change of Control

Option Plan

Pursuant to the terms of the 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, 2016 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, 2016) would be \$1,307,000

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, 2016. 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	\$41,250	-	\$41,837	-	-	-	\$83,087
Michael Lee	\$28,750	-	\$41,837	-	-	-	\$70,587
Tawfiq Arafat	\$30,000	-	\$41,837	-	-	-	\$71,837
Michael Hayashi	\$33,179 ⁽²⁾	-	\$41,837	-	-	-	\$75,016

⁽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 \$1.33.

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, 2016.

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	0
	4,000	\$1.20	12-Aug-18	4,080
	6,000	\$1.00	10-Mar-20	7,320
	9,000	\$0.82	28-May-20	12,600
	7,000	\$0.48	15-May-22	12,180
	20,000	\$0.63	31-May-23	31,800
	30,000	\$2.95	5-Jun-24	0
	30,000	\$2.75	11-Mar-25	0
Michael Lee	35,000	\$1.99	03-Mar-26	8,050
	45,000	\$0.95	29-Jul-18	57,150
	6,000	\$1.00	10-Mar-20	7,320
	9,000	\$0.82	28-May-20	12,600
	20,000	\$0.48	15-May-22	34,800
	20,000	\$0.63	31-May-23	31,800
	30,000	\$2.95	5-Jun-24	0
Tawfiq Arafat	30,000	\$2.75	11-Mar-25	0
	35,000	\$1.99	03-Mar-26	8,050
	30,000	\$2.95	5-Jun-24	0
	30,000	\$2.75	11-Mar-25	0
Michael Hayashi	50,000	\$3.98	4-Apr-25	0
	35,000	\$1.99	03-Mar-26	8,050

⁽¹⁾ Dollar amounts have been calculated based on the December 31, 2016, closing price of the common shares on the TSX of \$2.22.

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 2016 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	\$10,648	-	\$10,648
Michael Lee	\$10,648	-	\$10,648
Tawfiq Arafat	-	-	-
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, 2016.

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	5,372,237	\$2.19	1,972,042
Equity compensation plans not approved by security holders	-	-	-
TOTAL	5,372,237	\$2.19	1,972,042

Stock Option Plan

On May 7, 2007, the Company adopted the 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 Plan shall not exceed 20% of the total number of all issued and outstanding Common Shares from time-to-time. As of April 28, 2017, the Company had 36,509,394 Common Shares outstanding. The Plan may be administered by either the Board or by a committee established by the Board. In administering the 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 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 Plan, with recommendations from the Corporate Governance and Compensation Committee from time to time.

As at April 28, 2017, the Company had 6,031,097 options outstanding (representing approximately 16.5% of the Company’s issued and outstanding Common Shares) under the Plan to purchase Common Shares of the Company, a further 1,270,781 (representing approximately 3.5% 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 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 Plan or any option granted under the Plan, (b) the early termination provisions of the Plan or any option granted under the 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 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 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 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.

In connection with the Incentive Plan, each of Mr. Dolvane, Mr. Yogarathnam and a third employee are required to sell a minimum of 45,000 IPO Shares quarterly, apportioned on a pro-rata basis between the three individuals, until April 1, 2019. Such executives and employee are not, however, required to any sell shares at a price below \$2.29 per share. The duration of the foregoing sale program is subject to extension by a quarter for each quarter where management is in black-out period for more than five (5) trading days in addition to the Company's normal quarterly black-out period pursuant to the Company's insider trading policy.

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.

APPOINTMENT OF AUDITORS

The auditors of the Company during the year ended December 31, 2016 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.

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

✓ The Board Recommends a Vote **FOR** KPMG as auditor of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

APPROVAL OF SHAREHOLDER RIGHTS PLAN

Overview

Effective May 9, 2016, the Canadian Securities Administrators substantively amended the regulatory framework that governs take-over bids, including amending both Multilateral Instrument 62-104 – Take-Over Bids and Issuer Bids and National Policy 62-203 – Take-Over Bids and Issuer Bids (the “**Regulatory Amendments**”).

The Company adopted a shareholder rights plan agreement between the Company and Computershare (as rights agent), which was approved and implemented by the Board on February 23, 2017 (the “**Effective Date**”). In light of the Regulatory Amendments, the shareholder rights plan was adopted to ensure, to the extent possible, that all shareholders of the Company are treated fairly and equally in connection with any take-over bid or other acquisition of control of the Company. A copy of the foregoing shareholder rights plan agreement is available under the Company's profile on SEDAR at www.sedar.com.

Following the Effective Date, the Board determined it was in the best interest of the Company and its shareholders to approve certain amendments to the shareholder rights plan, subject to receiving shareholder approval, to: (i) limit the definition of “Exempt Acquisition” so that it does not include the possibility of a change of control that shareholders have not approved; and (ii) limit the phrase “acting jointly or in concert”, when used in the shareholder rights plan, so that it does not include persons exercising voting rights attaching to voting shares pursuant to any agreement, commitment or understanding in response to a formal proxy solicitation by way of a management or dissident information circular. Specifically, the following amendments are proposed:

- The definition of “Exempt Acquisition” be amended such that the new definition will read as follows:

“**Exempt Acquisition**” means a share acquisition:

- (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Sections **Error! Reference source not found.**, **Error! Reference source not found.** or **Error! Reference source not found.**;
- (ii) pursuant to a distribution by the Corporation of Voting Shares or securities convertible into or exchangeable for Voting Shares (and the conversion or

exchange of such securities) pursuant to a public offering or private placement, provided that the acquiror does not thereby Beneficially Own a greater percentage of the Voting Shares or securities convertible into or exchangeable for Voting Shares so issued than the percentage of such securities Beneficially Owned by the acquiror immediately prior to such acquisition; or

- (iii) pursuant to an amalgamation, plan of arrangement or other statutory procedure having similar effect which has been approved by the Board of Directors and the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting duly called and held for such purpose in accordance with the provisions of the CBCA, the by-laws of the Corporation and any other applicable legal requirements;”
- The text of Section 1.5 of the shareholder rights plan, pertaining to the meaning of acting jointly or in concert, will be deleted and replaced with the following:

“For purposes of this Agreement a Person is acting jointly or in concert with every Person who is a party to an agreement, commitment, arrangement or understanding, whether formal or informal or written or unwritten, with the first Person to acquire or Offer to Acquire any Voting Shares or securities convertible into Voting Shares (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities by the Corporation, (B) pledges of securities in the ordinary course of business, and (C) Lock-Up Agreements).”

Upon receiving shareholder approval, an amended and restated shareholder rights plan agreement between the Company and Computershare (as rights agent) containing the foregoing amendments will be executed and effective as of June 13, 2017 (the “**Rights Plan**”).

Pursuant to the rules of the TSX, the Company is required to obtain shareholder approval of the Rights Plan within six months of the Effective Date. Correspondingly, the Company is presenting the Rights Plan to the shareholders for their ratification, confirmation and approval at the Meeting. If the Rights Plan is not ratified, confirmed and approved at the Meeting, it shall be terminated and of no further force and effect effective as of the conclusion of the Meeting. A vote approving the Rights Plan will be a vote to approve the Rights Plan, including those amendment described above.

Purpose of Rights Plan

The intended purpose of the Rights Plan is to ensure, to the extent possible, that all shareholders of the Company are treated fairly and equally in connection with any take-over bid or other acquisition of control of the Company (the “**Purpose**”).

The Rights Plan was not adopted in response to, or in anticipation of, any offer or take-over bid. The Rights Plan does not reduce the duty of the Board to act honestly, in good faith and in the best interests of the Company, and to act on that basis if any offer or take-over bid is made.

Summary of the Rights Plan

Shareholder rights plans, including the Rights Plan, are complex legal documents with various intricacies as to their mechanics and relevant terms and conditions. The following is a generally stated and non-exhaustive summary of the principal terms of the Rights Plan and is intended to provide shareholders with a reasonable understanding of the mechanics of the Rights Plan and how the Rights Plan will help achieve the aforesaid Purpose. This summary is qualified in its entirety by, and is subject to, the full text of the Rights Plan. A complete copy of the Rights Plan, containing the foregoing proposed amendments, is available upon request. Shareholders wishing to receive a copy of the Rights Plan should make their request by telephone at 613-230-4770 ext 1114, by email at fforde@Espial.com, or by mail to Espial Group Inc., at 200 Elgin Street, Suite 1100, Ottawa, Ontario K2P 1L5.

Generally stated, the Rights Plan is designed to address the Purpose by requiring any potential transaction that will result in a person (an “**Acquiring Person**”) owning, in the aggregate, 20% or more of

the outstanding Common Shares (inclusive of any Common Shares held by the Acquirer, its associates and affiliates, and any person acting jointly or in concert with any of them (collectively, the “**Acquirer Group**”)) to be structured as a formal take-over bid that satisfies certain minimum requirements relating primarily to the manner in which the bid must be made, the minimum number of days the bid must remain open, and the minimum number of shares that must be acquired under the bid. Non-compliant transactions may, through the operation of the Rights Plan and the rights issued thereunder, result in the Acquirer Group’s Common Share position in the Company being substantially diluted. Consequentially, the Rights Plan incentivizes the Acquirer to structure its proposed transaction in a manner that complies with the minimum requirements prescribed by the Rights Plan, thereby helping fulfill the Purpose.

Key mechanics of the Rights Plan include the following:

- **Issuance of Rights:** One right (a “**Right**”) is issued and attached to each Common Share. This includes all Common Shares issued as of the Effective Date and all Common Shares issued after the Effective Date but prior to the Separation Time (defined below).
- **Exercise of Rights – Dilution of Acquirer:** The Rights will only become exercisable in the event that an Acquirer acquires, or announces its intention to acquire, Common Shares that would take the aggregate shareholdings of the Acquirer Group to 20% or more of the Company’s issued and outstanding Common Shares (a “**Flip-in Event**”). On the eighth trading day following the Flip-in Event (the “**Separation Time**”), each Right will permit shareholders, other than members of the Acquirer Group, to purchase additional Common Shares at a substantial discount to the then current market price (generally stated, each Right will permit a shareholder to acquire 12 additional Common Share for each Right at a price per Common Share equal to 50% of the market price of the Common Shares at the time of the Flip-in Event).
- **Avoiding Dilution – Conducting a Permitted Bid:** A Flip-in Event, however, will not occur if the Acquiring Person conducts a take-over bid that meets the requirements of a “Permitted Bid”. The principal requirements necessary for a take-over bid to constitute a Permitted Bid are: (a) it must be a formal take-over bid made by way of a take-over bid circular; (b) it must be made to all of the shareholders of the Company and not just a subset of shareholders; (c) it must remain open for at least 105 days; and (d) it must contain an irrevocable condition that it cannot close unless more than 50% of the Common Shares held by shareholders other than the Acquiring Group have tendered their shares to the bid.

The net effect of the key mechanics of the Rights Plan is that in the absence of conducting a Permitted Bid, the Acquiring Person will risk having the Common Share position of the Acquirer Group be substantially diluted through the exercise of the Rights by the other shareholders. By encouraging the use of Permitted Bids in this manner, the Rights Plan helps achieve its Purpose.

Other general terms of the Rights Plan include the following:

- **Transferability of Rights:** Until the Separation Time, the Rights will be transferable only together with the Common Shares to which they are attached and will be represented by the same certificates as such Common Shares. After the Separation Time, separate certificates evidencing the Rights will be mailed to holders of such Rights as of the Separation Time and the Rights shall trade separately from the Common Shares. The Rights do not carry any of the rights attaching to the Common Shares and no holder of any Rights shall be entitled to vote, receive dividends, or be deemed to be a holder of any Common Shares by virtue of holding such Rights alone.
- **Waiver of Application of Rights Plan:** The Board may, prior to the occurrence of a Flip-in Event, waive the application of the Rights Plan in respect of, among other things, a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of the Common Shares. In such circumstances, such waiver shall also be deemed to be a waiver in respect of any other Flip-in Event occurring under a take-over bid made by way of a take-over bid circular to all holders of Common Shares prior to the expiry of the first mentioned take-over bid.

- Redemption of Rights: The Board may, with the approval of a majority of shareholders, at any time prior to the occurrence of a Flip-in Event which has not been waived, elect to redeem all but not less than all, the outstanding Rights at a price of CAD\$0.000001 per Right.
- Anti-Dilution Adjustments: The exercise price of the Rights, the redemption price of the Rights, the number and kind of securities subject to purchase upon exercise of each Right, and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of dividends, subdivisions, consolidations or other changes in the outstanding Common Shares.
- Amendments: The Rights Plan may be amended to correct any clerical or typographical error or to maintain the validity of the Rights Plan as a result of any changes in applicable legislation or applicable rules or policies of securities regulatory authorities or stock exchanges, without the approval of the holders of the Common Shares or Rights. Prior to the Separation Time, the Company may, with the prior consent of the holders of Common Shares, supplement, amend, vary or rescind any of the provisions of the Rights Plan in order to effect any changes. After the Separation Time, but before the Expiration Time (defined below), the Company may only supplement, amend, vary or rescind any of the provisions of the Rights Plan with the prior consent of the holders of the Rights.
- Expiration Time: For the purposes of the Rights Plan, its expiration time (the “**Expiration Time**”) is the close of business on that date which the Rights Plan is terminated. The Rights Plan will terminate on the earliest of: (i) the date of the termination of the Meeting if the Rights Plan is not ratified and confirmed by the Company’s shareholders at the Meeting; (ii) the date of termination of the Company’s annual general and special meeting of its shareholders in 2020 if the Rights Plan is not reconfirmed by the shareholders at such meeting; (iii) the date of termination of the Company’s annual general and special meeting of its shareholders in 2023 if the Rights Plan is not reconfirmed by the shareholders at such meeting; or (iv) the close of business on the ninth anniversary of the Effective Date.

Shareholder Rights Plan Resolution

The resolution approving the Rights Plan must be passed by a majority of votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.

✓ **The Board Recommends a Vote FOR the approval of the Rights Plan.**

Shareholders will be asked at the Meeting to consider, and, if deemed advisable, to approve, confirm and adopt, with or without variation, the following ordinary resolution which ratifies, confirms and approves the Rights Plan and its implementation:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the shareholders that:

1. the Company’s shareholder rights plan (the “**Rights Plan**”), including the amendments thereto described in the Circular, and the amended and restated shareholder rights plan agreement between the Corporation and Computershare Trust Company of Canada (as rights agent), to be dated on or about June 13, 2017, and the operation thereof in accordance with its terms, be, and are hereby, ratified, confirmed and approved;
2. the board of directors of the Company (the “**Board**”) is hereby authorized to cause all measures to be taken, such further agreements to be entered into, and such further documents to be executed as may be deemed necessary or advisable by the Board to give effect to and fully carry out the intent of this resolution; and

3. each director and officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to sign and execute all such documents, and to do all such acts and things as such director or officer determines, in their discretion, to be necessary or advisable in order to properly implement and give effect to the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

APPROVAL OF UNALLOCATED STOCK OPTIONS

The shareholders are referred to the information on the Plan described above in detail. Pursuant to the requirements of the TSX, the unallocated entitlements under the Plan must be presented to the shareholders of the Company for ratification every three years. The Plan is herein presented to the shareholders of the Company at this meeting for the purposes of considering, and if deemed appropriate, approving the unallocated entitlements under the Plan for the ensuing three (3) years.

As at April 28, 2017, the Company had 6,031,097 options outstanding (representing approximately 16.5% of the Company’s issued and outstanding Common Shares) under the Plan to purchase Common Shares of the Company, a further 1,270,781 (representing approximately 3.5% of the Company’s issued and outstanding Common Shares) Common Shares remained available for issuance under this plan. Options vest over four years.

Approval of Unallocated Options Resolution

The shareholders must pass an approving resolution by a majority of the votes cast by holders of Common Shares present in person or represented by proxy at the Meeting approving and confirming the Plan.

✓ **The Board Recommends a Vote FOR the approval of the unallocated options.**

If approval is not obtained at the Meeting, the options granted under the Plan which have not been allocated as of May 16, 2017 and options which are outstanding as of May 16, 2017 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

The form of the resolution approval of the unallocated options to be considered by the shareholders at the Meeting is as follows:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the shareholders that:

1. all unallocated options under the Company’s stock option plan, as summarized in the management information circular of the Company dated April 28, 2017, be and the same are hereby approved; and
2. the Company have the ability to continue granting options under the Company’s stock option plan until June 13, 2020, that is until the date that is three years from the date where shareholder approval is being sought; and
3. any one director or officer of the Company be and is hereby authorized and directed to execute and deliver on behalf of the Company all such documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.”

Reference should be made to the full text of the Plan, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com as Appendix “D” to the Company’s Management Information Circular dated April 15, 2014.

APPROVAL OF NEW BY-LAW

At the Meeting, the shareholders will be asked to consider, and if deemed advisable, approve by ordinary resolution (“**New By-laws Resolution**”) the confirming, ratifying and approving new By- Law No. 1A (the “**New By-Laws**”), a copy of which is attached hereto as **Appendix “C”**. The New By-Laws are being presented for confirmation primarily to modernize the by-laws. The material changes contained in the New By-Laws may be summarized as follows:

- (a) The New Bylaws include advance notice requirements for director elections in connection with any annual or special meeting of the shareholders. In particular, in the case of an annual meeting of shareholders, notice to the Company must be given not less than 30 days prior to the date of the annual meeting (or 40 days prior to such meeting if notice-and-access is used for delivery of proxy related materials). In the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be given not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the meeting was made; and
- (b) The New Bylaws increase the quorum requirement for the Company’s shareholder meetings to two or more persons holding or representing at least 25% of the eligible vote.

The purpose of the advance notice provisions in the New By-Laws is to ensure that all shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees so shareholders can exercise their voting rights in an informed manner. In addition, the New By-Laws should assist in facilitating an orderly and efficient meeting process.

The foregoing summary of the material changes to the by-laws of the Company is intended to be brief and is qualified in its entirety by the full text of the New By-Law, which is attached as **Appendix “C”** to this Management Proxy Circular.

New By-Laws Resolution

Pursuant to the *Canada Business Corporations Act*, in order for the adoption of the New By-Laws to be effective, the shareholders must pass an approving resolution by at least 50% of the votes cast by holders of Common Shares present in person or represented by proxy at the Meeting ratifying and confirming the adoption of the New By-Laws.

✓ **The Board Recommends a Vote FOR the approval of the New By-Laws.**

The form of New By-laws Resolution to be considered by the shareholders at the Meeting is as follows:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the shareholders that:

1. Pursuant to the *Canada Business Corporations Act*, By-law No. 1A of the Company in the form attached as **Appendix “C”** to the management information circular of the Company dated April 28, 2017, is hereby approved, ratified and confirmed.

2. Any one director or officer of the Company be and is hereby authorized to make all such arrangements and do all acts and things, and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

ADDITIONAL INFORMATION

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, 2016 through May 31, 2017 for that insurance was approximately \$37,500, 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, 2016.

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. **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 2018 by February 7, 2018.

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.

DATED AT OTTAWA, ONTARIO, this 28th day of April, 2017.



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 apprised 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.

APPENDIX "C"
New By-Laws

BY-LAW NO. 1A
A BY-LAW RELATING GENERALLY TO THE CONDUCT
OF THE BUSINESS AND AFFAIRS OF ESPIAL GROUP INC.,
A CANADIAN FEDERAL CORPORATION

SECTION 1 - INTERPRETATION

1.1 Definitions

In the By-laws of the Corporation, unless the context otherwise requires:

(1) "**Act**" means the *Canada Business Corporations Act*, R.S.C. 1985, Chapter C-44, c. B.16, or any statute that may be substituted for it, as from time to time amended;

(2) "**appoint**" includes "elect" and *vice versa*;

(3) "**Articles**" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization and articles of revival of the Corporation and includes any amendments thereto;

(4) "**Board**" means the board of directors of the Corporation, and "**Director**" means a member of the Board;

(5) "**By-laws**" means these by-laws and all other by-laws of the Corporation from time to time in force and effect;

(6) "**Cheque**" includes a draft;

(7) "**Corporation**" means Espial Group Inc.;

(8) "**Defaulting Shareholder**" means a shareholder of the Corporation who defaults in the payment of any Shareholder Debt when the same becomes due and payable;

(9) "**entity**" means a body corporate, a partnership, a trust, a joint venture or an unincorporated association or organization;

(10) "**Liened Shares**" means the whole or any part of the shares registered in the name of a Defaulting Shareholder;

(11) "**meeting of shareholders**" means an annual meeting of shareholders and a special meeting of shareholders;

(12) "**non-business day**" means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Canada) as from time to time amended;

(13) "**recorded address**" means:

(a) in the case of a shareholder, such person's address as recorded in the securities register;

(b) in the case of joint shareholders, the address appearing in the securities register in respect of the joint holding or the first address so appearing if there is more than one;

- (c) in the case of an officer, auditor or member of a committee of the Board, such person's latest address as recorded in the records of the Corporation; and
- (d) in the case of a Director, such person's latest address as recorded in the most recent notice filed under the Act;

(14) “**resident Canadian**” means an individual who is:

- (a) a Canadian citizen ordinarily resident in Canada;
- (b) a Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons as defined in the regulations to the Act; or
- (c) a permanent resident within the meaning of the *Immigration Act* (Canada) and ordinarily resident in Canada, except a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which such person first became eligible to apply for Canadian citizenship;

(15) “**Shareholder Debt**” means any principal or interest due in respect of any indebtedness owing by the holder of shares of any class or series of the Corporation, including, without limitation, an amount unpaid in respect of a share issued by a body corporate on the date it was continued under this Act; and

(16) “**special meeting of shareholders**” includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders.

1.2 Other Definitions

Other than as specified above, words and expressions defined in the Act, have the same meanings when used herein. Words importing the singular number include the plural and *vice versa*; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate and a natural person in such person's capacity as trustee, executor, administrator or other legal representative.

SECTION 2 - GENERAL BUSINESS

2.1 Corporate Seal

The Corporation may, but need not, adopt a corporate seal and, if one is adopted, it may be changed from time to time by the Board.

2.2 Financial Year

The Board may, by resolution, fix the financial year-end of the Corporation and may from time to time, by resolution, change the financial year-end of the Corporation.

2.3 Execution of Instruments

(1) Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any Director or officer of the Corporation.

(2) In addition, the Board may from time to time authorize any other person or persons to sign any particular instruments.

(3) The Secretary, or any other officer or any Director, may sign certificates and similar instruments (other than share certificates) on the Corporation's behalf with respect to any factual matters relating to the Corporation's business and affairs, including, without limitation, certificates verifying copies of the Articles, By-laws, resolutions and minutes of meetings of the Corporation. Any signing officer may affix the corporate seal to any instrument requiring the same.

(4) The signature of any person authorized to sign on behalf of the Corporation may, if specifically authorized by resolution of the Board, be written, printed, stamped, engraved, lithographed or otherwise mechanically reproduced or may be an electronic signature. Anything so signed shall be as valid as if it had been signed manually, even if that person has ceased to hold office when anything so signed is issued or delivered, until revoked by resolution of the Board.

2.4 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies, credit unions or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe.

SECTION 3 - BORROWING AND SECURITY

3.1 Borrowing Power

(1) Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the Articles, the Board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other debt obligations or guarantees of the Corporation, whether secured or unsecured;
- (c) give, directly or indirectly, financial assistance to any person by means of a loan, a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person, or otherwise; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including, without limitation, accounts, rights, powers, franchises and undertakings to secure any such bonds, debentures, notes or other debt obligations or guarantees or any other present or future indebtedness, liability or obligation of the Corporation.

(2) Nothing in Section 3.1(1) limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.2 Delegation

Subject to the Act and the Articles, the Board may from time to time delegate to a committee of the Board, a Director or an officer of the Corporation or any other person as may be designated by the Board all or any of the powers conferred on the Board by Section 3.1 or by the Act to such extent and in such manner as the Board may determine at the time of such delegation.

SECTION 4 - DIRECTORS

4.1 Duties of Directors

The Board shall manage, or supervise the management of, the business and affairs of the Corporation.

4.2 Number of Directors

The Board shall consist of the number of directors set out in the Articles or, where a minimum and maximum number is provided for in the articles, such number of directors as shall be determined from time to time by resolution of the directors.

4.3 Qualification

(1) No person shall be qualified to serve as a Director if such person:

- (a) is less than 18 years of age;
- (b) is of unsound mind and has been so found by a court in Canada or elsewhere;
- (c) is not an individual; or
- (d) has the status of a bankrupt.

(2) A Director need not be a shareholder.

(3) Not less than 25% of the Directors shall be resident Canadians; however, in the event that the Corporation has less than four Directors, at least one Director shall be a resident Canadian.

(4) If the Corporation is a distributing corporation, and any of the issued securities of which remain outstanding and are held by more than one person, shall have not fewer than three Directors, at least two of whom are not officers or employees of the Corporation or its affiliates.

4.3A Nominations of Directors

(1) Subject only to the Act and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. Such nominations may be made in the following manner:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a meeting of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a "Nominating Shareholder"): (A) who, at the close of business on the date of the giving of the notice provided for below in this Section 4.3A and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Section 4.3A.

(2) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in

proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation.

(3) To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date;
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made; and
- (c) notwithstanding the foregoing, in the case of an annual meeting (including an annual and special meeting) of shareholders or a special meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes) where notice-and-access is used for delivery of proxy related materials, not less than 40 days prior to the date of the meeting (but in any event, not prior to the Notice Date); provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the Notice Date, notice by the Nominating Shareholder shall be made, in the case of an annual meeting of shareholders, not later than the close of business on the tenth (10th) day following the Notice Date and, in the case of a special meeting of Shareholders, not later than the close of business on the fifteenth (15th) day following the Notice Date.

Upon any adjournment or postponement of a meeting of shareholders or the announcement thereof, a new time period for the giving of a Nominating Shareholder's notice as described above will commence.

(4) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

(5) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 4.3A; provided, however, that nothing in this Section 4.3A shall be deemed to preclude discussion by a shareholder (as distinct from the

nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(6) For purposes of this Section 4.3A:

- (a) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- (b) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

(7) Notwithstanding any other provision of this Section 4.3A, notice given to the Secretary of the Corporation pursuant to this Section 4.3A may only be given by personal delivery, facsimile transmission or by e-mail (at such e-mail address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Ottawa time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(8) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 4.3A.

4.4 Election and Term

(1) Directors shall be elected by the shareholders at the first meeting of shareholders after the effective date of this By-law and at each succeeding annual meeting at which an election of Directors is required, and shall hold office until the next annual meeting of shareholders or, if elected for an expressly stated term, for a term expiring not later than the close of the third annual meeting of shareholders following the election.

(2) If Directors are not elected at a meeting of shareholders, the incumbent Directors shall continue in office until their successors are elected.

(3) A person who is elected or appointed to hold office as a Director is not a Director and is deemed not to have been elected or appointed to hold office as a Director unless:

- (a) such person was present at the meeting when the election or appointment took place and such person did not refuse to hold office as a Director; or
- (b) such person was not present at the meeting when the election or appointment took place, and:
 - (i) such person consented to hold office as a Director in writing before the election or appointment or within 10 days after it; or

- (ii) such person has acted as a Director pursuant to the election or appointment.

4.5 Removal of Directors

Subject to the Act, the shareholders may by ordinary resolution at a special meeting of shareholders, remove any Director from office, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the Board.

4.6 Ceasing to Hold Office

A Director ceases to hold office when:

- (c) such person dies;
- (d) such person is removed from office by the shareholders in the manner provided in Section 4.5;
- (e) such person ceases to be qualified to serve as a Director; or
- (f) such person's written resignation is received by the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

4.7 Appointment of Directors

The Directors may, if the Articles so provide, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

4.8 Filling Vacancies

Subject to the Act, a quorum of the Board may fill a vacancy in the Board, except for a vacancy resulting from:

- (g) an increase in the number or minimum or maximum number of Directors;
- (h) a failure of the shareholders to elect the number or minimum number of Directors provided for in the Articles.

4.9 Conflict of Interest

A Director who is a party to, or who is a director or officer of, or an individual acting in a similar capacity, or has a material interest in a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation, or request to have entered in the minutes of the meeting of Directors or of meetings of committees of Directors, the nature and extent of such person's interest at the time and in the manner provided by the Act. Such a Director shall not vote on any resolution to approve the same except as provided by the Act.

4.10 Remuneration and Expenses

The Directors shall be paid such remuneration for their services as the Board may from time to time determine. The Directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any Director from serving the Corporation in any other capacity and receiving remuneration therefor.

SECTION 5 - MEETINGS OF DIRECTORS

5.1 Meeting by Telephone or Electronic Facilities

If all the Directors consent thereto generally or in respect of a particular meeting, a Director may participate in a meeting of the Board or of a committee of the Board by means of such telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a Director participating in such a meeting by such means shall be deemed to be present at such meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board.

5.2 Calling of Meetings

Meetings of the Board shall be held from time to time at such time and at such place as the Board, the Chairperson of the Board, the Chief Executive Officer, the President or any two Directors may determine.

5.3 Notice of Meeting

(1) Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 11 to each Director:

- (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed; or
- (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally, is delivered or sent by any means of transmitted or recorded communication.

(2) A notice of a meeting of Directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business or the general nature thereof to be specified.

5.4 Waiver of Notice

A Director may in any manner or at any time waive notice of or otherwise consent to a meeting of the Board. Attendance of a Director at a meeting of the Board shall constitute a waiver of notice of that meeting except where a Director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been properly called.

5.5 First Meeting of New Board

Each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected; provided a quorum of Directors is present.

5.6 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.7 Regular Meetings

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but

no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

5.8 Chairperson and Secretary

The chairperson of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: Chairperson of the Board; Chief Executive Officer; or President. If no such officer is present, the Directors present shall choose one of their number to be chairperson. The Secretary shall act as secretary of any meeting of the Board, and, if the Secretary is absent, the chairperson of the meeting shall appoint a person who need not be a Director to act as secretary of the meeting.

5.9 Quorum

A majority of the number of Directors determined in accordance with Section 4.2 shall form a quorum for the transaction of business and, notwithstanding any vacancy among the Directors, a quorum of Directors may exercise all the powers of Directors. No business shall be transacted at a meeting of Directors unless a quorum of the Board is present and, except as otherwise permitted or restricted by the Act, no less than 25% of the Directors present are resident Canadians or, if the Corporation has less than four Directors, at least one of the Directors present is a resident Canadian.

5.10 Votes to Govern

(1) At all meetings of the Board, every question shall be decided by a majority of the votes cast on the question.

(2) Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chairperson of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

5.11 Casting Vote

In case of an equality of votes at a meeting of the Board, the chairperson of the meeting shall not be entitled to a second or casting vote.

5.12 Resolution in Lieu of Meeting

A resolution in writing, signed by all the Directors entitled to vote on that resolution at a meeting of Directors, is as valid as if it had been passed at a meeting of Directors.

5.13 One Director Meeting

Where the Board consists of only one Director, that Director may constitute a meeting.

SECTION 6 - OFFICERS

6.1 Appointment

The Board may from time to time designate the offices of the Corporation and from time to time appoint a Chairperson of the Board, Chief Executive Officer, President, Chief Financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers as the Board may determine, including, without limitation, one or more assistants to any of the officers so appointed. One person may hold more than one office. The Board may specify the duties of and, in accordance with these By-laws and subject to the Act, delegate to such officers powers to manage the

business and affairs of the Corporation.

6.2 Term of Office

Each incumbent officer shall continue in office until the earliest of (a) the officer's resignation, which resignation shall be effective at the time a written resignation is received by the Corporation or at the time specified in the resignation, whichever is later, (b) the appointment of the officer's successor, (c) the officer ceasing to be a director or resident Canadian if such is a necessary qualification of the officer's appointment, (d) the officer's removal, and (e) the officer's death.

6.3 Agents and Attorneys

The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including, without limitation, the power to sub-delegate) of management, administration or otherwise as may be thought fit.

SECTION 7- PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.1 Limitation of Liability

Except as otherwise provided in the Act, no Director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto, unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board of directors. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall have an interest in a person which is employed by or performs services for the Corporation, the fact of his or her being a shareholder, director or officer of the Corporation shall not disentitle such director or officer or such person, as the case may be, from receiving proper remuneration for such services.

7.2 Indemnity

(1) The Corporation shall indemnify a Director or officer of the Corporation, a former Director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a Director or officer (or an individual acting in a similar capacity) of another entity, against all costs, charges and expenses, including, without limitation, an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

(2) The Corporation shall advance monies to a Director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 1.1(1). Such person shall repay such monies if such person does not fulfil the conditions of Section 1.1(3).

(3) The Corporation shall not indemnify a person under Section 1.1(1) unless such person:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which such person acted as a director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that such person's conduct was lawful.

(4) The Corporation shall also indemnify a person referred to in Section 1.1(1) in such other circumstances as the Act or law permits or requires. Nothing in these By-laws shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of these By-laws.

7.3 Insurance

Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any individual referred to in Section 1.1(1) as the Board may from time to time determine.

SECTION 8 – SUBMISSION OF CONTRACTS OR TRANSACTIONS TO THE SHAREHOLDERS FOR APPROVAL

8.1 Submission of Contracts or Transactions to the Shareholders for Approval

The Board in its discretion may submit any contract, act or transaction for approval or ratification at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and, subject to the provisions of the Act, any such contract, act or transaction that shall be approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

SECTION 9 – SECURITIES

9.1 Issuance of Shares

Subject to the provisions of the Act, the Articles and by-laws, shares in the capital of the Corporation may be issued by the Board at such times and to such persons and for such consideration as the Board shall determine, except that no share shall be issued until it is fully paid as provided by the Act.

9.2 Options or Rights

Subject to the Act and the Articles, the Board may from time to time issue or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, except that no share shall be issued until it is fully paid as provided by the Act.

9.3 Commissions

The Board may from time to time authorize the Corporation to pay a reasonable

commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

9.4 Securities Register

The Corporation shall prepare and maintain, at its registered office or, subject to the Act, at any other place designated by the Board, a securities register in which it records the securities issued by it in registered form, showing with respect to each class or series of securities:

- (a) the names, alphabetically arranged, of each person who:
 - (i) is or has been registered as a shareholder of the Corporation, the latest known address including, without limitation, the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder; or
 - (ii) is or has been registered as a holder of debt obligations of the Corporation, the latest known address including, without limitation, the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder; and
- (b) the date and particulars of the issue and transfer of each security.

9.5 Registration of Transfers

Subject to the Act, no transfer of a share shall be registered in a securities register except on presentation of the certificate representing the share with an endorsement which complies with the Act made on or delivered with it duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, on payment of all applicable taxes and any reasonable fees prescribed by the Board, on compliance with the restrictions on issue, transfer or ownership authorized by the Articles and on satisfaction of any lien referred to in Section 1.1(1).

9.6 Transfer Agents and Registrars

The Board may from time to time, in respect of each class of securities issued by it, appoint one or more trustees, transfer or other agents to keep the securities register and a registrar, trustee or agent to maintain a central securities register of issued security certificates and may appoint one or more persons or agents to keep branch registers, and, subject to the Act, one person may be appointed to keep the securities register and the records of issued security certificates. Such a person may be designated as transfer agent or registrar according to its functions, and one person may be designated both registrar and transfer agent. The Board may at any time terminate such appointment.

9.7 Non-recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any security as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect of the security, and otherwise to exercise all the rights and powers of an owner of the security.

9.8 Security Certificates

(1) Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Corporation is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient

delivery to all. At their option, every holder of shares of the Corporation that is represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by, at least one of the following persons, or the signature shall be printed or otherwise mechanically reproduced on the certificate::

- (a) a Director or officer of the Corporation;
- (b) a registrar, transfer agent or branch transfer agent of the Corporation, or an individual on their behalf; and
- (c) a trustee who certifies it in accordance with a trust indenture.

(2) Unless the Board otherwise determines, certificates in respect of which a transfer agent or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent or registrar.

(3) A share certificate containing the signature of a person which is printed, engraved, lithographed or otherwise mechanically reproduced thereon may be issued notwithstanding that the person has ceased to be a Director or an officer, as the case may be, of the Corporation and shall be as valid as if the person were a Director or an officer, as the case may be, at the date of its issue.

9.9 Replacement of Security Certificates

The Board may in its discretion (or any officer or agent designated by the Board may in such person's discretion) direct the issue of a new share or other such certificate in lieu of and on cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, apparently destroyed or wrongfully taken, on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

9.10 Joint Holders

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect of that security, and delivery of such certificate to one of those persons shall be sufficient delivery to all of them. Any one of those persons may give effectual receipts for the certificate issued in respect of it or for any dividend, interest, bonus, return of capital or other money payable or warrant issuable in respect of that security.

9.11 Deceased Holders

In the event of the death of a holder, or of one of the joint holders of any security, the Corporation shall not be required to make any entry in the securities register in respect of the death or to make any dividend, interest or other payments in respect of the security except on production of all such documents as may be required by law.

9.12 Shareholder Indebted to the Corporation

(1) If so provided in the Articles, the Corporation has a lien on a share registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the Corporation. Such lien on a share of the Corporation may, subject to the Act, be enforced as follows::

- (a) where such share is redeemable pursuant to the Articles, by redeeming such share and applying the redemption price to such debt;

- (b) by purchasing such share for cancellation for a price equal to the book value of such share and applying the proceeds to such debt;
- (c) by selling such share to any third party whether or not such party is at arm's length to the Corporation including, without limitation, any Director or officer of the Corporation, for the best price which the Board in their sole discretion consider to be obtainable for such share and applying the proceeds to such debt;
- (d) by refusing to permit the registration of a transfer of such share until such debt is paid; or
- (e) by any other means permitted by law.

SECTION 10- MEETINGS OF SHAREHOLDERS

10.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year and, subject to Section 10.4, at such place as the Board may from time to time determine, for the purpose of considering the minutes of an earlier meeting, considering the financial statements and reports required by the Act to be placed before the annual meeting, electing Directors, appointing or waiving the appointment of an auditor, fixing or authorizing the Directors to fix the remuneration payable to any such auditor and for the transaction of such other business as may properly be brought before the meeting.

10.2 Special Meetings

The Board shall have power to call a special meeting of shareholders at any time.

10.3 Meeting Held by Electronic Means

(1) Any person entitled to attend a meeting of shareholders may vote and otherwise participate in the meeting by means of a telephonic, electronic or other communication facility made available by the Corporation that permits all participants to communicate adequately with each other during the meeting. A person participating in a meeting of shareholders by such means is deemed to be present at the meeting.

(2) Directors who call (but not shareholders who requisition) a meeting of shareholders may determine that:

- (a) the meeting shall be held, in accordance with the regulations, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting; and
- (b) any vote shall be held, in accordance with the regulations, entirely by means of a telephone, electronic or other communication facility that the corporation has made available for that purpose.

(3) Any vote at a meeting of shareholders may be carried out by means of a telephonic, electronic or other communication facility, if the facility:

- (a) enables the votes to be gathered in a manner that permits their subsequent verification; and
- (b) permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each shareholder or group of shareholders voted.

10.4 Place of Meetings

(4) Meetings of shareholders shall be held at such place in Canada as the Directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located. If all the shareholders entitled to vote at that meeting so agree or the Articles specify a place outside Canada where a meeting of shareholders may be held, a meeting of shareholders of the Corporation may be held outside Canada. A meeting held under Section 10.3 shall be deemed to be held at the place where the registered office of the Corporation is located.

(5) A shareholder who attends a meeting of shareholders held outside Canada is deemed to have agreed to it being held outside Canada except when the shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

10.5 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 11, in the case of a distributing corporation, not less than 21 days and, in the case of any other corporation, not less than 10 days, but in either case, not more than 60 days before the date of the meeting to each Director, to any auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to receive notice of or vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the minutes of an earlier meeting, financial statements and auditor's report, election of Directors and reappointment of the incumbent auditor or fixing or authorizing the Directors to fix the remuneration payable to such auditor shall state or be accompanied by a statement of:

- (a) the nature of the business in sufficient detail to permit the shareholders to form a reasoned judgment on it; and
- (b) the text of any special resolution to be submitted to the meeting.

10.6 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to Section 10.7, the shareholders listed shall be those registered at the close of business on that record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such a meeting shall be deemed to be a list of shareholders.

10.7 Record Date for Notice

The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than seven days before the record date, by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of the Corporation's shares may be recorded, and, where applicable, by written notice to each stock exchange in Canada on which the Corporation's shares are listed for trading unless notice of the record date is waived in writing

by every holder of a share of the class or series affected whose name is set out in the securities register of the Corporation at the close of business on the day the Directors fix the record date. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

10.8 Meetings Without Notice

(1) A meeting of shareholders may be held without notice at any time and place permitted by the Act if:

- (a) all the shareholders entitled to vote at the meeting are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to the meeting being held; and
- (b) the auditor and the Directors are present or waive notice of or otherwise consent to the meeting being held,

so long as the shareholders, auditor or Directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

(2) At a meeting held under Section 1.1(1), any business may be transacted which the Corporation may transact at a meeting of shareholders.

10.9 Chairperson, Secretary and Scrutineers

The chairperson of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairperson of the Board; Chief Executive Officer; President; or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairperson. If the Secretary is absent, the chairperson shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairperson with the consent of the meeting.

10.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to attend or vote at the meeting, the Directors, auditor, legal counsel of the Corporation and others who, although not entitled to attend or vote, are entitled or required under any provision of the Act, the Articles, or By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

10.11 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or any other by-law) shall be persons present not being less than two in number and holding or representing twenty-five per cent (25%) or more of the total number of the issued shares of the Corporation for the time being entitling the holders thereof to vote at such meeting. A quorum need not be present throughout the meeting provided that a quorum is present at the opening of the meeting. If a quorum is not present at the time appointed for the meeting or within a reasonable time after that the shareholders may determine, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

10.12 Right to Vote

Every person named in the list referred to in Section 10.6 shall be entitled to vote the shares shown on the list opposite such person's name at the meeting to which the list relates.

10.13 Proxyholders and Representatives

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, as such person's nominee to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing or electronic signature executed by the shareholder or such person's attorney and shall conform with the requirements of the Act. Alternatively, every shareholder which is a body corporate or other legal entity may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and that individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of the resolution, or in such other manner as may be satisfactory to the Secretary or the chairperson of the meeting. Any such proxyholder or representative need not be a shareholder. The proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

10.14 Time for Deposit of Proxies

The Board may fix a time not exceeding 48 hours, excluding non-business days, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at the meeting must be deposited with the Corporation or its agent, and any time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted on only if, before the time so specified, it has been deposited with the Corporation or its agent specified in the notice or if, no such time having been specified in the notice, it has been received by the Secretary or by the chairperson of the meeting before the time of voting.

10.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares, but, if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

10.16 Votes to Govern

At any meeting of shareholders, every question shall, unless otherwise required by the Articles, By-laws or by law, be determined by a majority of the votes cast on the question.

10.17 Casting Vote

In case of an equality of votes at any meeting of shareholders either on a show of hands or on a poll, the chairperson of the meeting shall not be entitled to a second or casting vote.

10.18 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot is required or demanded as provided. On a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken on a question, unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairperson declared a resolution to be carried or defeated is, in the absence of proof to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

10.19 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken on it, the chairperson may require a ballot or any person who is present and entitled to vote on the question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time before the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting on the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders on the question.

10.20 Adjournment

The chairperson at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it will not be necessary to give notice of the adjourned meeting, other than by announcement at the original meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.21 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless, in accordance with the Act:

- (a) in the case of the resignation or removal of a Director, or the appointment or election of another person to fill the place of that Director, a written statement is submitted to the Corporation by the Director giving the reasons for such person's resignation or the reasons why such person opposes any proposed action or resolution for the purpose of removing such person from office or the election of another person to fill the office of that Director; or
- (b) in the case of the removal or resignation of an auditor, or the appointment or election of another person to fill the office of auditor, representations in writing are made to the Corporation by that auditor concerning its proposed removal, the appointment or election of another person to fill the office of auditor or its resignation.

10.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

SECTION 11 - NOTICES

11.1 Method of Giving Notices

Any notice (which term includes, without limitation, any communication or document) to be given (which term includes, without limitation, sent, delivered or served) pursuant to the Act, the regulations, the Articles, the By-laws or otherwise to a shareholder, Director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if mailed to such person at such person's recorded address by prepaid, ordinary or air mail, or if sent to such person at such person's recorded address by means of any telephonic, electronic or other communication facility. A notice so delivered shall be deemed to have been given when it is delivered personally and a notice so mailed shall be deemed to have been given when deposited in a post office or public mailbox. A notice sent by any means of electronic or recorded telephonic communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency. The

Secretary may change or cause to be changed the recorded address of any shareholder, Director, officer, auditor or member of a committee of the Board in accordance with any information believed by such person to be reliable.

11.2 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of those persons shall be sufficient notice to all of them.

11.3 Computation of Time

In computing the period of days when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the period shall be deemed to begin on the day following the event that began the period and shall be deemed to end at midnight of the last day of the period, except that, if the last day of the period falls on a non-business day, the period shall end at midnight on the day next following that is not a non-business day.

11.4 Undelivered Notices

If any notice given to a shareholder pursuant to Section 11.1 is returned on two consecutive occasions because such shareholder cannot be found, the Corporation shall not be required to give any further notices to that shareholder until such person informs the Corporation in writing of such person's new address.

11.5 Omissions and Errors

The accidental omission to give any notice to any shareholder, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance of the notice shall not invalidate any action taken at any meeting held pursuant to the notice or otherwise founded on it.

11.6 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of the share which has been duly given to the shareholder from whom such person derives such person's title to the share before such person's name and address is entered on the securities register (whether the notice was given before or after the happening of the event on which such person became so entitled) and before such person furnished the Corporation with the proof of authority or evidence of such person's entitlement prescribed by the Act.

11.7 Waiver of Notice

Any shareholder, proxyholder or other person entitled to notice of or attend a meeting of shareholders, Director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under the Act, the regulations, the Articles, the By-laws or otherwise, and that waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of the notice, as the case may be. Any such waiver or abridgement shall be in writing, except a waiver of notice of a meeting of shareholders or of the Board or a committee of the Board, which may be given in any manner.

SECTION 12 - EFFECTIVE DATE

12.1 Effective Date

These By-laws shall come into force when made by the Board in accordance with the

Act.

12.2 Repeal

All previous By-laws of the Corporation are repealed as of the coming into force of these By-laws. The repeal shall not affect the previous operation of any By-laws so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any Articles or predecessor charter documents of the Corporation obtained pursuant to, any such By-laws before its repeal. All officers and persons acting under any By-laws so repealed shall continue to act as if appointed under the provisions of these By-laws, and all resolutions of the shareholders or the Board or a committee of the Board with continuing effect passed under any repealed By-laws shall continue to be good and valid except to the extent inconsistent with these By-laws and until amended or repealed.

The foregoing by-law was made by the directors of the Corporation on the 23rd day of February, 2017.

“Jaison Dolvane”

Chief Executive Officer – Jaison Dolvane

**YOUR VOTE IS IMPORTANT.
PLEASE VOTE PRIOR TO
10:00AM (OTTAWA TIME) ON JUNE 9, 2017**

Voting Method	Registered Shareholders <small>If your shares are held in your name and represented by a physical certificate.</small>	Beneficial Shareholders <small>If your shares are held with a broker, bank or other intermediary.</small>
Internet 	Vote online at: <u>investorvote.com</u>	Vote online at: <u>www.proxyvote.com</u>
Telephone or Facsimile 	Call the toll-free listed on your Proxy and vote using the control number provided therein, or, complete, date, and sign the Proxy and fax it to Computershare at the number listed therein.	Call the toll-free listed on your voting instruction form ("VIF") and vote using the 16 digit control number provided therein, or, complete, date, and sign the VIF and fax it to the number listed therein.
Mail 	Complete, date, and sign the Proxy and return in the enclosed postage paid envelope to: Computershare Investor Services Inc. 100 University Ave., 8th Floor, Toronto, Ontario M5J 2Y1	Complete, date and sign the VIF and return it in the enclosed postage paid envelope.

**QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO
THE PROXY SOLICITOR:**



**NORTH AMERICAN TOLL-FREE
1-877-452-7184
(416-304-0211 collect)**

FAX: 416-646-2415

EMAIL: assistance@laurelhill.com