



## Photon Control Inc.

### NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

For the Annual General Meeting of Shareholders

To be held on  
June 18, 2019

Dated: May 10, 2019

ACCURATE



RELIABLE



RESPONSIVE

**PHOTON CONTROL INC.  
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 18, 2019**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Photon Control Inc. (the “Company”) will be held at Toronto Region Board of Trade, First Canadian Place, 77 Adelaide Street West, Toronto, ON M5X 1C1 on Tuesday, June 18, 2019 at 11:30 a.m. (Eastern time) (the “Meeting”) for the following purposes:

1. to receive the audited financial statements of the Company for the fiscal year ended December 31, 2018 with auditor’s report thereon;
2. to elect the directors of the Company for the ensuing year;
3. to re-appoint the Company’s auditor for the ensuing year and to authorize the directors to fix the remuneration to be paid to the Company’s auditor; and
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

An Information Circular, Proxy Form and Return Card also accompany this Notice of Meeting.

Only shareholders of record at the close of business on May 8, 2019 will be entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof. Shareholders who are unable to or who do not wish to attend the Meeting in person are requested to date and sign the enclosed Proxy Form promptly and return it in the self-addressed envelope enclosed for that purpose or by any of the other methods indicated in the Proxy Form. To be used at the Meeting, proxies must be received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 by no later than 11:30 a.m. (Eastern time) on June 14, 2019 or, if the Meeting is adjourned, by no later than 11:30 a.m. (Eastern time) on the second last business day prior to the date on which the Meeting is reconvened, or may be deposited with the chairman of the Meeting prior to the commencement of the Meeting. If a registered shareholder receives more than one Proxy Form because such shareholder owns shares registered in different names or addresses, each Proxy Form should be completed and returned.

Dated as of the 10<sup>th</sup> day of May, 2019.

BY ORDER OF THE BOARD

*“Nigel Hunton”*

NIGEL HUNTON  
Chief Executive Officer & President



**PHOTON CONTROL INC.**  
**2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
**INFORMATION CIRCULAR**

This Information Circular is furnished to the holders (the “shareholders”) of common shares (“Common Shares”) of Photon Control Inc. (the “Company”) by management of the Company in connection with the solicitation of proxies to be voted at the annual general meeting (the “Meeting”) of the shareholders to be held on Tuesday, June 18, 2019 and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

**The enclosed Proxy Form is solicited by and on behalf of management of the Company. The persons named in the enclosed Proxy Form are management-designated proxyholders. A registered shareholder desiring to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting may do so either by inserting such other person’s name in the blank space provided in the Proxy Form or by completing another form of proxy.** To be used at the Meeting, proxies must be received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 by no later than 11:30 a.m. (Eastern time) on June 14, 2019 or, if the Meeting is adjourned, by no later than 11:30 a.m. (Eastern time) on the second last business day prior to the date on which the Meeting is reconvened, or may be deposited with the chairman of the Meeting prior to the commencement of the Meeting. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company.

### Non-Registered Shareholders

Only registered holders of Common Shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), the Company has elected to send the Notice of Meeting and this Information Circular (collectively, the “Meeting Materials”) directly to NOBOs, and indirectly through intermediaries to OBOs. The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.



**The intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. Intermediaries will frequently use service companies to forward the Meeting Materials to OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:**

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare Investor Services Inc.; or
- (b) more typically, be given a voting instruction form (“VIF”) which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the Meeting Materials and related documents. Accordingly, an OBO will not receive copies of the Meeting Materials and related documents unless the OBO’s Intermediary assumes the costs of delivery.

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

The Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a Proxy Form. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by the NOBO.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on the Non-Registered Holder’s behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or the Non-Registered Holder’s nominee, the right to attend and vote at the Meeting.

**Non-Registered Holders should return their voting instructions as specified in the VIF sent to them. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.**

Although Non-Registered Holders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Non-Registered Holder may attend the Meeting as a proxyholder for a registered shareholder and vote Common Shares in that capacity. Non-Registered Holders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

## Revocability of Proxies

A registered shareholder who has given a proxy may revoke it by an instrument in writing that is

- (a) received at the registered office of the Company at any time up to and including the last business day before the Meeting at which the proxy is to be used, or
- (b) provided to the chair of the Meeting, at the Meeting, before any vote in respect of which the proxy is to be used shall have been taken,

or in any other manner provided by law.

NOBOs who wish to revoke their voting instructions should contact Computershare Investor Services Inc. at telephone number 1-800-564-6253. OBOs who wish to revoke a voting instruction form or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instruction.

## Voting of Proxies

Common Shares represented by a shareholder's Proxy Form will be voted "For" or "Against", or withheld from voting on a particular issue in accordance with the shareholder's instructions on any ballot that may be called for at the Meeting and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of any instructions, the proxy agent named on the Proxy Form will cast the shareholder's votes in favour of the passage of the resolutions set forth herein and in the Notice of Meeting.**

The enclosed Proxy Form confers discretionary authority upon the persons named therein with respect to (a) amendments or variations to matters identified in the Notice of Meeting and (b) other matters which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

## Voting Shares and Principal Holders Thereof

Only Common Shares carry voting rights at the Meeting, with each Common Share carrying the right to one vote. The board of directors of the Company (the "Board of Directors" or "Board") has fixed May 8, 2019 as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment thereof, and only shareholders of record at the close of business on that date are entitled to such notice and to vote at the Meeting. As of May 8, 2019, 106,809,765 Common Shares were issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Company, as at May 8, 2019, no person beneficially owned, or controlled or directed, directly or indirectly, shares carrying more than 10% of the voting rights attached to the Company's issued and outstanding Common Shares.

## Votes Necessary to Pass Resolutions at the Meeting

Under the Company's Articles, the quorum for the transaction of business at the Meeting consists of two shareholders whether present in person or represented by proxy, holding in the aggregate at least 5% of the issued Common Shares entitled to be voted at the Meeting. A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

## FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended December 31, 2018, report of the auditor and related management’s discussion and analysis, all of which may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com), will be placed before the Meeting and have been filed with the securities commissions or similar regulatory authority in British Columbia, Alberta and Ontario.

## ELECTION OF DIRECTORS

The number of directors of the Company is currently fixed at five. The persons named below are the five nominees of management for election as directors, all of whom are current directors of the Company. Each director elected will hold office until the next annual general meeting or until the director’s successor is elected or appointed unless the director’s office is earlier vacated under any of the relevant provisions of the Articles of the Company or the *Business Corporations Act* (British Columbia). It is the intention of the persons named as proxyholders in the enclosed Proxy Form to vote for the election to the Board of Directors of those persons hereinafter designated as nominees for election as directors. The Board of Directors does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in such shareholder’s Proxy Form that such shareholder’s shares are to be withheld from voting in the election of directors.**

The following table and the biographies below set out the name of each of the persons proposed to be nominated for election as a director; all positions and offices in the Company presently held by the nominee; the nominee’s principal occupation or employment for the last five years; the period during which the nominee has served as a director; and the number of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of May 8, 2019. The information has been provided by each of them and is outside the knowledge of management.

Name, place of residence and positions with the Company	Principal occupation	Period served as a director	Common Shares beneficially owned or controlled/directed
Charles F. Cargile <sup>(1)</sup> California, U.S.A. Director	Chief Executive Officer, Sunworks Inc.	Since March 31, 2017	86,000
Nigel Hunton <sup>(2)</sup> California, U.S.A. Director, Chief Executive Officer & President	Director, Chief Executive Officer & President, Photon Control Inc.	Since May 2, 2019	–
Michele Klein <sup>(3)</sup> California, U.S.A. Director	Chief Executive Officer of Jasper Ridge Inc.	Since October 23, 2017	108,000
D. Neil McDonnell <sup>(4)</sup> British Columbia, Canada Director & Chair	Independent businessman	Since November 2, 2016	123,811
Ronan McGrath <sup>(5)</sup> Ontario, Canada Director	Consultant, corporate director & private investor	Since July 20, 2016	316,000

(1) Mr. Cargile is currently the Chair of the Company’s Compensation, Corporate Governance and Nominating Committee (the “CGN Committee”), and a member of the Audit Committee.

- (2) Mr. Hunton was appointed to the Board on May 2, 2019.
- (3) Ms. Klein is currently a member of the Audit Committee.
- (4) Mr. McDonnell is currently Chair of the Board, and a member of the CGN Committee. Mr. McDonnell served as Interim Chief Executive Officer (“CEO”) of the Company from December 2, 2018 to May 1, 2019 and has an interim CEO transition services agreement in place with the Company until June 30, 2019, see “Employment Contracts with Named Executive Officers” below.
- (5) Mr. McGrath is currently the Chair of the Audit Committee and a member of the CGN Committee.

## Director Biographies

### **Charles F. Cargile, Director**

Mr. Cargile has been the CEO of Sunworks Inc. since 2017 and a Director since 2016. Sunworks Inc. is a premier provider of high performance solar power solutions for agriculture, commercial, industrial, public works and residential markets. Mr. Cargile has been a Director of Photon Control Inc. since March 2017 and is the Chair of the CGN Committee. Prior to his role at Sunworks Inc., Mr. Cargile was the Chief Financial Officer (“CFO”) of Newport Corp., a position he held from 2000 until 2016, until Newport Corp. was acquired by MKS Instruments, Inc. for approximately US \$1 billion in 2016. Mr. Cargile has an extensive background in financial and strategic planning, public company M&A, operations, information technology and capital structure management. Prior to his role at Newport Corp., he worked at York International Corporation and Flowserve Corporation. Mr. Cargile holds a Professional Director Certification from the American College of Corporate Directors, a Bachelor of Science in Accounting from Oklahoma State University and an MBA from the Marshall School of Business at the University of Southern California.

### **Nigel Hunton, Director, President & CEO**

Mr. Hunton joined Photon Control Inc. as a Director, CEO and President in May 2019. From April 2017 to April 2019, he was President and COO of Ferrotec (USA) Corporation, a leading supplier of materials and components to the semiconductor industry. He was an independent consultant from January 2016 to March 2017. From 2012 to 2015, he was CEO of MBA Polymers Inc., the world’s leading cleantech recycler of high value plastics. Prior to his role at MBA Polymers Inc., Mr. Hunton had a 27-year career at BOC and Edwards where he held various positions, including serving as CEO of Edwards from 2006 to 2010 where he was responsible for the sale of Edwards to a private equity firm and successfully restructuring the company, and Chair from 2010 to 2011 where he positioned the company for its eventual initial public offering in May 2012. Mr. Hunton earned a Bachelor of Science from the University of Manchester Institute of Science and Technology in Mechanical Engineering.

### **Michele Klein, Director**

Ms. Klein has been the CEO and a Director of Jasper Ridge Inc., a technology company developing equipment to improve human vision since 2010. Ms. Klein has been a Director of Photon Control Inc. since October 2017. Prior to Jasper Ridge Inc., Ms. Klein was Senior Director of Applied Ventures, LLC, the venture capital arm of Applied Materials, Inc., where she recommended and managed investments in energy storage, solar energy and metrology, representing Applied Materials on the boards of seven technology companies. Ms. Klein co-founded and led Boxer Cross Inc., a semiconductor equipment manufacturer, as CEO until its acquisition by Applied Materials, Inc. in 2003, and High Yield Technology Inc., a semiconductor metrology company, until its acquisition by Pacific Scientific. Ms. Klein is a Director of Gridtential Energy Inc., an advisory board member of Illuminate Ventures, and a former Chair of Stanford Women on Boards. Ms. Klein earned a BS from the University of Illinois and an MBA from the Stanford Graduate School of Business.

### **D. Neil McDonnell, Director, Board Chair**

Mr. McDonnell has been President and CEO of Javini Holdings Co., a strategic advisory firm since June 2000. Mr. McDonnell has been a Director of Photon Control Inc. since 2016, Chair of the Board of Directors since 2017, and held the position of Interim President and CEO from December 2018 until May 2019. A recognized leader in the Canadian



technology space, Mr. McDonnell is currently Chair of BasicGov Systems, Inc., Director of Espial Group Inc., Lead Director of Nanotech Security Corp., and Chair of EDP Software Inc. He was previously Chair of Agreement Express Inc., Executive Chair of ResponseTek, Chair of QHR Technologies Inc., Director of Symbility Software Inc., and CEO of Wurldtech Security Technologies Ltd., having previously held senior positions including Audit Committee Chair and Director of Titanstar Properties Inc., Director of British Columbia Lottery Corporation, Board Advisor of ICBC, Chair and CEO of TeraSpan Networks Inc., COO of TIR Systems Ltd., COO of Mobile Data Solutions Inc., and CEO of Intrinsyc Software. Mr. McDonnell holds an MBA from the University of British Columbia and a Bachelor of Commerce from the University of Toronto.

#### **Ronan McGrath, Director**

Mr. McGrath is an investor and corporate director. He also consults on strategic issues to major technology companies. Mr. McGrath has been a Director of Photon Control Inc. since July 2016, served as Lead Director from December 2018 until May 2019, and is Chair of the Audit Committee. Mr. McGrath is currently a Director and Audit Committee Chair of Nanotech Security Corp., and has previously served as Lead Director and Audit Committee Chair of Symbility Solutions Inc. He is the former Chief Information Officer of Rogers Communications Inc. and former President of Rogers Shared Services. He was responsible for the team that restructured the alliance between Rogers and Microsoft in July 1999. Prior to his role at Rogers, Mr. McGrath was the Chief Information Officer of Canadian National Railway Company, responsible for the complete rebuild of its information technology capability, the restructuring of the company, and the development of the initial strategic review of the company's future that led to privatization of the company. He was awarded the Chief Information Officer of the Year award in Canada in 1995, has served in the past on the advisory boards of a number of technology companies, including Compaq Computer Corporation and Lotus Development Corporation, and is a past Chair of the Information Technology Association of Canada ("ITAC"). Mr. McGrath, a Chartered Accountant, is a graduate in Business Administration at Trinity College, Dublin.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

None of the proposed directors is, as at the date of this Information Circular, or has been, within the ten years preceding the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), when such Order was issued while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company; or
- (b) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company.

No proposed director is, as at the date of this Information Circular, or has been, within the ten years preceding the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director has, within the ten years preceding the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any



proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No proposed director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## CORPORATE GOVERNANCE DISCLOSURE

### Board of Directors

The Board recognizes that it is responsible for the stewardship of the Company, overseeing the conduct of the Company's business and supervising management of the Company who remain responsible for the conduct of the business. The Board exercises its independent supervision by holding regular board meetings and soliciting input from management and the Company's auditor as required.

The Board operates under a written mandate (the "**Board Mandate**") a copy of which is attached as Appendix A to this Information Circular.

### Board Independence

The Board of Directors currently consists of five directors. Four of the directors – Charles F. Cargile, Michele Klein, D. Neil McDonnell, and Ronan McGrath – are considered independent. Nigel Hunton serves as the CEO and President of the Company and is, therefore, not considered independent under applicable securities rules. The Board of Directors is, therefore, comprised of a majority of independent directors.

The independent members of the Board hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present. In 2018, the independent members of the Board held 11 such meetings.

The Chair of the Board is independent. For a portion of 2018 and 2019, Mr. McDonnell acted as Interim President and CEO while still serving as Chair of the Company during which period a search for a permanent President and CEO was completed. The Board has determined that Mr. McDonnell's acting as Interim President and CEO did not compromise his independence during that time.

The Chair of the Board is responsible for, among other things: (i) providing leadership to foster the effectiveness of the Board, including guiding the other members of the Board in discharge of their duties; (ii) ensuring there is an effective relationship between the Board and senior management of the Company; (iii) ensuring that the appropriate committee structure is in place and assisting the CGN Committee in making recommendations for appointment to such committees; (iv) in consultation with the other members of the Board and the Chief Executive Officer of the Company, preparing the agenda for each meeting of the Board; (v) ensuring that the directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board; (vi) supporting effective shareholder communication by the Company in conjunction with management and ensuring that the Company is appropriately responsive to shareholder inquiries; (vii) chairing Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded; (viii) chairing all shareholder general meetings; (ix) together with the CGN Committee, ensuring that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors, with a view to ensuring that they are fulfilling their respective responsibilities and duties, and making recommendations to the CGN Committee for changes when appropriate; (x) consulting with the CGN



Committee on candidates for nomination or appointment to the Board; (xi) working with the Chief Executive Officer to ensure that the Board is provided with the resources to permit it to carry out its responsibilities and bringing to the attention of the CEO any issues that are preventing the Board from being able to carry out its responsibilities; and (xii) providing additional services required by the Board.

## Position Descriptions

The Board has approved position descriptions for the Chair, the Lead Director, the chair of each Board committee and the Chief Executive Officer, all of which are available on the Company's website.

## Directorships

The existing and proposed directors of the Company who are presently directors of other reporting issuers in Canada or elsewhere are as set out below:

Director	Other Reporting Issuers
Charles F. Cargile	Sunworks Inc.
Nigel Hunton	–
Michele Klein	–
D. Neil McDonnell	Espial Group Inc., Nanotech Security Corp.
Ronan McGrath	Nanotech Security Corp.

## Director Attendance at Board Meetings

During the year ended December 31, 2018, the Company held a total of 21 Board and committee meetings.

Director	Attendance at Board Meetings	Attendance at Audit Committee Meetings	Attendance at CGN Committee Meetings
Charles F. Cargile	12 of 12	5 of 5	4 of 4
Nigel Hunton <sup>(1)</sup>	–	–	–
Michele Klein	12 of 12	–	3 of 3
D. Neil McDonnell	12 of 12	2 of 2	4 of 4
Ronan McGrath	12 of 12	5 of 5	–

(1) Mr. Hunton joined the Board on May 2, 2019.

## Orientation and Continuing Education

New directors are provided with an information package on the Company's business including financial position and relevant policies as well as the terms of reference of the Board committees. Although the Company does not have a formal program for the continuing education of directors, the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors of the Company by scheduling presentations to the Board from time to time to educate directors and keep them informed of developments within the Company and of disclosure and governance requirements and standards along with providing information relating to education programs provided by other industry and market participants such as audit and legal firms.

## Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics which applies to the employees of the Company. The Board expects that fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as provisions under corporate legislation for required disclosure by directors and senior officers to the Company of transactions with the Company in which they may have an interest and of any other conflicts of duties and interests, will also ensure that these persons conduct themselves in the best interests of the Company.

In addition to the Code of Business Conduct and Ethics, the Board has adopted a "Whistleblowing Policy" wherein the Company's employees are provided with the mechanics by which they may raise concerns in a confidential and anonymous process.

The CGN Committee monitors compliance with the Code of Business Conduct and Ethics. Additionally, any complaints or concerns that are received through the Company's Whistleblowing Policy shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

The Code of Business Conduct and Ethics can be viewed on the Company's website or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Nomination of Directors

The Board has established a CGN Committee which provides oversight of the Company's corporate governance practices and ensures that these practices conform to both regulations and reasonableness in protecting the interests of shareholders and other stakeholders of the Company.

The CGN Committee, in consultation with the Chair of the Board and the Chief Executive Officer, is responsible for recruiting and identifying individuals qualified to become new Board members and making recommendations to the Board regarding new director nominees, annually or as required. Further, the CGN Committee is responsible for recommending to the Board the individual director appointments to each Board committee, annually or as required.

## Assessments

The CGN Committee is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, the individual committees of the Board, and the individual members of the Board and such committees with a view of ensuring that they are fulfilling their respective responsibilities and duties. In connection with such evaluations, each director is required to provide his or her assessment of the effectiveness of the Board and each committee as well as the performance of the individual directors, annually. Such evaluations take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

## Compensation

The CGN Committee recommends to the Board for approval the compensation for the directors and the Chief Executive Officer of the Company. The CGN Committee annually reviews the compensation of the Chief Executive Officer.

## Term Limits

The Board has not adopted term limits for Board members, mandatory retirement policies or other mechanisms of Board renewal. However, the CGN Committee has a process in place for the annual review of the effectiveness of the Board as a whole, the individual committees of the Board, and the individual members of the Board and such committees. Through this annual review process, the CGN Committee determines whether an individual director is able to continue to make an effective contribution and recommend changes when appropriate. The Board is of the view that



a regular review process is more effective than arbitrary term limits or other mechanisms of Board renewal such as a mandatory retirement age.

### **Policies Regarding the Representation of Women on the Board**

The Company has not adopted a written policy relating to the identification and nomination of women directors. However, the Board has made proactive efforts to increase gender diversity, including the appointment of Michele Klein in October 2017.

The Board recognizes that embracing diversity and inclusiveness is beneficial to creating a culture of openness to diverse points of view and opinions. The Board also believes that the interests of the Company are better served by ensuring that new directors are identified and selected from the widest possible group of potential candidates.

The Board feels that having written policies governing the selection of Board nominees could unduly restrict the Board's ability to select the most capable candidates. The Company is committed to ensuring that its Board at all times has the required range of skills, knowledge, experience and perspectives to provide the strategic direction and leadership necessary for the Company to achieve its business objectives. When considering and recommending qualified director nominees to the Board, the CGN Committee takes into consideration the background and diversity of all directors and nominees. Gender is one component in the overall list of factors that the CGN Committee considers in putting forward director nominations for election and re-election.

### **Consideration of the Representation of Women in the Director Identification and Selection Process**

Given that the Company intends to identify and select candidates for director from the widest possible group of qualified individuals, the level of representation of women on the Board is not considered in identifying and nominating candidates for election or re-election to the Board.

### **Consideration Given to the Representation of Women in Executive Officer Appointments**

The Company's employment decisions will be based on reasons related to the Company's business, such as job performance, individual skills and talents, and other business-related factors. Similar to the composition of the Board, the Company believes that people should be hired and promoted based on their professional qualifications, accomplishments and merit. Accordingly, the level of representation of women in executive officer positions is not considered in making executive officer appointments.

### **Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Board has not adopted a target regarding women on the Board or in executive officer positions for the reasons set out above. The Board feels that adopting such a target could unduly restrict the Company's ability to identify and select the most qualified people.

### **Number of Women on the Board and in Executive Officer Positions**

As of the date of this Information Circular, one (20%) of the Company's directors and one (17%) of the Company's executive officers are women.

### **Majority Voting Policy**

The Company has adopted a majority voting policy (the "Majority Voting Policy"). Pursuant to the provisions of the Majority Voting Policy, a nominee for election as a director of the Company who does not receive a greater number of votes "for" than votes "withheld" with respect to the election of directors by shareholders shall offer to tender his or



her resignation to the Chair of the Board promptly following the meeting of shareholders at which the director was elected. The CGN Committee will promptly consider such offer and make a recommendation to the Board whether to accept it or not. The Board will promptly accept the resignation unless it determines that there are exceptional circumstances. The Board shall act on the CGN Committee's recommendation in respect of a resignation tendered pursuant to the Majority Voting Policy within 90 days following the date of the applicable election and shall promptly disclose, via press release, its decision whether to accept the director's resignation offer or the reasons for rejecting the resignation offer, as applicable. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or the CGN Committee at which the resignation is considered. The Majority Voting Policy will not apply to contested meetings at which the number of directors nominated for election is greater than the number of seats available on the Board.

### Audit Committee Disclosure

Pursuant to the *Business Corporations Act* (British Columbia) and National Instrument 52-110 – *Audit Committees* ("NI 52-110"), the Company is required to have an audit committee. NI 52-110 requires the Company's Audit Committee to meet certain requirements and requires the Company to disclose certain information regarding the Audit Committee. The required information has been disclosed in the Company's Annual Information Form for the year ended December 31, 2018, which can be found on the Company's profile at [www.sedar.com](http://www.sedar.com).

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation of Executive Officers

During the Company's financial year ended December 31, 2018, the "Named Executive Officers" or "NEOs" (as such terms are defined in Form 51-102F6 – *Statement of Executive Compensation*) of the Company were D. Neil McDonnell (Interim President and CEO from December 2, 2018 to May 1, 2019), Daniel Lee (CFO), Scott B. Edmonds (CEO from March 31, 2017 to December 2, 2018), Jeff Hebb (VP Product Marketing), Paul Moffat (VP Manufacturing Operations), and John Rydstrom (Senior VP Sales). Set out below are particulars of compensation paid to the NEOs.

#### Elements of Compensation

During the Company's financial year ended December 31, 2018, executive compensation consisted of a salary or fee payment, bonuses based on defined targets and equity-based compensation in the form of long-term incentive stock options. The form and amount of such compensation was evaluated by the CGN Committee and then recommended to the Board of Directors for review and approval.

All dollar amounts in this section are reflected in Canadian dollars unless otherwise stated. Excepted as stated, all US dollar amounts that have been converted into Canadian dollars, have been converted at the average daily exchange rate for the applicable year as published by the Bank of Canada. The rate for 2018 was US \$1.00 = CDN \$1.2957 and the rate for 2017 was US \$1.00 = CDN \$1.2986.

The Company's approach to executive compensation is to "pay for performance". Accordingly, salary is generally targeted near market median levels, while variable compensation opportunities (short and long-term incentives) are structured to provide above-market total compensation for high levels of corporate performance.

Compensation elements are designed to balance the following compensation objectives:

- Alignment of total compensation realized with the overall performance of the Company;
- Encouragement for a long-term view to shareholder value creation by providing equity-based compensation;
- and



- Compensation programs to facilitate the attraction, retention and motivation of experienced and talented executives who, in turn, drive shareholder value creation.

Compensation awarded to, earned by, paid to, or payable to the Company's NEOs for the financial year ended December 31, 2018 includes base salary, which is designed to reward the executive officers for fulfilling their day-to-day responsibilities. Base salaries are generally reviewed annually to ensure they reflect the individual's expertise and performance in fulfilling their role and responsibilities, internal equity and market competitiveness. An executive officer's base salary may be below or above the median for the position depending on a number of factors including experience, market competitiveness, performance, retention and the recommendation of the CEO.

A second component of the executive officers' compensation is a cash bonus. The cash bonus recognizes short-term (typically annual) efforts, business execution and performance of the annual goals of the Company as set out in the Board approved business plan and strategy. Performance incentive payments are determined by the CGN Committee based upon a discretionary assessment of individual and corporate performance.

The Board has also adopted the Option Plan (as defined below), and provides other benefits to certain of its executive officers in the form of payment of premium costs for employee life insurance, medical and dental benefits, and cellular phones. Such other benefits are designed to provide market-competitive benefits to the executive officers of the Company.

The Company has not yet selected a compensation peer group against which to benchmark market-competitive levels of executive and director compensation.

#### Option-Based Awards

The Board has adopted the Option Plan. The Board has delegated to the CGN Committee the responsibility for administering and interpreting the Company's security-based compensation arrangements and the policies respecting the grant of options, or the sale or issuance, as applicable, of Common Shares thereunder, and reviewing and recommending to the Board grants of options and the terms thereof. Awards of options under the Option Plan are subject to certain limitations set out in the Option Plan as well as the approval of the Board and the CGN Committee, as applicable. Such awards are generally based on the executive officer's total target compensation relative to his or her peers and their level within the organization. Options are not granted to reward past performance, but rather as forward-looking incentive. Previous grants of options are also taken into account when considering additional grants of options. For additional information regarding the Option Plan, please see "Stock Option Plans and Other Incentive Plans – Stock Option Plan".

#### Compensation Governance

The Board of Directors of the Company has established the CGN Committee which is required to be comprised of at least three directors. The Chair of the CGN Committee is appointed by the Board. The CGN Committee meets as often as it deems necessary or desirable.

The current members of the CGN Committee are Charles F. Cargile (Chair), D. Neil McDonnell, and Ronan McGrath, all of whom are considered independent directors. Each of the CGN Committee members has prior management experience determining compensation plans and compensation level in other organizations.

The CGN Committee is responsible for determining and making recommendations with respect to all forms of compensation to be granted to the CEO, and reviewing the CEO's recommendations respecting compensation of the other senior executive offices of the Company. In particular, the CGN Committee is responsible for, among other things: (i) reviewing and approving corporate goals and objectives relevant to compensation of the CEO, evaluating his or her performance in light of such corporate goals and objectives, and making recommendations to the Board with respect to his or her compensation levels based on such evaluation; (ii) reviewing recommendations from the CEO regarding



the appointment, compensation and other terms of employment of the CFO, and other officers, and making recommendations to the Board regarding the same; (iii) reviewing executive compensation disclosure before the Company publicly discloses this information; (iv) preparing and submitting to the Board at least annually a report on human resource matters of the Company; (v) preparing an annual report for inclusion in the Company's management information circular to shareholders respecting the process undertaken by the CGN Committee in its review and preparing a recommendation in respect of CEO compensation; (vi) administering and interpreting the Company's security-based compensation arrangements and its policies respecting the grant of options or sale of shares thereunder, and reviewing and recommending to the Board grants of options and terms thereof; (vii) reviewing the Company's pension and retirement arrangements, if any, in light of the overall compensation policies and objectives of the Company; (viii) periodically reviewing the terms of the Company's executive compensation programs to determine if they are properly coordinated and achieving their desired purpose; (ix) overseeing the Company's compliance with any rules promulgated by a regulatory body prohibiting loans to officers and directors of the Company; (x) establishing a committee work plan that is disclosed publicly; (xi) periodically retaining the services of a compensation consultant; and (xii) reviewing and assessing the adequacy of the its mandate at least annually.

The CGN Committee has the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities, including a compensation consultant, at the expense of the Company. Any other work or services performed by such compensation consultant at the request of management must, however, be pre-approved by the CGN Committee.

The CGN Committee set Mr. McDonnell's cash compensation as Interim President and CEO at the same rate as the former President and CEO as the appointment was for an interim period. Mr. McDonnell did not receive any bonus, option-based, or share-based awards for his services as Interim President and CEO. The terms of Mr. Edmonds' compensation as President and CEO were determined through negotiation between him and the CGN Committee, as set forth in the Edmonds Employment Agreement (as defined below).

The CGN Committee attempts to take a balanced approach to executive compensation by providing both short and long-term incentive plans tied to performance. Each executive position is reviewed periodically in terms of salary, bonus, long-term incentives (such as options) and actual performance. After each review, the CGN Committee makes a formal recommendation to the Board.

The CGN Committee's objective is to ensure the Company provides a competitive compensation package that reflects both base expectations to attract and retain appropriately experienced and qualified individuals, as well as to provide a link between discretionary short and long-term incentives with short and long-term corporate goals. The compensation package is designed to reward performance based on the achievement of performance goals and objectives and to be competitive with comparable companies in the market in which the Company competes for talent.

In light of the fact that the entire management team has turned over in the past two years, the CGN expects to revisit the executive compensation process in consultation with the Company's recently appointed CEO over the coming year.

#### *Executive Compensation-Related Fees*

The CGN Committee did not retain a compensation consultant or advisor at any time in the 2018 fiscal year.

#### *Compensation Risk Review*

At this time, the Company does not use any specific practices to identify and mitigate compensation policies and practices that could encourage an NEO or individual at a principal business unit or division to take inappropriate or excessive risks.



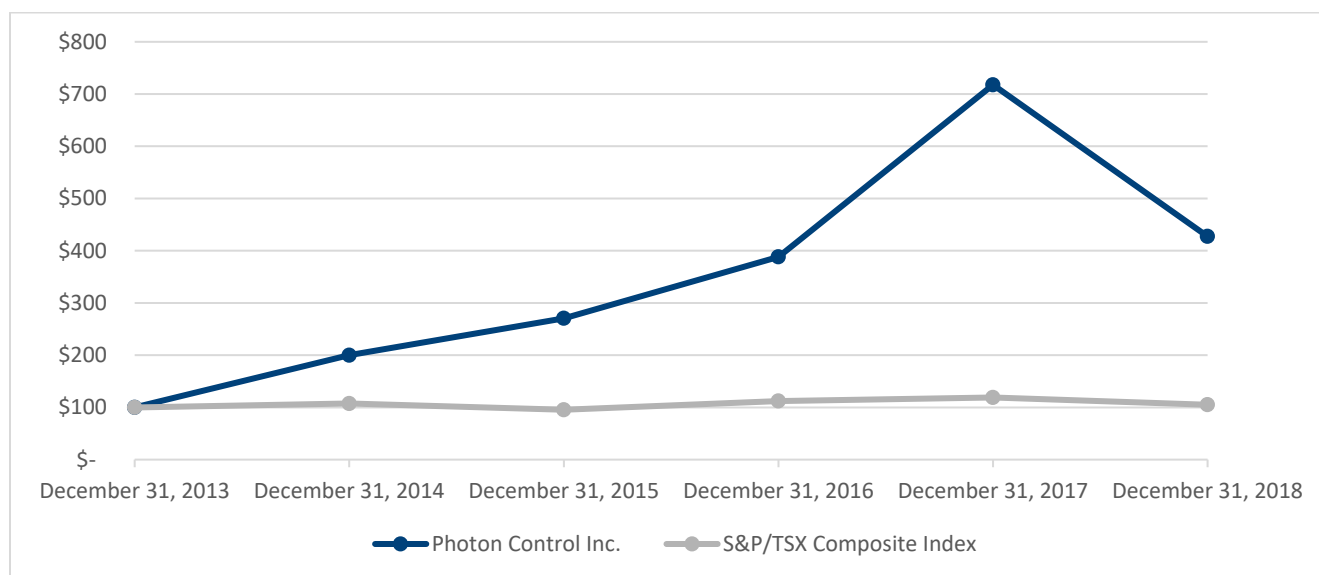


### Financial Instruments

NEOs and directors are not permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### Performance Graph

The following table and graph compare the cumulative total shareholder return on \$100 invested in Common Shares with \$100 invested in the S&P/TSX Composite Index from December 31, 2013 to December 31, 2018 (the Company's most recent financial year end), based on the closing price of the Common Shares on the last trading day of each year.



	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Photon Control Inc.	\$100	\$200	\$271	\$388	\$718	\$427
S&P/TSX Composite Index	\$100	\$107	\$96	\$112	\$119	\$105

### Compensation of Named Executive Officers

As described above, the compensation for NEOs is influenced by a variety of factors including corporate and individual performance as well as the share price performance. The executive officers are compensated in large part based on their performance in meeting corporate targets, as well as general market compensation trends. In addition, a portion of the executive officers' overall compensation is comprised of option awards, and accordingly, overall executive officer compensation generally increases in periods where the Company's share price increases and decreases in periods where the Company's share price decreases.

### Summary Compensation Table

The following table provides a summary of the total compensation earned during the years ended December 31, 2018, December 31, 2017 and December 31, 2016 for the each of the Company's NEOs.

Name and principal position	Year	Salary	Share-based awards <sup>(1)</sup>	Option-based awards <sup>(2)</sup>	Non-equity incentive plan compensation		Pension value <sup>(5)</sup>	All other compensation <sup>(6)</sup>	Total compensation
					Annual incentive plans <sup>(3)</sup>	Long-term incentive plans <sup>(4)</sup>			
					(\$)	(\$)			
D. Neil McDonnell Director, Former Interim President & CEO <sup>(7)</sup>	2018	32,500	Nil	Nil	Nil	Nil	Nil	Nil	32,500
Scott B. Edmonds Former Director, President & CEO <sup>(8)</sup>	2018	379,903	Nil	Nil	163,722	Nil	Nil	550,911	1,094,536
	2017	292,500	Nil	333,325	112,320	Nil	Nil	4,560	742,705
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Lee CFO <sup>(9)</sup>	2018	189,000	Nil	Nil	86,231	Nil	Nil	3,817	279,048
	2017	125,539	Nil	133,849	108,014	Nil	Nil	2,167	369,569
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jeff Hebb Former VP, Product Marketing <sup>(10)</sup>	2018	198,841	Nil	74,905	43,993	Nil	Nil	9,797	327,536
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paul Moffat VP, Manufacturing Operations <sup>(11)</sup>	2018	205,800	N/A	Nil	45,533	Nil	Nil	6,448	257,781
	2017	145,869	N/A	51,730	44,200	Nil	Nil	3,960	245,759
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Rydstrom Senior VP, Sales <sup>(12)</sup>	2018	233,226	N/A	Nil	188,292	Nil	Nil	28,891	450,409
	2017	78,316	N/A	127,138	86,357	Nil	Nil	5,394	297,205
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Share-based awards represent the fair value of RSUs granted in the year under the RSU Plan (as defined below). The fair value of the RSUs is calculated as the number of RSUs granted multiplied by the grant date fair market value.

(2) Option-based awards represent the fair value of stock options granted in the year under the Option Plan. The fair value of options granted is calculated as the number of options granted multiplied by the grant date Black-Scholes value. Options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".

(3) Non-equity annual incentive plan compensation relates to cash bonuses based on defined targets that were granted to NEOs for the respective fiscal years pursuant to the annual executive performance cash bonus plan of the Company. In the case of Mr. Rydstrom this also includes commission payments.

(4) The Company does not have a non-equity long-term incentive plan.

(5) The Company does not have a pension or defined contribution plan.

(6) "All other compensation" for Messrs. Edmonds, Lee, Hebb, Moffat and Rydstrom includes reimbursement for health, medical and insurance benefits. In 2018, "All other compensation" for Mr. Edmonds also includes cash compensation of \$390,000 as part of a separation package he



was granted in connection with his departure from the Company on December 2, 2018, and \$155,000 to purchase Common Shares in lieu of an RSU grant.

- (7) Mr. McDonnell was Interim President and CEO from December 2, 2018 to May 1, 2019 and was paid \$32,500 for this service in 2018 based on an annualized salary of \$390,000. He received no incentive plan or other compensation for his role as Interim President and CEO. Mr. McDonnell has been a director of the Company since November 2, 2016 and Chair of the Board since January 12, 2017, and his compensation for these services is listed in the "Compensation of Directors" section below.
- (8) Mr. Edmonds ceased to be a director, President, CEO and Corporate Secretary on December 2, 2018. He became a director and was appointed President and CEO of the Company on March 31, 2017, and Corporate Secretary on May 10, 2017 and had an annualized salary of \$390,000. In 2018, Mr. Edmonds received a severance package including cash in the amount of \$390,000, and a pro-rated bonus payment of \$163,722 in accordance with the termination provisions in his employment agreement. In 2018, Mr. Edmonds received \$155,000 to purchase shares in the Company in lieu of an RSU grant. Mr. Edmonds received nil in 2018 and nil in 2017 as compensation for his services as a director of the Company.
- (9) Mr. Lee became CFO of the Company on July 15, 2017, and Corporate Secretary on December 2, 2018. Mr. Lee served as VP, Finance of the Company from April 11, 2017 until July 15, 2017.
- (10) Mr. Hebb was VP, Product Marketing of the Company from April 16, 2018 until April 19, 2019. Following his departure from the Company, Mr. Hebb received no severance in accordance with the termination provisions in his employment agreement. Mr. Hebb's annualized salary was US \$210,000.
- (11) Mr. Moffat became VP, Manufacturing Operations of the Company on December 18, 2017. Mr. Moffat served as Director, Manufacturing Operations from April 5, 2017 to December 18, 2017.
- (12) Mr. Rydstrom became Senior VP, Sales of the Company on August 28, 2017. Mr. Rydstrom's non-equity incentive plan compensation includes cash bonuses based on defined targets and commission for sales.

### Outstanding Option-Based Awards

The following table sets forth, for each NEO, all of the option-based awards outstanding on December 31, 2018.

Name	Option-based awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options as at Dec. 31, 2018 <sup>(1)</sup>
	(#)	(\$)		(\$)
D. Neil McDonnell <sup>(2)</sup>	N/A	N/A	N/A	N/A
Scott B. Edmonds <sup>(3)</sup>	82,500	1.46	2019/01/31	Nil
Daniel Lee	40,000	1.46	2022/05/31	Nil
	20,000	1.38	2022/08/21	Nil
	90,000	1.76	2022/12/14	Nil
Jeff Hebb <sup>(4)</sup>	75,000	2.01	2019/06/18	Nil
Paul Moffat	40,000	1.46	2022/05/31	Nil
	25,000	1.76	2022/12/14	Nil
John Rydstrom	150,000	1.38	2022/08/21	Nil

- (1) "Value of unexercised in-the-money options" is calculated by multiplying the difference between the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the option exercise price by the number of outstanding options. Where the difference is negative, the options are not "in-the-money" and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".
- (2) Mr. McDonnell did not receive any option-based and share-based awards for his role as Interim President and CEO. Mr. McDonnell has received option-based awards and RSU-based awards for services as Director which are listed in the "Compensation of Directors" section below.
- (3) Mr. Edmonds ceased to be President, CEO and Corporate Secretary on December 2, 2018 and holds no option-based awards as of the date of this Information Circular.
- (4) Mr. Hebb ceased to be VP, Marketing on April 19, 2019. His unvested option-based awards were cancelled on April 19, 2019, and he has until June 18, 2019 to exercise his vested option-based awards.



**Incentive Plan Awards - Value Vested or Earned During Fiscal 2018**

The following table sets forth, for each NEO, the value vested for all outstanding option-based and share-based awards and the value earned for all non-equity incentive plan compensation during the year ended December 31, 2018.

Name	Option-based awards – Value vested during 2018 <sup>(1)</sup>	Share-based awards – Value vested during 2018	Non-equity incentive plan compensation - Value earned during 2018 <sup>(2)</sup>
	(\$)	(\$)	(\$)
D. Neil McDonnell <sup>(3)</sup>	N/A	N/A	N/A
Scott B. Edmonds	27,225	N/A	163,722
Daniel Lee	9,599	N/A	86,231
Jeff Hebb	Nil	N/A	43,993
Paul Moffat	3,200	N/A	45,533
John Rydstrom	41,500	N/A	188,292

- (1) "Option-based awards – Value vested" is calculated by multiplying the difference between the market price of the Common Shares on the vesting date and the exercise price of the options by the number of options. Where the difference is negative, the options are not "in-the-money" and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".
- (2) Non-equity annual incentive plan compensation relates to cash bonuses based on defined targets that were granted to NEOs for the fiscal year pursuant to the annual executive performance cash bonus plan of the Company. In the case of Mr. Rydstrom, this also includes commission.
- (3) Mr. McDonnell did not receive any option-based, share-based awards, or non-equity incentive plan compensation for his role as Interim President and CEO. The value vested for his option-based awards and RSU-based awards for services as Director are listed in the "Compensation of Directors" section below.

**Pension Disclosure**

The Company does not provide a pension or defined contribution plan to any director or NEO.

**Employment Contracts with Named Executive Officers**

The following are material terms of employment, consulting or management agreements or arrangements under which compensation was provided during the year ended December 31, 2018 or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by the NEOs of the Company.

**D. Neil McDonnell, Director and Former Interim President and CEO**

Mr. McDonnell provided services as the Interim President and Chief Executive Officer of the Company pursuant to the Consulting Agreement dated December 2, 2018 (the "McDonnell Consulting Agreement"). He resigned on May 1, 2019 as Interim President and CEO and is contracted to provide Interim CEO transition services until June 30, 2019 (the "McDonnell Transition Services Agreement").

Pursuant to the McDonnell Consulting Agreement, Mr. McDonnell was entitled to: (i) a consulting fee of \$390,000 per year prorated for the partial year; and (ii) reimbursement of his reasonable expenses in connection with the business of the Company. Pursuant to the McDonnell Transition Services Agreement, Mr. McDonnell is entitled to: (i) a consulting fee of \$32,500 per month; and (ii) reimbursement of his reasonable expenses in connection with the business of the Company.

The McDonnell Consulting Agreement and the McDonnell Transition Services Agreement contain non-solicitation and non-competition restrictive covenants and do not contain any change of control arrangements.



**Scott B. Edmonds, Former Director, President, CEO and Corporate Secretary**

Mr. Edmonds provided services as President, CEO, Corporate Secretary and director of the Company pursuant to an employment agreement dated March 31, 2017, as amended from time to time (collectively, the “Edmonds Employment Agreement”). Mr. Edmonds ceased to be a director, President, CEO and Corporate Secretary on December 2, 2018.

Pursuant to the Edmonds Employment Agreement, Mr. Edmonds was entitled to: (i) a base salary which is reviewed annually by the CGN Committee and the Board; (ii) a discretionary performance bonus for each fiscal year of the Company, which has the potential to pay up to 50% of his annual base salary, subject to the achievement of milestones and conditions to be outlined annually by the Board; (iii) in the event of termination without cause, receive a lump sum payment equal to 12 months of base salary and prorated bonus compensation for the year in which the Company terminates his employment; (iv) receive 18 months of his base salary upon termination, or occurrence of other events as described in the Edmonds Employment Agreement, within a 12-month period of an occurrence of a Change of Control (as defined in the Edmonds Employment Agreement); (v) participation in the Company’s executive benefit plan; (vi) participation in the Company’s equity incentive plans, including the Company’s stock option plan (as defined below); (vii) reimbursement of his reasonable expenses in connection with the business of the Company; and (viii) reimbursement of professional development fees.

Subject to Board approval, Mr. Edmonds’ annual performance bonus, if any, was paid (subject to the foregoing provisions) in cash, subject to Board approval of fiscal year end financials.

Pursuant to the Edmonds Employment Agreement, the Company also agreed to grant to Mr. Edmonds a cash payment on March 20th of each of the 2018, 2019 and 2020 calendar years, equal to the value of 83,333 Common Shares multiplied by the market price per Common Share at closing on the date prior to payment, net of any withholding required. The full amount of such cash payments was to be used by Mr. Edmonds to purchase Common Shares. The cash payments were granted to Mr. Edmonds in lieu of any grants under the RSU Plan.

The Edmonds Employment Agreement contained non-solicitation and non-competition restrictive covenants.

When Mr. Edmonds left the Company on December 2, 2018, he received base salary for 12 months in the amount of \$390,000, a prorated 2018 bonus payment of \$163,722, and continuation of medical benefits for 12 months.

**Daniel Lee, Chief Financial Officer**

Mr. Lee provides services as the CFO of the Company pursuant to an employment agreement dated September 7, 2017, as amended (the “Lee Employment Agreement”).

Pursuant to the Lee Employment Agreement, Mr. Lee is currently entitled to: (i) a base salary which is reviewed annually by the CEO; (ii) participation in the Company’s stock option plan; (iii) participation in the Company’s annual executive performance cash bonus plan, as may be amended from time to time, which has the potential to pay up to 50% of his annual base salary, subject to the achievement of certain quantitative and qualitative objectives that are mutually agreed with the CEO and the Board; (iv) in the event of termination without cause, receive a lump sum payment equal to six months of base salary and variable compensation; (v) receive six months of his base salary upon termination, or occurrence of other events as described in the Lee Employment Agreement, within a 12-month period of an occurrence of a Change of Control (as defined in the Lee Employment Agreement); (vi) participation in the Company’s executive benefits plan; (vii) reimbursement of his reasonable expenses in connection with the business of the Company; and (viii) reimbursement of professional development fees.

Subject to CEO approval, Mr. Lee’s annual performance bonus, if any, will be paid in cash, less applicable source deductions, within a reasonable period after the end of the applicable fiscal year. The Lee Employment Agreement is for an indefinite term, unless the employment of Mr. Lee is terminated earlier in accordance with the provisions of the Lee Employment Agreement.



The Lee Employment Agreement contains non-solicitation and non-competition restrictive covenants.

**Jeff Hebb, Former Vice President, Product Marketing**

Mr. Hebb provided services as the Vice President, Product Marketing of the Company pursuant to an employment agreement dated April 16, 2018 (the “Hebb Employment Agreement”). Mr. Hebb ceased to be the Vice President, Product Marketing on April 19, 2019.

Pursuant to the Hebb Employment Agreement, Mr. Hebb was entitled to: (i) a base salary which is reviewed annually by the CEO; (ii) participation in the Company’s stock option plan; (iii) participation in the Company’s annual executive performance cash bonus plan, as may be amended from time to time, which has the potential to pay up to 30% of his annual base salary, subject to the achievement of certain quantitative and qualitative objectives that are mutually agreed with the CEO and the Board; (iv) at will employment; (v) participation in the Company’s executive benefits plan; (vi) reimbursement of his reasonable expenses in connection with the business of the Company; and (vii) reimbursement of professional development fees.

Subject to CEO approval, Mr. Hebb’s annual performance bonus, was paid in cash, less applicable source deductions.

When Mr. Hebb departed on April 19, 2019, he received no severance.

**Paul Moffat, Vice President, Manufacturing Operations**

Mr. Moffat provides services as the VP, Manufacturing Operations of the Company pursuant to an employment agreement dated April 5, 2017, as amended (the “Moffat Employment Agreement”).

Pursuant to the Moffat Employment Agreement, Mr. Moffat is currently entitled to: (i) a base salary which is reviewed annually by the CEO; (ii) participation in the Company’s stock option plan; (iii) participation in the Company’s annual executive performance cash bonus plan, as may be amended from time to time, which has the potential to pay up to 30% of his annual base salary, subject to the achievement of certain quantitative and qualitative objectives that are mutually agreed with the CEO and the Board; (iv) in the event of termination without cause, receive a lump sum payment equal to six months of base salary and variable compensation; (v) receive six months of his base salary upon termination, or occurrence of other events as described in the Moffat Employment Agreement, within a 12-month period of an occurrence of a Change of Control (as defined in the Moffat Employment Agreement); (vi) participation in the Company’s executive benefits plan; (vii) reimbursement of his reasonable expenses in connection with the business of the Company; and (viii) reimbursement of professional development fees.

Subject to CEO approval, Mr. Moffat’s annual performance bonus, if any, will be paid in cash, less applicable source deductions, within a reasonable period after the end of the applicable fiscal year. The Moffat Employment Agreement is for an indefinite term, unless the employment of Mr. Moffat is terminated earlier in accordance with the provisions of the Moffat Employment Agreement.

The Moffat Employment Agreement contains non-solicitation and non-competition restrictive covenants.

**John Rydstrom, Senior Vice President, Sales**

Mr. Rydstrom provides services as the Senior VP, Sales of the Company pursuant to an employment agreement dated August 28, 2017, as amended (the “Rydstrom Employment Agreement”).

Pursuant to the Rydstrom Employment Agreement, Mr. Rydstrom is currently entitled to: (i) a base salary which is reviewed annually by the CEO; (ii) participation in the Company’s stock option plan; (iii) a sales incentive program paid out each quarter and subject to the achievement of certain quantitative and qualitative objectives that are mutually agreed with the CEO and the Board on an annual basis; (iv) in the event of termination without cause, receive a lump sum payment equal to six months of base salary and variable compensation; (v) receive six months of his base salary and variable compensation upon termination, or occurrence of other events as described in the Rydstrom Employment Agreement, within a 12-month period of an occurrence of a Change of Control (as defined in the Rydstrom Employment



Agreement); (vi) participation in the Company's executive benefits plan; (vii) reimbursement of his reasonable expenses in connection with the business of the Company; and (viii) reimbursement of professional development fees.

The Rydstrom Employment Agreement is for an indefinite term, unless the employment of Mr. Rydstrom is terminated earlier in accordance with the provisions of the Rydstrom Employment Agreement.

#### Estimated Termination Without Cause Payments

The following table provides details regarding the estimated amounts payable from the Company to each of the currently employed NEOs in the event of termination without cause, assuming that such termination was effective on December 31, 2018.

Name	Severance Period	Termination Payment	Bonus	Option-based awards <sup>(1)</sup>	Share-based awards <sup>(2)</sup>	Total incremental payment
	(# of months)	(\$)	(\$)	(\$)	(\$)	(\$)
Daniel Lee <sup>(3)</sup>	6	94,500	Nil	Nil	Nil	94,500
Paul Moffat <sup>(4)</sup>	0.5	7,915	Nil	Nil	Nil	7,915
John Rydstrom <sup>(5)</sup>	3	61,389	51,158	Nil	Nil	112,547

- (1) Calculated by multiplying the difference between the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the option exercise price by the number of outstanding options. Where the difference is negative, the options are not "in-the-money" and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".
- (2) Calculated by multiplying the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the number of RSUs.
- (3) The Lee Employment Agreement was amended on February 25, 2019 to include six months variable compensation in his termination without cause provision which, assuming compensation levels as at December 31, 2018 and termination immediate after amendment, would entitle him to a total incremental payment of \$141,750.
- (4) The Moffat Employment Agreement was amended on February 25, 2019 to include a six month termination without cause provision which, assuming compensation levels as at December 31, 2018 and termination immediate after amendment, would entitle him to a total incremental payment of \$133,770.
- (5) The Rydstrom Employment Agreement was amended on February 25, 2019 to include a six month termination without cause provision which, assuming compensation levels as at December 31, 2018 and termination immediate after amendment, would entitle him to a total incremental payment of \$225,093. Mr. Rydstrom's estimated payment was converted to USD to CAD using the foreign exchange rate as at December 31, 2018 of US \$1.00 = CDN \$1.3642.

#### Estimated Payment on Change of Control

The following table provides details regarding the estimated amounts payable from the Company to each of the currently employed NEOs in the event of change of control, assuming that they were terminated effective on December 31, 2018.

Name	Severance Period	Termination Payment	Bonus	Option-based awards <sup>(1)</sup>	Share-based awards <sup>(2)</sup>	Total incremental payment
	(# of months)	(\$)	(\$)	(\$)	(\$)	(\$)
Daniel Lee	6	94,500	Nil	Nil	Nil	94,500
Paul Moffat <sup>(3)</sup>	0	Nil	Nil	Nil	Nil	Nil
John Rydstrom <sup>(4)</sup>	6	122,778	102,315	Nil	Nil	225,093

- (1) Calculated by multiplying the difference between the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the option exercise price by the number of outstanding options. Where the difference is negative, the options are not "in-the-money" and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".
- (2) Calculated by multiplying the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the number of RSUs.





- (3) The Moffat Employment Agreement was amended on February 25, 2019 to include a six month change of control provision which, assuming compensation levels as at December 31, 2018 and termination immediate after amendment, would entitle him to total incremental payments of \$102,900.
- (4) Mr. Rydstrom's estimated payment was converted to USD to CAD using the foreign exchange rate as at December 31, 2018 of US \$1.00 = CDN \$1.3642.

## Compensation of Directors

### Summary Compensation Table

For the most recently completed fiscal year, each non-management director of the Company received total compensation for services provided to the Company in his or her capacity as director:

Name	Fees earned	Share-based awards <sup>(1)</sup>	Option-based awards <sup>(2)</sup>	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Charles F. Cargile	26,000	Nil	Nil	Nil	Nil	Nil	26,000
Michele Klein	26,000	112,560	44,943	Nil	Nil	Nil	183,503
D. Neil McDonnell <sup>(3)</sup>	54,000	Nil	Nil	Nil	Nil	Nil	54,000
Ronan McGrath <sup>(4)</sup>	29,000	Nil	Nil	Nil	Nil	Nil	29,000
Michael Torok <sup>(5)</sup>	5,750	Nil	Nil	Nil	Nil	175,240	180,990

- (1) The share-based awards amount is calculated by the number of RSUs granted multiplied by the grant date fair market value.
- (2) Option-based awards represent the fair value of stock options granted in the year under the Option Plan. The fair value of options granted is calculated as the number of options granted multiplied by the grant date Black-Scholes value.
- (3) Mr. McDonnell received \$10,000 as Executive Chair in November 2018. In 2018, in addition to his director fees, Mr. McDonnell was paid \$32,500 for his services as Interim President and CEO.
- (4) Mr. McGrath was Lead Director from December 2, 2018 to May 1, 2019 and in 2018 received no compensation for these services.
- (5) Mr. Torok did not stand for re-election at the Company's annual and special meeting of the shareholders held on May 10, 2018. In exchange for RSUs which vested upon his departure, the Company arranged for the return of the unexercised RSUs in exchange for an equivalent cash amount.

### Outstanding Option-Based and Share-Based Awards

The following table sets forth, for each Director, all of the option-based and share-based grants and awards outstanding on December 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options as at Dec. 31, 2018 <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup>
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Charles F. Cargile	270,000	1.46	2022/05/31	Nil	86,000	93,740	Nil
Michele Klein	180,000 45,000	1.69 2.01	2022/11/13 2023/05/14	Nil Nil	Nil	N/A	N/A
D. Neil McDonnell <sup>(3)</sup>	270,000	0.71	2021/11/03	102,600	43,000	46,870	Nil
Ronan McGrath	270,000	0.67	2021/07/21	113,400	Nil	N/A	N/A

- (1) Calculated by multiplying the difference between the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the option exercise price by the number of outstanding options. Where the difference is negative, the options are not "in-the-money" and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".
- (2) Calculated by multiplying the closing price of the Common Shares on the TSX on December 31, 2018, which was \$1.09, and the number of RSUs.
- (3) Mr. McDonnell did not receive any option-based and share-based awards for his role as Interim CEO. He holds option-based awards and RSU-based awards for services as Director which are listed above.

### Incentive Plan Awards - Value Vested or Earned During Fiscal 2018

The following table sets forth, for each Director, the value vested for all outstanding option-based and share-based awards and the value earned for all non-equity incentive plan compensation during the year ended December 31, 2018.

Name	Option-based awards – Value vested during 2018 <sup>(1)</sup>	Share-based awards – Value vested during 2018 <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during 2018
	(\$)	(\$)	(\$)
Charles Cargile	Nil	76,970	Nil
Michele Klein	9,000	192,460	Nil
D. Neil McDonnell	97,200	75,680	Nil
Ronan McGrath	88,425	101,910	Nil

- (1) Calculated by multiplying the difference between the market price of the Common Shares on the vesting date and the exercise price of the options by the number of options. Where the difference is negative, the options are not "in-the-money" and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company's future stock price and whether the granted options become "in-the-money".
- (2) Calculated by multiplying the market price of the Common Shares on the vesting date by the number of options.



### Director Compensation Plan

In April 2017, the Company adopted a cash compensation plan to pay retainers to its independent directors according to the following table.

Position	Annual Retainer
Board Member	\$20,000
Additional Retainers	Annual Retainer
Board Chair	\$20,000
Audit Committee Chair	\$9,000
Other Committee Chairs	\$6,000

During the financial year ended December 31, 2018, except as otherwise disclosed in this circular, the Company paid no cash or other compensation to any non-executive director of the Company for the director's services as a director or in any other capacity or under any other arrangement. The Company does not pay meeting fees. In addition, the Company has historically made equity grants to directors upon joining the Board, and from time to time thereafter.

## Stock Option Plans and Other Incentive Plans

### Stock Option Plan

The Company adopted a fixed number stock option plan (the "Option Plan"), which was approved by the Board of Directors on April 5, 2018 and approved by shareholders at an annual general and special meeting of shareholders on May 10, 2018. The Option Plan replaced the Company's previous "rolling 10%" stock option plan.

Options may be granted to purchase Common Shares on terms that the Board of Directors may determine, subject to the limitations of the Company's Option Plan and the requirements of applicable regulatory authorities. The Company's Option Plan provides for equity participation in the Company by eligible directors, officers, employees and consultants through the acquisition of Common Shares pursuant to the grant of options to purchase Common Shares. The Board of Directors receives recommendations for option grants from the CGN Committee, which works with the CEO and the management team of the Company to determine option allocations to directors, officers and employees having regard to the potential optionee's position in the Company, level of responsibility and previous option grants.

The Option Plan includes the following provisions:

#### Administration

The Option Plan is administered by a "Committee", which means the Board or a committee of the Board appointed to administer the Option Plan.

#### Eligibility

Options may be granted to any "Eligible Person", which means:

- (a) an employee (defined as an individual that is considered an employee of the Company or any of its subsidiaries under the Income Tax Act (Canada) of the Company);
- (b) an officer of the Company;
- (c) a director of the Company; or

- (d) a consultant (defined as any other individual or company engaged under a written contract with the Company or any of its affiliates to provide consulting, technical, management or other services to the Company or affiliate, other than services provided in relation to a distribution, and who has a relationship with the Company or affiliate that enables the individual to be knowledgeable of the business and affairs of the Company or affiliate and who, in the reasonable opinion of the Company, will spend a significant amount of time and attention on the business and affairs of the Company or affiliate) of the Company.

To be an Eligible Person, individuals subject to US income taxation must provide services that relate directly to the Company or subsidiary (as “subsidiary” is defined in Section 1.409A-1(b)(5)(iii)(E) under the United States Treasury Regulations).

#### Common Shares Issuable under the Option Plan

The number of Common Shares reserved and authorized for issuance pursuant to options granted under the Option Plan is 10,829,000 Common Shares as of the record date of the Meeting (being approximately 10.1% of the issued and outstanding Common Shares at that date), which is calculated by subtracting from 11,000,000 Common Shares (being the maximum number of Common Shares issuable under the Option Plan) 171,000 Common Shares which have been issued pursuant to the exercise of options under the Option Plan. The maximum number of Common Shares (a) issued to insiders within any one year period and (b) issuable to insiders at any time, under the Option Plan, or when combined with all of the Company’s other security-based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares.

Common Shares that may be issued pursuant to the Option Plan (together with any Common Shares issuable under any other security-based compensation arrangement) to directors of the Company who are not full-time employees or consultants (“Outside Directors”) may not exceed (a) 1% of the issued and outstanding Common Shares from time to time, and (b) an equity award value of \$100,000 per year per Outside Director.

If any option expires, is cancelled or otherwise terminated for any reason without having been exercised in full, the number of Common Shares in respect of which such option was not exercised will again be available for issuance under the Option Plan.

The Option Plan does not provide for the transformation of options granted under the Option Plan into stock appreciation rights involving the issuance of securities from the treasury of the Company.

#### Exercise Price

The exercise price for options granted under the Option Plan will be determined by the Board or Committee and shall not be less than the closing price of the Common Shares on the Toronto Stock Exchange, or such other stock exchange that the Common Shares may be listed on, on the trading day prior to the date of grant.

#### Vesting of Options

Subject to compliance with the policies of the applicable stock exchange, the Board or Committee shall have complete discretion with respect to the terms of any vesting schedule.

#### Term of Options

An option shall be exercisable for such term as may be determined by the Board or Committee, subject to earlier termination in the event of death or the optionee’s cessation of services to the Company or to extension if the expiry date is within a trading blackout period imposed by the Company to that date which is 10 business days after the trading blackout. Other than pursuant to any blackout period extensions of the expiry date of options as described above, in no event shall any options be exercisable for greater than 10 years from the date such options are granted.



### Termination of Options

To the extent not earlier exercised or terminated in accordance with the Option Plan, an option will terminate at the earliest of:

- (a) the termination date set by the Board upon the grant of the Option, subject to extension in case of a blackout period, as further set out above under the subheading “*Term of Options*”;
- (b) where the optionee’s position as an employee, consultant, director or officer is terminated for just cause, the date of such termination;
- (c) where the optionee’s position as an employee, consultant, director or officer terminates for a reason other than (i) a change in the optionee’s position from one of the said categories to another category, or (ii) the optionee’s disability, death, or termination for just cause, 60 days after such date of termination and vesting of the optionee’s options shall cease on the date of termination; and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such option in violation of the Option Plan.

### Transferability

Options granted under the Option Plan are non-transferable and non-assignable, except as specifically provided under the Option Plan in the event of the death or disability of an optionee.

### Effect of Death, Disability or Retirement of Optionee

If the position of an optionee as a director, officer, employee or consultant of the Company or any of its affiliates, is terminated as a result of his or her death, any options held by such optionee shall pass to the person who is entitled to ownership of such options pursuant to a will or the applicable laws of descent and distribution upon death (a “Qualified Successor”), and shall be exercisable by the Qualified Successor for a period of one year following such death, provided that in no case shall the term of the option extend beyond its expiry date.

If the position of an optionee as a director, officer, employee or consultant of the Company or any of its affiliates, is terminated by reason of such optionee's disability, any option held by such optionee that could have been exercised immediately prior to such termination shall be exercisable by such optionee, or by his or her guardian, for a period of one year following the termination of such optionee, provided that in no case shall the term of the option extend beyond its expiry date.

If an optionee who has ceased to be employed by the Company or any of its affiliates by reason of such optionee's disability dies within 30 days after the termination of such employment, any option held by such optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such optionee, and shall be exercisable by the Qualified Successor for a period of one year following the death of such optionee, provided that in no case shall the term of the option extend beyond ten years from the date of grant.

Options held by a Qualified Successor or exercisable by a guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such options are subject.

### Net Settlement

Pursuant to the Option Plan, in lieu of exercising an option by deliver of the exercise notice along with payment of the option price, optionees may, with the prior written approval of the Company (which may be granted or withheld in the Company’s sole discretion), elect to transfer and dispose of a specified number of vested options to the Company in exchange for a cash amount equal to the intrinsic value of such vested options less any or all sales commissions, bank transfer fees and tax withholding obligations, as applicable. Upon the net settlement of options (the “Disposed



Options”), the Company shall arrange for the sale of such number of fully paid and non-assessable Common Shares (“X”) equal to the number of Common Shares that may be acquired by the Disposed Options (“Y”) multiplied by the quotient obtained by dividing the result of the closing price of the Common Shares on the Toronto Stock Exchange, or such other stock exchange that the Common Shares may be listed on, on the trading day prior to the date of exercise (“B”) less the exercise price per Common Share (“A”) by the closing price of the Common Shares on the Toronto Stock Exchange, or such other stock exchange that the Common Shares may be listed on, on the trading day prior to the date of exercise of one Common Share (“B”). Expressed as a formula, such number of Common Shares shall be computed as follows:

$$X = (Y) \times \frac{(B - A)}{(B)}$$

No fractional Common Shares shall be issuable upon the net settlement of options, with such Common Shares being rounded down to the nearest whole number.

#### *Tax Withholding*

Pursuant to the Option Plan, the Company may withhold from any amount payable to an optionee, whether under the Option Plan or otherwise, such amount as it reasonably believes is necessary to comply with applicable federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options. The Company may also satisfy any liability for any such withholding obligations by requiring an optionee, as a condition to the exercise of any options or acquisitions of shares pursuant to the net settlement provisions, to make such arrangements as the Company may in its discretion determine so that the Company can satisfy the withholding obligations.

#### *Adjustment*

The Option Plan contains provisions for adjustments by the Board in the number of Common Shares subject to the Option Plan and issuable upon the exercise of options, and the exercise price thereof, in the event of any stock dividends, stock consolidations, subdivisions or reclassifications of shares, amalgamations, mergers, plans of arrangement, change of control (as defined in the Option Plan) transactions, or take-over bid transactions, such adjustments to be determined by the Board. The Board may accelerate the date of vesting of any unvested portion of an option, subject to prior acceptance by the applicable stock exchange.

#### *Termination of, and Amendments to, the Option Plan*

Subject to acceptance of the applicable stock exchange and regulatory authorities, and the policies and requirements thereof, the Board may terminate, suspend or amend the terms of the Option Plan or any option granted thereunder in any manner, without consent or approval from any optionee or shareholder of the Company, including, without limitation:

- (a) make any amendment of a typographical, grammatical, clerical or administrative nature or clarification correcting or rectifying any ambiguity, immaterial inconsistency, defective provision, mistake, or error or omission in the Option Plan;
- (b) change the provision relating to the manner of exercise of options, including changing or adding any form of financial assistance provided by the Company, or adding or amending provisions relating to a cashless exercise of options providing for a full deduction of the underlying Common Shares from the maximum number reserved for issuance under this Plan;



- (c) change the terms, conditions and mechanics of grant, vesting, exercise and early expiry of options, provided that no such change may extend the term of options granted to insiders (except as provided in the termination provisions of the Option Plan, as further described under the subheading “Termination of Options”);
- (d) change the termination provisions, provided that the change does not permit the Company to grant an option with a term of more than 10 years or extend the term of an outstanding option granted to an insider (except as provided in the termination provisions of the Option Plan, as further described under the subheading “Termination of Options”);
- (e) change the class of participants eligible to participate under the Option Plan; and
- (f) make any addition to, deletion from or alteration of the provisions of the Option Plan or any option that are necessary to comply with applicable law or the requirements of any regulatory or governmental agency or applicable stock exchange and to avoid unanticipated consequences deemed by the Board to be inconsistent with the purpose of the Option Plan.

Notwithstanding the above, the Board must obtain shareholder approval for the following actions:

- (a) any amendment to the maximum number of Common Shares that may be reserved for issuance upon the exercise of options granted under the Option Plan;
- (b) any amendment to the exercise price of an outstanding option (other than pursuant to the adjustment provisions described under the subheading “Adjustments”);
- (c) any amendment that would extend the term of any option granted under the Option Plan (except as provided in the termination provisions of the Option Plan, as further described under the subheading “Termination of Options”);
- (d) any cancellation or re-issue of options;
- (e) any amendment that would permit options granted under the Option Plan to be transferable or assignable other than for normal estate settlement purposes; and
- (f) any amendment to the termination and amendment provision of the Option Plan,

provided that the Board may amend the terms of the Option Plan to comply with the requirements of any regulatory or governmental agency or applicable stock exchange without obtaining the approval of the Company’s shareholders.

As at December 31, 2018, the Company had 3,072,250 options issued and outstanding (representing approximately 2.8% of the then issued and outstanding Common Shares), leaving 7,789,250 options available for future issue (representing approximately 7.1% of the then issued and outstanding Common Shares).

The following table sets out the annual burn rate for each of the last three fiscal years of the then prevailing stock option plan of the Company:

Fiscal Year	Annual Burn Rate (Options) <sup>(1)</sup>
2018	0.8%
2017	2.5%
2016	2.5%

(1) Calculated based on the number of options granted under the then prevailing stock option plan during the applicable fiscal year divided by the weighted average number of Common Shares outstanding for the applicable fiscal year.





## Restricted Share Unit Plan

The Company has a restricted share unit plan (referred to herein as the “RSU Plan”) which was adopted by the Board of Directors as of March 30, 2016 and approved by the shareholders of the Company on May 3, 2016.

The RSU Plan includes the following provisions:

- Pursuant to the RSU Plan, the Board may, from time to time, grant to eligible participants awards under the RSU Plan, with each award granted entitling an eligible participant to receive one RSU. Each RSU represents the right of an eligible participant to receive one Common Share. The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board and the CGN Committee, will be largely responsible for the Company’s future growth and success. Eligible participants under the RSU Plan include directors, employees and service providers of the Company and any of its affiliates who participate in the RSU Plan voluntarily.
- The aggregate maximum number of Common Shares that may be issued pursuant to the RSU Plan is limited to 1,000,000 Common Shares. In addition, the aggregate number of Common Shares that may be reserved for issuance under the RSU Plan on the grant of awards, together with any other securities based compensation arrangements of the Company in effect from time to time, shall not exceed 10% of the issued and outstanding Common Shares from time to time.
- The aggregate number of RSUs granted to any one participant in the RSU Plan in a 12-month period must not exceed 1% of the outstanding Common Shares, calculated on the date RSUs are granted to the participant. The aggregate number of RSUs granted to all participants in the RSU Plan in a 12-month period must not exceed 2% of the outstanding Common Shares, calculated on each date RSUs are granted to a participant. The aggregate number of RSUs granted to any one participant in the RSU Plan (when combined with grants of stock incentives to the participant under all of the Company’s other security-based compensation arrangements) within a 12-month period shall not exceed 5% of the outstanding Common Shares, calculated on the date RSUs are granted to the participant. The aggregate number of Common Shares at any time reserved for issuance to any participant in the RSU Plan under all securities based compensation arrangements of the Company shall not exceed 5% of the outstanding Common Shares from time to time.
- The aggregate number of Common Shares reserved for issuance under RSUs granted to insiders of the Company (as a group) under the RSU Plan at any point in time (when combined with grants of stock incentives to insiders (as a group) under all of the Company’s other security-based compensation arrangements) shall not exceed 10% of the outstanding Common Shares at that point in time. The aggregate number of RSUs granted to insiders of the Company (as a group) (when combined with grants of stock incentives under all of the Company’s other security-based compensation arrangements), within a 12-month period, shall not exceed 10% of the outstanding Common Shares, calculated at the date RSUs are granted to any insider of the Company.
- The Board, or if authority is delegated to the CGN Committee, that committee, may at any time authorize the grant of awards to such eligible participants as it may select for the number of awards that it shall designate subject to the provisions of the RSU Plan. Each grant of an award shall specify the performance period and may (but is not required to) specify performance conditions attaching to it, with such conditions to be set by the Board or the CGN Committee. Performance conditions are additional conditions that may be imposed on an award that are required to be satisfied or discharged before an award shall vest. The expiry date of an award shall not be more than three years from the date of grant of an award.
- Except as otherwise provided in the RSU Plan or unless otherwise determined by the Board or the CGN Committee at the time of the grant of the award and subject to satisfaction of any performance conditions

which may be attached to the award during the relevant performance period, awards shall vest in one-third increments, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter.

- If an eligible participant ceases to be employed by, or act as, a director of the Company or its affiliates for any reason (including death, termination for cause, termination without cause, resignation, or retirement): (i) any unvested awards held by such eligible participant at the date the eligible participant ceases to be an employee or director of the Company or its affiliates shall be terminated as of such date; and (ii) any vested awards held by such eligible participant at the date the eligible participant ceases to be an employee or director of the Company or its affiliates and which has not yet been settled, shall be settled within 30 days of such date. If an award has performance conditions attached to it which remain unsatisfied at the date an eligible participant ceases to be an employee or director of the Company or its affiliates, then such award shall be deemed to not have vested.
- Any awards or RSUs accruing to any eligible participant shall not be transferable except by will or by the laws of descent and distribution. All benefits and rights granted under the RSU Plan may only be exercised by the eligible participant during the participant’s lifetime.
- The Board may amend the terms of the RSU Plan without shareholder approval, including for the purposes of: changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the RSU Plan; changes to the vesting, provisions of awards, performance conditions or performance period; changes to the authority and role of the CGN Committee under the RSU Plan; changes to the acceleration and vesting of awards in the event of a takeover bid or change of control; and any other matter relating to the RSU Plan and the awards granted thereunder. The CGN Committee also has the power to amend the terms of the RSU Plan without shareholder approval, for the purposes of: changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the RSU Plan; and changes to the vesting, provisions of awards, performance conditions or performance period. Notwithstanding the foregoing, the powers of the Board and the CGN Committee shall be limited in those circumstances set forth in the RSU Plan as requiring shareholder approval and as required by applicable securities regulatory authorities or the stock exchange on which the securities of the Company are listed. Shareholder approval is required for: any amendment to the aggregate maximum number of Common Shares issuable under the RSU Plan; any amendment to the aggregate percentage of Common Shares that may be reserved for issuance under the RSU Plan or issued to insiders under the RSU Plan; any amendment which would accelerate the vesting of any awards held by insiders, except as contemplated under the RSU Plan; and any amendment provision under the RSU Plan.
- If the RSU Plan is terminated, its provisions and any other guidelines, rules and regulations adopted by the Board or the CGN Committee in respect of it will continue in effect as long as any awards or rights thereto remain outstanding.

As at December 31, 2018, the Company had issued 1,000,000 RSUs pursuant to the RSU Plan, of which 129,000 RSUs were issued and outstanding (representing 0.1% of the then issued and outstanding Common Shares), leaving nil RSUs available for future issue. The following table sets out the annual burn rate of the RSU Plan for each fiscal year completed since the adoption of the RSU Plan:

Fiscal Year	Annual Burn Rate (RSUs) <sup>(1)</sup>
2018	0.1%
2017	0.2%

(1) Calculated based on the number of RSUs granted under the RSU Plan during the applicable fiscal year divided by the weighted average number of Common Shares outstanding for the applicable fiscal year.



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets out information on the Company's equity compensation plans under which Common Shares are authorized for issuance as at December 31, 2018.

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 column (a))
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	3,072,250 (options)	\$1.43	7,789,250 <sup>(1)</sup>
	129,000 (RSUs)	N/A	Nil <sup>(2)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>3,201,250</b>		<b>7,789,250</b>

- (1) As at December 31, 2018, the total number of Common Shares that could be reserved and authorized for issuance pursuant to options granted under the Option Plan was 10,861,500 Common Shares, being 9.9% of the then issued and outstanding Common Shares (i.e. 109,867,913 Common Shares).
- (2) As at December 31, 2018, the Company had issued 1,000,000 RSUs pursuant to the RSU Plan (being the maximum number of Common Shares reserved for issuance pursuant to RSUs granted under the RSU Plan), leaving nil Common Shares available for future issuance pursuant to RSUs granted under the RSU Plan. Pursuant to the Edmonds Employment Agreement, the Company agreed to grant to Mr. Edmonds, the Company's former director, President and CEO, a cash payment on March 20th of each of the 2018, 2019 and 2020 calendar years, equal to the value of 83,333 Common Shares multiplied by the market price per Common Share at closing on the date prior to payment, net of any withholding required. The full amount of such cash payments was to be used by Mr. Edmonds to purchase Common Shares. The cash payments were granted to Mr. Edmonds in lieu of any grants under the RSU Plan. During the year ended December 31, 2018, Mr. Edmonds received \$155,000 to purchase shares in the Company in lieu of such RSU grants.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, no associate of any such director, executive officer or proposed nominee (including companies controlled by them), no employee of the Company or any of its subsidiaries, and no former executive officer, director or employee of the Company or any of its subsidiaries, is indebted to the Company or any of its subsidiaries (other than for "routine indebtedness" as defined under applicable securities legislation) or is indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### Interest of Informed Persons in Material Transactions

Except as otherwise disclosed below and in this Information Circular or as disclosed in a previous information circular of the Company, no informed person (i.e. insider) of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since January 1, 2018 or in any proposed transaction which has materially affected or would materially affect the Company.



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

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

## MANAGEMENT CONTRACTS

No management functions of the Company are to any substantial degree performed by a person other than the directors or executive officers of the Company directly or through their respective management consulting companies.

### Normal Course Issuer Bid

On January 4, 2019 the Company commenced a normal course issuer bid ("NCIB") for up to 5,490,000 Common Shares. The NCIB will end on January 3, 2020 or on such earlier date that the Company completes its purchases of Common Shares under the NCIB. All purchases of Common Shares under the NCIB are being effected through the facilities of the Toronto Stock Exchange (the "TSX"). Daily purchases under the NCIB are limited to a maximum of 69,232 Common Shares, being 25% of the average daily trading volume over the prior six months, other than purchases made in compliance with the provisions of the block purchase exemption of the TSX rules. All Common Shares acquired by the Company under the NCIB will be purchased at the market price and will be cancelled following purchase.

The Company is conducting the NCIB because it believes that the underlying value of the Company is not reflected in the current market price of the Common Shares. Accordingly, the Company has concluded that the repurchase of Common Shares pursuant to the NCIB constitutes an appropriate use of the Company's financial resources and would be in the best interest of the Company's shareholders.

Paradigm Capital Inc. ("Paradigm") is acting as the broker firm responsible for making purchases of Common Shares under the NCIB on behalf of the Company, pursuant to an automatic purchase plan agreement (the "APP Agreement"). Purchases under the APP Agreement are determined by Paradigm in its sole discretion, without consultation with the Company, subject to the limitations of the APP Agreement and the rules of the TSX.

The Company's previous NCIB for up to 5,500,000 Common Shares commenced on January 4, 2018 and expired on January 3, 2019. Under the previous NCIB, the Company purchased for cancellation a total of 1,633,225 Common Shares through the facilities of the TSX at a volume weighted average price of \$1.84.

A copy of the Company's current Notice of Intention to Make a Normal Course Issuer Bid filed with the TSX in respect of the NCIB may be obtained by shareholders of the Company, without charge, by contacting the Company at the Company's head office located at Suite 130, 13500 Verdun Place, Richmond, British Columbia V6V 1V2.

## APPOINTMENT OF AUDITOR

Shareholders will be asked to approve the re-appointment of KPMG LLP as the Company's auditor to hold office until the next annual general meeting of shareholders at remuneration to be fixed by the directors.

KPMG LLP have served as the Company's auditor since April 5, 2018.



We recommend a vote “FOR” the re-appointment of KPMG LLP as our auditor to hold office until the next annual general meeting of shareholders, at remuneration to be fixed by the directors.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of Proxy intend to vote “FOR” the re-appointment of KPMG LLP at remuneration to be fixed by the directors.

## OTHER MATTERS

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy Form to vote the shares represented thereby in accordance with their best judgment on such matter.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information relating to the Company is provided in the Company’s comparative financial statements and management’s discussion and analysis for its financial year ended December 31, 2018 which are available on SEDAR and may also be obtained by sending a written request to the CFO of the Company at the Company’s head office located at Suite 130, 13500 Verdun Place, Richmond, British Columbia V6V 1V2.

DATED as of the 10<sup>th</sup> day of May, 2019.

BY ORDER OF THE BOARD

*“Nigel Hunton”*

NIGEL HUNTON  
Chief Executive Officer & President



**Appendix A**  
**PHOTON CONTROL INC.**  
**Board of Directors Mandate**

As of April 5, 2018

**1. Purpose**

The members of the Board of Directors (the “**Board**”) have the duty to supervise the management of the business and affairs of Photon Control Inc. (the “**Company**”). The Board, directly and through its committees and the chair of the Board (the “**Chair**”), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

**2. Duties and Responsibilities**

The Board shall have the specific duties and responsibilities outlined below.

**Strategic Planning**

(a) Strategic Plans

The Board has adopted a strategic plan for the Company. At least annually, the Board shall review and, if advisable, approve the Company’s strategic planning process and the Company’s annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management’s assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products.

(b) Business and Capital Plans

At least annually, the Board shall review and, if advisable, approve the Company’s annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

(c) Monitoring

At least annually, the Board shall review management’s implementation of the Company’s strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

**Risk Management**

(d) General

At least annually, the Board shall review reports provided by management of principal risks associated with the Company’s business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

(e) Verification of Controls

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management.



### **Human Resource Management**

(f) General

At least annually, the Board shall review a report of the Compensation Committee concerning the Company's approach to human resource management and executive compensation.

(g) Succession Review

At least annually, the Board shall review the succession plans of the Company for the Chair, the Lead Director, the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

(h) Integrity of Senior Management

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Company and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Company.

### **Corporate Governance**

(i) General

At least annually, the Board shall review a report of the Corporate Governance and Nominating Committee concerning the Company's approach to corporate governance.

(j) Director Independence

At least annually, the Board shall review a report of the Corporate Governance and Nominating Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

(k) Ethics Reporting

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") applicable to directors, officers and employees of the Company. At least annually, the Board shall review the report of the Corporate Governance and Nominating Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review reports from the Corporate Governance and Nominating Committee concerning investigations and any resolutions of complaints received under the Code.

(l) Board of Directors Mandate Review

At least annually, the Board shall review and assess the adequacy of its Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

### **Communications**

(m) General

The Board has adopted a Disclosure Policy for the Company. At least annually, the Board, in conjunction with the Chief Executive Officer, shall review the Company's overall Disclosure Policy, including measures for receiving feedback from the Company's stakeholders, and management's compliance with such policy. The Board shall, if advisable, approve material changes to the Company's Disclosure Policy.



(n) Shareholders

The Company endeavors to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. Directors and management meet with the Company's shareholders at the annual meeting and are available to respond to questions at that time.

### 3. Composition

General

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; quorum requirements; meeting procedures and notices of meetings are required by the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), the *Securities Act* (British Columbia) (the "**Act**") and the articles of the Company, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Company's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Corporate Governance and Nominating Committee.

Independence

A majority of the Board must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Policy 58-201 *Corporate Governance Guidelines*, as may be amended from time to time.

Chair of the Board

The Chair of the Board shall be an independent director, unless the Board determines that it is inappropriate to require the Chair to be independent. If the Board determines that it would be inappropriate to require the Chair of the Board to be independent, then the independent directors shall select from among their number a director who will act as "Lead Director" and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

### 4. Committees of the Board

The Board has established the following committees: the Compensation Committee, the Audit Committee and the Corporate Governance and Nominating Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

Committee Mandates

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. At least annually, each mandate shall be reviewed by the Corporate Governance and Nominating Committee and any suggested amendments brought to the Board for consideration and approval.

Delegation to Committees

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

#### Consideration of Committee Recommendations

As required by applicable law, by applicable committee Mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

#### Board/Committee Communication

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

### 5. Meetings

The Board will meet at least once in each quarter, with additional meeting held as deemed advisable. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board shall be conducted in accordance with the Company's articles.

#### Secretary and Minutes

The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.

#### Meetings Without Management

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

#### Directors' Responsibilities

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

#### Access to Management and Outside Advisors

The Board shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

#### Service on Other Boards and Audit Committee

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

### 6. Management

#### Position Descriptions for Directors

The Board has approved position descriptions for the Chair, the Lead Director and the chair of each Board committee. At least annually, the Board shall review such position descriptions.

#### Position Description for CEO

The Board has approved a position description for the Chief Executive Officer, which includes delineating management's responsibilities. The Board has also approved the corporate goals and objectives that the Chief Executive Officer has responsibility for meeting. At least annually, the Board shall review a report of the Compensation Committee reviewing this position description and such corporate goals and objectives.

#### **7. Director development and evaluation**

Each new director shall participate in the Company's initial orientation program and each director shall participate in the Company's continuing director development programs. At least annually, the Board shall review the Company's initial orientation program and continuing director development programs.

#### **8. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles and By-laws, it is not intended to establish any legally binding obligations.

Adopted: April 5, 2018