



SPECTRA7 MICROSYSTEMS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

May 16, 2017

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SPECTRA7 MICROSYSTEMS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of the common shares (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of Spectra7 Microsystems Inc. (the “**Corporation**”) will be held at the offices of Aird & Berlis LLP, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario, M5J 2T9 on Thursday, June 15, 2017 at the hour of 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2016, together with the report of the auditor thereon;
2. to elect the directors of the Corporation;
3. to appoint MNP LLP, Chartered Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration;
4. to consider and, if thought appropriate, pass, with or without variation, a resolution to approve certain amendments to the stock option plan of the Corporation as more fully described in the accompanying management information circular dated May 16, 2017 (the “**Circular**”);
5. to consider and, if thought appropriate, pass, with or without variation, a resolution to approve certain amendments to the restricted share unit plan of the Corporation as more fully described in the Circular;
6. to consider and if thought appropriate, pass, with or without variation, a resolution to ratify certain awards of restricted share units; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual and Special Meeting of Shareholders is the Circular and a copy of the audited financial statements of the Corporation for the financial year ended December 31, 2016, together with the report of the auditor thereon.

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Corporation’s transfer agent and registrar, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, on or before 10:00 a.m. on Tuesday, June 13, 2017 or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting was the close of business on Thursday, May 11, 2017.

DATED at Toronto, Ontario this 16th day of May, 2017.

BY ORDER OF THE BOARD

“Raouf Halim”

Raouf Halim

Director, President & Chief Executive Officer

SPECTRA7 MICROSYSTEMS INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Spectra7 Microsystems Inc. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of common shares in the capital of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

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

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, Computershare Trust Company of Canada., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than 10:00 a.m. on Tuesday, June 13, 2017 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his, her or its attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

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

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office, 110 Cochrane Drive, Suite 202, Markham, Ontario, L3R 9S1, at any time up to and including Wednesday, June 14, 2017; or
 - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

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

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names has been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

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

Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

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

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

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

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

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Thursday, May 11, 2017 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 147,440,171 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding.

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

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares are as follows:

Name	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Common Shares⁽¹⁾	Percentage of Voting Rights
CHVP Funds ⁽²⁾	19,577,365	13.28%

Notes:

- (1) The shareholdings are based upon information available on the public record.
- (2) CHVP Funds includes Celtic House Venture Partners Fund III L.P., Celtic House Venture Partners Fund III (U.S.) L.P. and Celtic House Venture Partners Fund III (Barbados) SRL (collectively, “**CHVP Funds**”).

COMPENSATION DISCUSSION AND ANALYSIS

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

Overview

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

Management Contracts

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

Raouf Halim

Raouf Halim currently receives a Base Salary of US\$375,000 per annum for his services as Chief Executive Officer of the Corporation. He has entered into an employment agreement (the “**CEO Employment Agreement**”) with the Corporation and Spectra7 Microsystems Ltd. (“**Spectra7 US**”), a wholly owned subsidiary of the Corporation, which is for an indefinite term and includes provisions relating to, among other things, base salary, eligibility for benefits and an annual performance bonus, equity awards, and eligibility for short-term incentives and long-term incentive plan awards (“**LTIP**”).

Mr. Halim is eligible to be considered for an annual performance bonus (“**Annual Bonus**”) for each fiscal year of the Corporation including 2016. For the 2016 and 2017 calendar years, the Annual Bonus is guaranteed and is no less than 75% of Mr. Halim’s Base Salary (prorated in 2016 for the fourth quarter of the calendar year). For the 2018 and subsequent calendar years, Mr. Halim’s target Annual Bonus will be no less than 75% up to a maximum of 200% of Base Salary and shall be based on criteria established by the Board and the Compensation Committee in consultation with Mr. Halim. As per the CEO Employment Agreement, beginning with the calendar year 2017, Mr. Halim is entitled to an annual LTIP award (denominated in RSUs) equal to 100% of Base Salary, with 25% of such RSUs vesting on the one year anniversary of the date of the award and the remaining 75% vesting quarterly in equal instalments over the 12 calendar quarter end dates following the first anniversary of the date of the award.

Capitalized terms used but not otherwise defined in this section have the meanings ascribed to such terms below.

If Mr. Halim is subject to an Involuntary Termination upon or within the CIC Protection Period, 100% of Mr. Halim’s then-outstanding and unvested Options and RSUS will vest and (if applicable) become exercisable.

In the event of any termination, including without limitation a termination for Cause (as defined in the CEO Employment Agreement), death, voluntary resignation, Involuntary Termination (as defined in the CEO Employment Agreement) or Resignation for Good Reason (as defined in the CEO Employment Agreement), Mr. Halim shall be entitled to all accrued but unpaid Base Salary, bonuses, business

expenses and unused vacation time. In addition to such amounts and any LTIP, RSU or Option benefits provided for under the CEO Employment Agreement or any other arrangement with the Corporation or Spectra7 US, (A) if Mr. Halim is subject to an Involuntary Termination, subject to certain preconditions, Spectra7 US will pay Mr. Halim: (i) a prorated Annual Bonus in cash for the year of termination based on the number of days in the bonus period worked (the “**Prorated Bonus**”) and based on actual performance of the Corporation for the bonus period (and deeming all individual criteria for such Annual Bonus as having been met), (ii) any unpaid 2016 Annual Bonus and 2017 Annual Bonus, in full (the “**Guaranteed Bonuses**”), and (iii) a cash severance payment equal to twelve (12) months Base Salary and target Annual Bonus (equal to target Annual Bonus of 75% of Base Salary) for the same period (the “**Severance Payment**”), and (iv) a continuation of benefits and accelerated vesting of granted Options and RSUs that would have vested in the twelve (12) month period following the termination; or (B) if Mr. Halim is subject to an Involuntary Termination upon or during the CIC Protection Period, subject to certain preconditions, Mr. Halim shall be entitled to: (i) a Prorated Bonus, (ii) the Guaranteed Bonuses, (iii) a cash severance payment equal to two years’ Base Salary and target Annual Bonus for the same period; and (iv) and a continuation of benefits for two years following the termination.

Assuming an event of termination other than an Involuntary Termination occurred on December 31, 2016, there would have been no severance payment owing to Mr. Halim. Assuming an Involuntary Termination occurred on December 31, 2016 that was not within the CIC Protection Period, the estimated severance payment to Mr. Halim would have been approximately US\$656,250 and Mr. Halim would have been eligible for continued benefits for twelve months following the termination, and accelerated vesting of granted Options and RSUs that would have vested in the twelve month period following the termination. Assuming an Involuntary Termination occurred on December 31, 2016 that was within a CIC Protection Period, the estimated severance payment to Mr. Halim would have been approximately US\$1,031,250 and the continuation of benefits for two years following the termination.

For the purposes of the CEO Employment Agreement, the following terms have the following meanings:

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

“**Change in Control**” means:

- a) Any “person” or “company” (as such terms are defined in the *Securities Act* (Ontario)) acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the Corporation’s or Spectra7 US’ then-outstanding voting securities;
- b) The consummation of the sale or disposition by the Corporation of more than 50% of the Corporation’s or Spectra7 US’ assets;
- c) The consummation of a merger or consolidation of the Corporation or Spectra7 US with or into any other entity, other than a merger or consolidation which would result in the voting securities of the Parent outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than 50% of the total voting power represented by the voting securities of the Corporation or Spectra7 US or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

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

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

“**CIC Protection Period**” means the period beginning ninety (90) days prior to and ending twenty four (24) months after a Change of Control.

David Mier, John Mitchell, Andrew Kim and Charito Alcantara

The following executive officers, serving in the following capacities, currently receive the following annual salaries:

1. David Mier currently receives US\$200,000 per annum for his services as Chief Financial Officer of the Corporation;
2. John Mitchell currently receives US\$200,000 per annum for his services as Chief Marketing Officer of the Corporation;
3. Andrew Kim currently receives US\$190,000 per annum for his services as Chief Technical Officer of the Corporation; and
4. Charito Alcantara currently receives US\$170,000 per annum for her services as Vice President, Operations and Channel Management.

Each of such Named Executive Officers has entered into an employment agreement with a wholly-owned subsidiary of the Corporation which is for an indefinite term and includes standard provisions relating to, among other things, base salary, eligibility for employee benefits and confidentiality and intellectual property rights.

The employment of such Named Executive Officers with the Corporation is “at will” meaning that the Corporation or the Named Executive Officers may terminate their employment relationship at any time and for any reason, with or without cause. The employment agreements do not contain severance or change of control provisions.

Elements of Compensation

1. Base Salary

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

2. Incentive Plans

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

(a) Stock Option Plan

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

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

The aggregate number of Common Shares reserved for issuance under the Stock Option Plan is currently 8,750,000 Common Shares, representing approximately 6% of the issued and outstanding Common

Shares as at the date of this Circular. As at the date of this Circular, options to purchase up to an aggregate of 6,683,129 Common Shares were outstanding (representing approximately 4.5% of the issued and outstanding Common Shares as at the date of this Circular) and options to purchase up to an additional 2,066,871 Common Shares were available for grant under the Stock Option Plan (representing approximately 1.4% of the issued and outstanding Common Shares as at the date of this Circular), and 135,414 options have been exercised under the Stock Option Plan (representing approximately 0.1% of the issued and outstanding Common Shares as at the date of this Circular). As described below under the heading “Particulars of Matters to be Acted Upon – Amendments to Stock Option Plan”, at the Meeting, the Corporation will be seeking approval of the Shareholders to make certain amendments to the Stock Option Plan, including the addition of a “cashless” exercise feature and providing for a combined maximum number of Common Shares reserved for issuance, under both the Stock Option Plan and the RSU Plan, of 29,450,000 Common Shares.

(b) RSU Plan

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

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

The aggregate number of Common Shares reserved for issuance under the RSU Plan is currently 6,750,000 Common Shares, representing approximately 4.6% of the issued and outstanding Common Shares as at the date of this Circular. As at the date of this Circular, an aggregate of 7,493,594 RSUs were outstanding (representing approximately 5.1% of the issued and outstanding Common Shares as at the date of this Circular), zero RSUs were available for future grant and 3,299,889 Common Shares have been issued under the RSU Plan (representing approximately 2.2% of the issued and outstanding Common Shares as at the date of this Circular). The 7,493,594 RSUs outstanding as of the date of this Circular include the Award (as defined below under the heading “Particulars of Matters to be Acted Upon – Ratification of Awards under RSU Plan”) of an aggregate of 1,110,583 RSUs to the CEO which is subject to ratification by Shareholders at the Meeting. At the Meeting, the Corporation will be seeking an amendment to the RSU Plan to provide for a combined maximum number of Common Shares reserved for issuance under both the Stock Option Plan and the RSU Plan, of 29,450,000 Common Shares, representing approximately 20% of the issued and outstanding Common Shares as at the date of this Circular.

Compensation of Directors

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

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

Compensation Risk

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

Financial Instruments

Pursuant to the terms of the Corporation's Insider Trading Policy, the Corporation's officers and directors are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an officer or director.

Compensation Governance

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee's Charter. The Compensation Committee is composed of Robert Dobkin, Ronald Pasek and John Vettese, each of whom is independent as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”).

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

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Corporation’s compensation policies and practices. Both Mr. Dobkin and Mr. Vettese have experience on the board of directors and related committees of other public companies, as described under “Particulars of Matters to be Acted Upon - Election of Directors” in this Circular.

Summary Compensation Table – Named Executive Officers

The following table sets forth the compensation paid or awarded to the following individuals: (i) the President and Chief Executive Officer; (ii) the former President and Chief Executive Officer, (iii) the Chief Financial Officer; (iv) the Chief Technology Officer; (v) the Vice President, Operations and Channel Management; and (vi) the Chief Marketing Officer (collectively, the “Named Executive Officers”) for the Corporation’s financial years ended December 31, 2016, 2015 and 2014.

Name and principal position	Year	Salary/ Fee (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	LTIP			
Raouf Halim, President and Chief Executive Officer ⁽⁴⁾	2016	133,718	337,718	93,379	159,390	Nil	Nil	66,240	789,865
Tony Stelliga, Former President and Chief Executive Officer ⁽⁵⁾	2016	133,321	Nil	Nil	253,336	Nil	Nil	Nil	386,657
	2015	288,221	302,226	153,576	108,690	Nil	Nil	Nil	852,713
	2014	273,244	220,438	95,546	82,838	Nil	Nil	Nil	672,066
David Mier, Chief Financial Officer	2016	258,337	28,807	12,859	53,432	Nil	Nil	Nil	353,435
	2015	17,077	2,274	1,015	Nil	Nil	Nil	Nil	20,366
Andrew Kim, Chief Technology Officer	2016	250,563	10,430	5,442	3,312	Nil	Nil	Nil	269,747
	2015	224,423	22,091	11,531	Nil	Nil	Nil	Nil	258,045
	2014	193,067	48,587	25,357	3,314	Nil	Nil	Nil	270,325
Charito Alcantara, Vice President, Operations and Channel Management	2016	208,657	12,480	6,186	17,111	Nil	Nil	Nil	244,434
	2015	205,388	26,240	13,020	17,263	Nil	Nil	Nil	261,911
	2014	151,735	16,239	8,366	5,357	Nil	Nil	Nil	181,697
John Mitchell, Chief Marketing Officer	2016	246,745	19,626	9,704	Nil	Nil	Nil	Nil	276,075
	2015	214,840	32,199	16,130	Nil	Nil	Nil	Nil	263,169
	2014	175,279	17,039	8,868	3,148	Nil	Nil	Nil	204,434

Notes:

- (1) The amounts denominated in Canadian dollars under “Salary” were paid/payable in US\$. Such amounts were paid on a monthly basis and therefore all US\$ amounts are converted at an exchange rate of US\$1.00:\$1.3248 for fiscal 2016.
- (2) Calculated based on the Black-Scholes model for share-based award valuation. The fair value of the share-based awards under the RSU Plan has been calculated based on the following weighted average assumptions: dividend yield 0%, expected volatility 57%, risk free rate of return 1.6% and forfeiture rate of 10%.
- (3) Calculated based on the Black-Scholes model for option valuation. The fair value of the stock options has been calculated based on the following weighted average assumptions (the grant date fair value equals the accounting fair value for stock options): dividend yield - 0%, expected volatility - 44% risk free rate of return 0.88%, forfeiture rate of 10% and expected life – 9.2 years.

- (4) Mr. Halim was appointed President and Chief Executive Officer of the Corporation on September 26, 2016.
 (5) Mr. Stelliga passed away suddenly in May 2016.

Incentive Plan Awards – Named Executive Officers

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding for the Named Executive Officers as of December 31, 2016:

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 ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Raouf Halim, President and Chief Executive Officer	3,453,485	\$0.34	October 26, 2026	446,190	5,000,000	1,900,000	Nil
Tony Stelliga, Former President and Chief Executive Officer ⁽³⁾	414,375 181,791	\$0.934 \$0.92	February 5, 2020 November 17, 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
David Mier Chief Financial Officer	145,000	\$0.395	December 7, 2020	Nil	108,750	41,325	13,775
Andrew Kim, Chief Technology Officer	90,000 60,000	\$0.934 \$0.76	February 5, 2020 October 4, 2020	Nil Nil	3,750 12,500	1,425 4,750	712 475
Charito Alcantara Vice President, Operations and Channel Management	20,000 15,000 10,000 20,000 37,500	\$0.73 \$0.60 \$0.62 \$0.92 \$0.53	August 13, 2020 November 19, 2020 January 23, 2021 November 17, 2021 January 27, 2022	Nil Nil Nil Nil Nil	3,336 3,443 2,716 9,580 19,525	1,268 1,308 1,032 3,640 7,419	158 119 79 158 297
John Mitchell Chief Marketing Officer	50,000 35,000 40,000	\$0.934 \$0.92 \$0.63	February 5, 2020 November 17, 2021 May 20, 2022	Nil Nil Nil	2,083 16,773 24,162	792 6,374 9,182	396 277 317

Notes:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.38 for the Common Shares on the Toronto Stock Exchange (the “TSX”) on December 30, 2016 and the exercise price of the options, multiplied by the number of unexercised options.
 (2) The “market or payout value of share-based awards that have not vested” is calculated based on the closing price of \$0.38 for the Common Shares on the Exchange on December 30, 2016 multiplied by the number of Common Shares that have not vested.
 (3) All unvested options and RSUs held by Mr. Stelliga on the date of his death (May 25, 2016) expired or were forfeited on that date, as applicable. All vested options held by Mr. Stelliga on the date of his death expire one year from the date of his death (on May 25, 2017) and all vested RSUs held by Mr. Stelliga on the date of his death were settled into Common Shares prior to December 31, 2016.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended December 31, 2016:

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Raouf Halim, President and Chief Executive Officer	Nil	Nil	159,390
Tony Stelliga, Former President and Chief Executive Officer	Nil	121,575	253,336
David Mier, Chief Financial Officer	Nil	10,331	53,432
Andrew Kim, Chief Technology Officer	Nil	18,553	3,312
Charito Alcantara, Vice President, Operations and Channel Management	383	16,318	17,111
John Mitchell, Chief Marketing Officer	Nil	19,098	Nil

Note:

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

Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors of the Corporation (other than directors who are also Named Executive Officers) during the financial year ended December 31, 2016:

Name	Fees Earned⁽¹⁾ (\$)	Share-based awards⁽²⁾ (\$)	Option-based awards⁽³⁾ (\$)	All other compensation (\$)	Total (\$)
Brian Antonen	12,500	10,964	5,055	Nil	28,519
Robert Dobkin	13,650	10,964	5,055	Nil	40,669
Roger Maggs	13,500	10,964	5,055	Nil	43,019
John Vettese	16,150	14,946	6,559	Nil	51,155
Ronald Pasek	24,598	20,292	9,390	Nil	68,280

Notes:

- (1) Certain amounts denominated in Canadian dollars under “Fees Earned” were paid/payable in US\$. All US\$ amounts are converted at an exchange rate of US\$1.00:\$1.3248 for fiscal 2016
- (2) Calculated based on the Black-Scholes model for share-based award valuation. The fair value of the share-based awards under the RSU Plan has been calculated based on the following weighted average assumptions: dividend yield - 0%, expected volatility - 57%, risk free rate of return - 1.6% and forfeiture rate - 10%.
- (3) Calculated based on the Black-Scholes model for option valuation. The fair value of the stock options has been calculated based on the following weighted average assumptions (the grant date fair value equals the accounting fair

value for stock options): dividend yield - 0%, expected volatility - 44%, risk free rate of return - 0.88%, forfeiture rate - 10% and expected life 9.2 years.

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

The following table sets forth all awards outstanding for each of the directors of the Corporation (other than directors who are also Named Executive Officers) as of December 31, 2016:

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 ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Brian Antonen	50,000 32,820	\$0.934 \$0.68	February 5, 2020 May 12, 2023	Nil Nil	2,083 32,820	792 12,472	396 Nil
Robert Dobkin	50,000 32,820	\$0.934 \$0.68	February 5, 2020 May 12, 2023	Nil Nil	2,083 32,820	792 12,472	396 Nil
Roger Maggs	50,000 32,820	\$0.934 \$0.68	February 5, 2020 May 12, 2023	Nil Nil	2,083 32,820	792 12,472	396 Nil
John Vettese	50,000 32,820	\$0.73 \$0.68	December 18, 2021 May 12, 2023	Nil Nil	24,996 32,820	9,498 12,472	396 Nil
Ronald Pasek	50,000 32,820	\$0.62 \$0.68	June 18, 2022 May 12, 2023	Nil Nil	31,248 32,820	11,874 12,472	396 Nil

Notes:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.38 for the Common Shares on the TSX on December 30, 2016 and the exercise price of the options, multiplied by the number of unexercised options.
- (2) The “market or payout value of share-based awards that have not vested” is calculated based on the closing price of \$0.38 for the Common Shares on the TSX on December 30, 2016 multiplied by the number of Common Shares that have not vested.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Corporation (other than directors who are also named Executive Officers) during the year ended December 31, 2016:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Brian Antonen	Nil	6,161	Nil
Robert Dobkin	Nil	6,161	Nil
Roger Maggs	Nil	6,161	Nil
John Vettese	Nil	6,033	Nil

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ronald Pasek	Nil	9,386	Nil

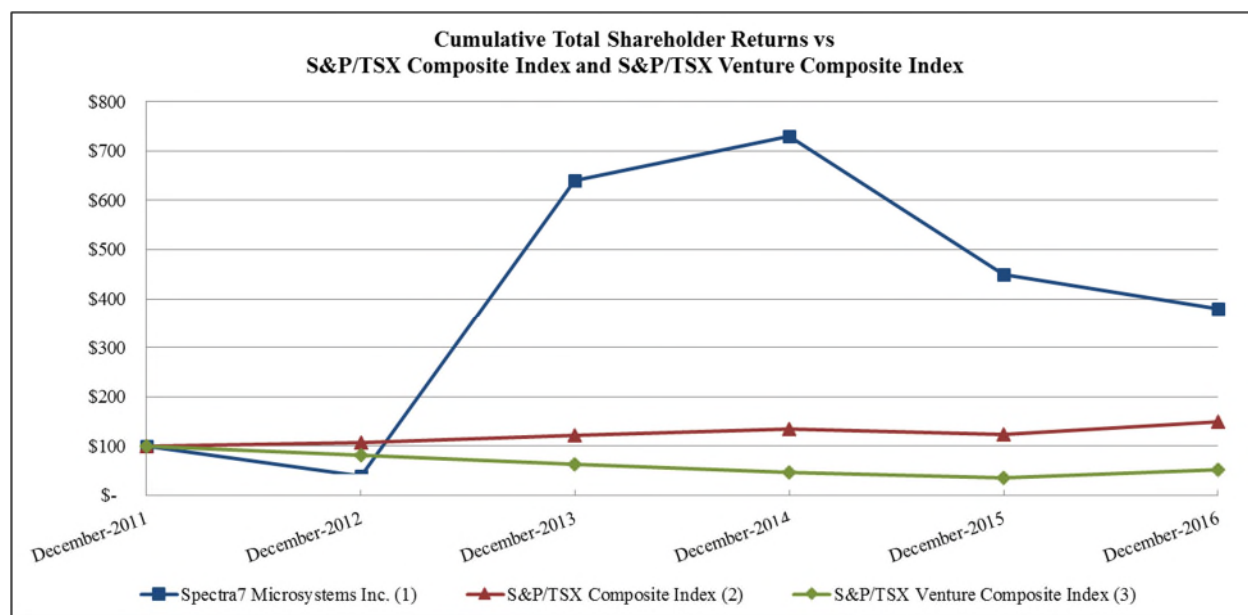
Note:

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

PERFORMANCE GRAPH

On July 23, 2015, the Common Shares began trading on the TSX and were voluntarily delisted from the TSX Venture Exchange.

The following performance graph shows the cumulative return for Common Shares compared to both the S&P/TSX Composite Index and the S&P/TSX Venture Composite Index over the five year period preceding December 31, 2016 for which the Corporation has been a reporting issuer. The table shows what \$100 investments in Common Shares and the indices, made on December 31, 2011, would have been worth in each of the past five years ending December 31. The stock price performance on the graph below is not necessarily indicative of future price performance.



	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Common Shares ⁽¹⁾	\$100	\$40	\$640	\$730	\$450	\$380
S&P/TSX Composite Index ⁽²⁾	\$100	\$107	\$121	\$134	\$123	\$149
S&P/TSX Venture Composite Index ⁽³⁾	\$100	\$82	\$63	\$47	\$35	\$51

Notes:

- (1) Assumes \$100 invested in Common Shares on December 31, 2011. Values are as at December 31, 2011, 2012, 2013, 2014, 2015 and 2016.
 (2) The S&P/TSX Composite Index returns assume dividend reinvestment.

- (3) The S&P/TSX Venture Composite Index returns do not assume dividend reinvestment as the index is a price return index only. The Corporation does not believe a total return index is available for the TSXV.

As at December 31, 2016, the value of \$100 invested in Common Shares on December 31, 2011 had increased by approximately 280% compared to an increase of 49% for a similar investment in the S&P/TSX Composite Index and a decrease of 49% for a similar investment in the S&P/TSX Venture Composite Index over the same period. There is no direct correlation between the performance of the Common Shares and executive compensation. The Common Share price may be affected by a number of factors beyond the control of the Corporation, including general and industry-specific economic and market conditions. The Compensation Committee evaluates performance by reference to the overall direction and success of the Corporation rather than by any short-term fluctuations in the trading price of the Common Shares.

As described in the “Compensation Discussion and Analysis” section above, a significant portion of the total direct compensation that Named Executive Officers receive in any year is comprised of variable compensation provided under the Stock Option Plan and the RSU Plan. These plans are intended to drive and reward superior performance during the current year as well as over the long term.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon exercise of outstanding options pursuant to the Stock Option Plan and upon settlement of RSUs under the RSU Plan, as at December 31, 2016:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	6,551,251 ⁽¹⁾	\$0.51	2,198,749
	6,098,431 ⁽²⁾	N/A	651,569
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	12,649,682	\$0.51 ⁽¹⁾	2,850,318

Notes:

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

No individual who is, or at any time during the financial year ended December 31, 2016 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to

the Corporation or any of its subsidiaries during the financial year ended December 31, 2016 or as at the date of this Circular in connection with security purchase programs or other programs.

REPORT ON CORPORATE GOVERNANCE

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

AUDIT COMMITTEE DISCLOSURE

Audit Committee's Charter

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

Composition of Audit Committee

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

All of the members of the Audit Committee are "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Corporation is of the opinion that all three members of the Audit Committee are "financially literate" as such term is defined in NI 52-110.

Relevant Education and Experience

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

Ronald Pasek holds a Bachelor of Science degree in Finance from San Jose State University and a Master of Business Administration from Santa Clara University. Ronald Pasek is the Executive Vice President, Chief Financial Officer of NetApp, Inc. (NASDAQ), a worldwide provider of software, systems and services to manage data. Prior to his position with NetApp, Inc., Mr. Pasek was Senior Vice President of Finance and Chief Financial Officer of Altera Corporation (NASDAQ) a worldwide provider of programmable logic devices. Mr. Pasek was previously employed by Sun Microsystems where he most recently served as Vice President and Corporate Treasurer. In his 19 years at Sun Microsystems, Mr. Pasek held a variety of positions in finance, including Vice President of Worldwide Field Finance, Worldwide Manufacturing, and U.S. Field Finance.

Brian Antonen holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Waterloo and a Master of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario. He is a member of the Association of Professional Engineers of Ontario and of the Certified Management Accountants of Ontario. He has held directorships on more than 17 public and private boards and currently serves on the audit and compensation committees of ViXS Systems Inc. (TSX:VXS).

Roger Maggs earned a Bachelor of Science degree in Physics from the University of Wales, and a Master's degree from Warwick Business School. He has extensive venture capital experience, including

founding Celtic House in 1994. Over his career, he has held directorships on more than 30 public and private boards and served as an audit committee member on two public companies.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

Audit Fees – The Corporation's external auditors billed \$79,180 and \$69,015 for the audit of the financial years ended December 31, 2016 and 2015, respectively.

Audit-Related Fees – The Corporation's external auditors billed \$40,125 and \$32,100 for the review of financial statements during the financial years ended December 31, 2016 and 2015, respectively.

Tax Fees – The Corporation's external auditors billed the Corporation \$21,266 and \$25,145 during the financial years ended December 31, 2016 and 2015, respectively, for services related to tax compliance, tax advice and tax planning.

All Other Fees – The Corporation's external auditors billed the Corporation \$27,285 during the financial year ended December 31, 2016 and \$43,710 during the financial year ended December 31, 2015 for services including review of short form prospectuses and advice relating to the establishment of its subsidiary in China.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

The Board presently consists of six directors, namely, Raouf Halim, Brian Antonen, Robert Dobkin, Roger Maggs, Ronald Pasek and John Vettese. Each director elected will hold office until the next annual

meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. The enclosed form of proxy permits Shareholders to vote for all nominees together or for each nominee on an individual basis.

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

Majority Voting Policy

Shareholders will vote for the election of each individual proposed director nominee separately. The Corporation has adopted a majority voting policy for the election of directors whereby any nominee director (in an uncontested election) who receives more “withheld” votes than “for” votes at any meeting where Shareholders vote on the election, the director will be expected to submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board will then have 90 days to accept the resignation, during which time an alternate Board member may be appointed. The Board shall be expected to accept the resignation absent exceptional circumstances that would warrant the applicable director to continue to serve on the Board. In determining whether to accept the resignation, the Board will consider various matters including the results of the vote of Shareholders, the contribution of the director to the Board and committee discussions, the expressed reasons (if any) for which the withheld votes have been given, the merits of such reasons, and the ability to address the underlying concerns. The Board will promptly disclose the results of the vote director by director and will promptly issue a news release disclosing the Board’s decision. If the Board determines not to accept a resignation, the news release shall fully state the reasons for that decision.


The director under consideration will not participate in any Board or committee deliberations relating to his or her potential resignation. Subject to any corporate law restrictions, the Board may (i) leave a resultant vacancy unfilled until the next annual meeting of Shareholders; (ii) fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of Shareholders; or (iii) call a special meeting of Shareholders at which there will be presented individuals to fill the vacant position or positions.

Advance Notice Requirement

The Corporation’s By-Law No. 1, as amended pursuant to By-Law No. 1A, contains a requirement providing for advance notice of nominations of directors (the “**Advance Notice Requirement**”) in certain circumstances where nominations for election to the Board are made by Shareholders. For an annual meeting of Shareholders, notice to the Corporation must be provided not less than 30 and not more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement. For a special meeting of Shareholders (that is not also an


annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made. The Corporation's By-Law No. 1, as amended by By-Law No. 1A, is available under the Corporation's profile on SEDAR at www.sedar.com.

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

BRIAN ANTONEN		Principal Occupation and Biographical Information	
Ontario, Canada Director Since: February 5, 2013 INDEPENDENT	Brian Antonen opened the Toronto office of Celtic House Venture Partners in 2000. Originally an electrical engineer, Mr. Antonen has over 25 years of technical, business operational, and capital markets experience. He holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Waterloo and a Master of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario. Mr. Antonen is also a member of the Association of Professional Engineers of Ontario and of the Chartered Professional Accountants of Ontario.		
		Mr. Antonen's investment focus is on media portability applications with a primary focus on consumer devices and their related network infrastructure. During his 15 years at Celtic House, he has established himself as a domain expert in video and multimedia processing and is viewed by his peers as a leading semiconductor investor in Canada. His knowledge of the media portability sector has unique breadth and depth, from the technicalities of the product to the intricacies of the market. His record of success includes ViXS Systems (a world leader in video processing SoCs) and Camilion Solutions (acquired by SAP NYSE:SAP). He has held directorships on 17 private boards, and currently serves as a board member of seven Celtic House portfolio companies.	
Current Board/Committee Membership	2016 Attendance (Total)		Other Public Board Memberships
Member of the Board Member of the Audit Committee	15 of 20 5 of 5	75% 100%	ViXS Systems Inc. (TSX:VXS)
Number of Common Shares Beneficially Owned, Controlled or Directed			181,473 ⁽¹⁾⁽²⁾


Notes:

- (1) Represents 28,470 Common Shares held directly by Brian Antonen, 8,003 Common Shares held by the spouse of Brian Antonen and 145,000 Common Shares held by a company majority owned by Mr. Antonen.
- (2) Mr. Antonen is a partner of the general partner of CHVP Funds which hold an aggregate of 19,577,365 Common Shares. Mr. Antonen does not exercise control or direction over such Common Shares.

ROBERT DOBKIN		Principal Occupation and Biographical Information	
California, U.S.A. Director Since: February 5, 2013 INDEPENDENT	Robert Dobkin, a founder of the Linear Technology Corporation (“ Linear ”), has served as Vice President of Engineering and Chief Technical Officer of Linear since April 1999, and as Vice President of Engineering of Linear from September 1981 to April 1999. From January 1969 to July 1981, he was employed in various positions at National Semiconductor Corporation, where his most recent position was Director of Advanced Circuit Development. Mr. Dobkin has extensive experience in linear integrated circuit design. He attended the Massachusetts Institute of Technology.		
			
Current Board/Committee Membership	2016 Attendance (Total)		Other Public Board Memberships
Member of the Board	16 of 20	80%	n/a
Member of the Compensation Committee ⁽¹⁾	8 of 8	100%	
Number of Common Shares Beneficially Owned, Controlled or Directed			553,682 ⁽¹⁾


Note:

(1) Includes 172,515 Common Shares held by a trust of which Mr. Dobkin is a trustee.

RAOUF HALIM		Principal Occupation and Biographical Information	
California, U.S.A. Director Since: September 26, 2016 NOT INDEPENDENT	Raouf Halim is the President and Chief Executive Officer of the Corporation. Mr. Halim is one of the co-founders of icClarity, Inc. (“icClarity”), a private company developing a 3D Video capture solution for applications in augmented reality, virtual reality, mobile, and automotive markets. Mr. Halim currently remains as Chairman of icClarity. Prior to icClarity, Mr. Halim was CEO of Mindspeed Technologies, Inc. which designed and developed semiconductor solutions for communications applications in wireless and wireline network infrastructure markets.		
			
Current Board/Committee Membership	2016 Attendance (Total)		Other Public Board Memberships
Member of the Board	3 of 3 ⁽¹⁾	100%	n/a
Number of Common Shares Beneficially Owned, Controlled or Directed			488,234


Note:

(1) Mr. Halim was appointed to the Board on September 26, 2016.

ROGER MAGGS		Principal Occupation and Biographical Information	
Gloucestershire, United Kingdom Director Since: February 5, 2013 INDEPENDENT 	Roger Maggs followed a 27-year career at Alcan Aluminum, with senior postings around the world, including three Vice Presidencies of the global company, based in Montreal, Quebec. In 1994 he left Alcan and co-founded Celtic House International, a leading Canadian venture fund specializing in technology start-ups. Mr. Maggs earned a Bachelor of Science degree in Physics from the University of Wales, and a Master's degree from Warwick Business School in the UK. He was made an honorary fellow of his college in 1998. Over his career, Mr. Maggs has held directorships on more than 30 public and private boards. He is currently a director of Xcerra Corporation (Nasdaq: XCRA), and is chairman of Sandvine Corporation (TSX: SV).		
Current Board/Committee Membership	2015 Attendance (Total)		Other Public Board Memberships
Member of the Board Member of the Audit Committee Member of the Corporate Governance and Nominating Committee ⁽¹⁾	17 of 20 5 of 5 N/A	85% 100% N/A	Xcerra Corporation (Nasdaq: XCRA) Sandvine Corporation (TSX: SV)
Number of Common Shares Beneficially Owned, Controlled or Directed			88,542 ⁽²⁾

Notes:


- (1) The Corporate Governance and Nominating Committee did not hold a formal meeting during the financial year ended December 31, 2016.
- (2) Mr. Maggs is a founder and partner of the general partner of CHVP which hold an aggregate of 19,577,365 Common Shares. Mr. Maggs does not exercise control or direction over the Common Shares held by CHVP Funds.

RONALD J. PASEK		Principal Occupation and Biographical Information	
California, U.S.A. Proposed Director INDEPENDENT 	Ronald Pasek is the Executive Vice President, Chief Financial Officer of NetApp, Inc. (NASDAQ: NTAP), a worldwide provider of software, systems and services to manage data. Prior to his position with NetApp, Inc., Mr. Pasek was Senior Vice President of Finance and Chief Financial Officer of Altera Corporation (NASDAQ: ALTR), a worldwide provider of programmable logic devices. Mr. Pasek was previously employed by Sun Microsystems where he most recently served as Vice President and Corporate Treasurer. In his 19 years at Sun Microsystems, Mr. Pasek held a variety of positions in finance, including Vice President of Worldwide Field Finance, Worldwide Manufacturing, and U.S. Field Finance.		
Current Board/Committee Membership	2016 Attendance (Total)		Other Public Board Memberships

Member of the Board	20 of 20	100%	None
Member of the Audit Committee	5 of 5	100%	
Member of the Compensation Committee	8 of 8	100%	
Member of the Corporate Governance and Nominating Committee ⁽¹⁾	N/A	N/A	
Number of Common Shares Beneficially Owned, Controlled or Directed			752,999

Note:

- (1) The Corporate Governance and Nominating Committee did not hold a meeting during the year ended December 31, 2016.

JOHN VETTESE		Principal Occupation and Biographical Information	
Ontario, Canada Director Since: November 17, 2014 INDEPENDENT	Mr. Vettese is the Executive Chairman of the law firm of Cassels Brock & Blackwell LLP.		
			
Current Board/Committee Membership	2016 Attendance (Total)		Other Public Board Memberships
Member of the Board	17 of 20	85%	None
Member of the Compensation Committee	5 of 8	62.5%	
Member of the Corporate Governance and Nominating Committee ⁽¹⁾	N/A	N/A	
Number of Common Shares Beneficially Owned, Controlled or Directed			1,118,039 ⁽²⁾

Notes:

- (1) The Corporate Governance and Nominating Committee did not hold a meeting during the year ended December 31, 2016.
- (2) All such Common Shares are held by a company wholly owned by Mr. Vettese.

Corporate Cease Trade Orders

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

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities

legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

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

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

Bankruptcies, or Penalties or Sanctions

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

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Roger Maggs served as a director of Global Silicon Limited, a private venture capital-backed United Kingdom based company. Global Silicon Limited was a portfolio company in a CHVP Fund. CHVP withdrew further financing in 2006 and the Company’s securities ceased trading in December 2006. In November 2007, Global Silicon Limited voluntarily appointed joint liquidators to liquidate the company and the company was officially dissolved on April 15, 2013.

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

2. Appointment of Auditor

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

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MNP LLP, CHARTERED ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION, UNLESS THE SHAREHOLDER HAS

SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

3. Amendments to Stock Option Plan

At the Meeting, Shareholders will be asked to approve amendments to the Stock Option Plan (i) to allow for the “cashless” exercise of options; and (ii) to provide that the aggregate maximum number of Common Shares reserved for issuance under the Stock Option Plan and the RSU Plan, inclusive of existing outstanding options and RSUs, shall not exceed 29,450,000 Common Shares, subject to TSX and Shareholder approvals. The Board believes the increased maximum of options and RSUs is necessary to ensure that there will be a sufficient number of options and RSUs in order to retain and attract qualified directors, officers, employees and service providers to achieve the Corporation’s business objectives and growth, and to provide the Board with sufficient flexibility in determining the relative number of options and RSUs issuable under the Stock Option Plan and the RSU Plan from time to time.

A copy of the Stock Option Plan is attached as Schedule “C” to this Circular which includes the proposed amendments to the plan. The following is a summary of the Stock Option Plan, including the amendments to be approved at the Meeting, which is qualified in its entirety by reference to the text of the Stock Option Plan.

Summary of Stock Option Plan

All capitalized terms used in this section under the heading “Amendments to Stock Option Plan” that are not specifically defined herein shall have the meanings ascribed to them in the Stock Option Plan.

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and Service Providers of the Corporation and its affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares currently reserved for issuance may not exceed 8,750,000 Common Shares, representing approximately 5.9% of the issued and outstanding Common Shares as at the date of this Circular. As incentive stock options exercised pursuant to the Stock Option Plan become available again for future grant, the Stock Option Plan is considered an “evergreen” plan. As such, the TSX requires that the Stock Option Plan be submitted to Shareholders for ratification every three (3) years. As described above, at the Meeting, Shareholders will be asked to consider an amendment to provide that the maximum number of Common Shares reserved for issuance under the Stock Option Plan and the RSU Plan, inclusive of existing outstanding options and RSUs, shall not exceed 29,450,000 Common Shares, representing approximately 20% of the issued and outstanding Common Shares as at the date of this Circular.

The purpose of the Stock Option Plan, pursuant to which the Corporation may grant incentive stock options, is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages ownership of the Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Common Shares.

The aggregate number of incentive stock options issuable to Insiders under the Stock Option Plan or any other security-based compensation arrangement of the Corporation (including, without limitation, the RSU Plan), may not at any time exceed 10% of the combined total number of Common Shares issued and outstanding (on a non-diluted basis). Common Shares issued to Insiders under the Stock Option Plan or any other security-based compensation arrangement of the Corporation within a 12 month period may not exceed 10% of the total number of Common Shares issued and outstanding (on a non-diluted basis).

The price at which an optionee may purchase a Common Share upon the exercise of an Option is determined at the Board's discretion, and shall not be less than the market price of the Common Shares as of the date of grant. The term of incentive stock options under the Stock Option Plan is determined at the time of grant by the Board and may not be more than 10 years from the date of grant. Pursuant to the Stock Option Plan, the Board, subject to the policies of the TSX, may determine and impose terms upon which incentive stock options shall become vested and exercisable. At the Meeting, Shareholders will be asked to consider an amendment to the Stock Option Plan to provide that a holder of Options may elect to exercise an Option on a cashless basis without payment of the aggregate exercise price of the Common Shares to be purchased pursuant to the exercise of the Options, subject to acceptance by the Corporation.

The Board may make amendments to the Stock Option Plan which it may deem necessary, without having to obtain Shareholder approval. Such changes include, without limitation: (a) amendments of a "housekeeping nature"; (b) to correct any defect, supply or information or reconcile any inconsistency in the Stock Option Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Stock Option Plan; (c) a change to the vesting provisions of any incentive stock option or the Stock Option Plan; (d) amendments to reflect any changes in requirements of any regulatory authority to which the Corporation is subject; (e) a change to the termination provisions of an incentive stock option which does not result in an extension beyond the original term of the option; (f) substitutions and/or adjustments to an incentive stock option required in connection with transactions such as arrangements, amalgamations or a declaration of dividends upon the Common Shares.

Shareholder approval is required pursuant to the Stock Option Plan in respect of: (a) any amendments to the number of Common Shares (or other securities) issuable under the Stock Option Plan; (b) any amendment which reduces the exercise price of an option that is held by an Insider; (c) any amendment extending the term of an option held by an Insider beyond its original expiry date except as otherwise permitted by the Stock Option Plan; and (d) amendments required to be approved by Shareholders under applicable law, including, without limitation, the rules of the TSX. As options exercised pursuant to the Stock Option Plan become available again for future grant, the Stock Option Plan is considered an "evergreen" plan. As such, the TSX requires that the Stock Option Plan be submitted to Shareholders for ratification every three (3) years.

Options granted under the Stock Option Plan may not be assigned or transferred, provided however that if an option holder is deceased or is for any reason unable to manage his or her affairs, the personal representative of the holder of incentive stock options may, to the extent permitted under the Stock Option Plan, exercise the option prior to the expiry date.

Incentive stock options may be exercised until the earlier of: (a) the expiry time of such option; and (b) 90 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer, Service Provider or employee of the Corporation or its affiliates or a Service Provider or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, in the event of termination for cause, all options held by such terminated optionee will be cancelled immediately. If an incentive stock option expires during a Black-Out Period, then, notwithstanding any other provision of the Stock Option Plan, the option shall expire 10 Business Days after the Black-Out Period is lifted by the Corporation.

Shareholder Approval

At the Meeting, the Shareholders will be asked to consider, and, if deemed advisable, approve a resolution attached as Schedule “D” hereto (the “**Stock Option Plan Resolution**”).

The Board unanimously recommends that Shareholders vote “for” the Stock Option Plan Resolution as set out in Schedule “D” to this Circular.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE AMENDMENTS TO THE STOCK OPTION PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST AT THE MEETING BY SHAREHOLDERS IS SUFFICIENT FOR THE APPROVAL OF THE STOCK OPTION PLAN RESOLUTION.

4. Amendments to RSU Plan

At the Meeting, Shareholders will be asked to approve amendments to the RSU Plan to provide that the aggregate maximum number of Common Shares reserved for issuance under the Stock Option Plan and the RSU Plan, inclusive of existing outstanding options and RSUs, shall not exceed 29,450,000 Common Shares.

A copy of the RSU Plan is attached as Schedule “E” to this Circular which includes the proposed amendments to the plan. The following is a summary of the RSU Plan, including the amendments to be approved at the Meeting, which is qualified in its entirety by reference to the text of the RSU Plan.

Summary of RSU Plan

The purpose of the RSU Plan is to promote the interests of the Corporation and shareholders through the grant of Awards by: (i) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its Subsidiaries; (ii) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its Subsidiaries; and (iii) attracting new Directors, Officers, Employees and Service Providers. For the purposes of the RSU Plan, “Eligible Person” means a person who is a Director, Officer, Employee or Service Provider. Capitalized terms used in this summary that are not otherwise defined shall have the same meaning as defined in the RSU Plan.

The RSU Plan is administered by the Board or, at its option, a committee of the Board consisting of not less than three directors of the Corporation duly appointed to administer the RSU Plan. The Board has the authority: (i) to determine the Eligible Persons to whom Awards are granted, to determine whether such Awards shall be in respect of Common Shares, to grant such Awards, and to determine any terms and conditions, limitations and restrictions in respect of any particular Award grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, pledge, sale or other disposition of RSU Shares delivered pursuant to the grants of Awards, and the nature of the events and the duration of the period, if any, in which any Participant’s rights in respect of an Award may be forfeited; and (ii) to interpret the terms of the RSU Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of the RSU Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to RSU Plan.

Currently, the aggregate number of Common Shares that may be reserved for issuance pursuant to the RSU Plan shall not exceed 6,750,000 Common Shares, representing approximately 4.6% of the issued

and outstanding Common Shares as at the date of this Circular. As RSUs settled pursuant to the RSU Plan become available again for future award, the RSU Plan is considered an “evergreen” plan. As such, the TSX requires that the RSU Plan be submitted to Shareholders for ratification every three (3) years. At the Meeting, Shareholders will be asked to consider an amendment to the RSU Plan to provide that the aggregate maximum number of Common Shares reserved for issuance under the Stock Option Plan and the RSU Plan, inclusive of existing outstanding options and RSUs, shall not exceed 29,450,000 Common Shares, representing approximately 20% of the issued and outstanding Common Shares as at the date of this Circular.

The number of RSU Shares subject to any Award (or any portion thereof) that: (i) has vested and been redeemed; or (ii) that has expired or is forfeited, surrendered, cancelled or otherwise terminated prior to the delivery of RSU Shares pursuant to the Award, shall, in each case, automatically become available again to be made the subject of new Awards under the RSU Plan. In addition, the number of RSU Shares subject to an Award (or portion thereof) that the Corporation permits to be settled in cash in lieu of settlement in RSU Shares shall automatically become available again to be made the subject of new Awards under the RSU Plan.

The aggregate number of Common Shares issuable to Insiders under the RSU Plan or any other security-based compensation arrangement of the Corporation (including, without limitation, the Stock Option Plan), may not at any time exceed 10% of the combined total number of Common Shares issued and outstanding (on a non-diluted basis). Common Shares issued to Insiders under the RSU Plan or any other security-based compensation arrangement of the Corporation within a 12 month period may not exceed 10% of the total number of Common Shares issued and outstanding (on a non-diluted basis).

The Board will have discretion to establish at the time of grant of an Award, within the restrictions set forth in the RSU Plan, the Award Date, the Vesting Date or Vesting Dates, the conditions under which Awards may be granted, including, without limitation, the passage of time or the attainment of performance objectives which must be attained for the Award to vest, if any, and other particulars applicable to an Award granted under the RSU Plan. The Vesting Date or Vesting Dates of an Award will be determined in accordance with the instructions of the Board issued at the time of grant and will be subject to the provisions of the RSU Plan relating to expiry and to the RSU Holder having been in active employment or engagement with the Corporation throughout the intervening period from the Award Date, subject to certain exceptions as set out in the RSU Plan. Unless otherwise determined by the Board or after the time of grant where vesting of an Award is subject to conditions (including, without limitation, the passage of time or the attainment of performance objectives), such Award, or part thereof, shall expire unexercised on the applicable Vesting Date if such conditions have not been satisfied and the number of RSU Shares subject to such Award (or any portion thereof) shall become available again to be made the subject of new Awards under the RSU Plan. Finally, an Award will not be assignable or transferred, except in accordance with the applicable policies and rules of the Exchange and applicable securities laws.

Unless an Award has expired in accordance with the provisions of the RSU Plan, Awards shall be settled, at the sole discretion of the Corporation, either: (i) through the issue from treasury of the number of RSU Shares represented by such vested Award; (ii) through the purchase on the secondary market by the Corporation (or a trustee appointed by the Corporation for such purpose) of the number of RSU Shares represented by such vested Award and delivery to such RSU Holder; or (iii) by payment to the RSU Holder of such vested Award an amount in cash per RSU Share represented by such Award equal to the Market Price on the applicable Vesting Date. In the event that a RSU Holder receives Common Shares from the Corporation in satisfaction of an Award during a Black-Out Period, the RSU Holder shall not be entitled to sell or otherwise dispose of such Common Shares until receipt from the Corporation that such Black-Out Period has expired.

If a RSU Holder who is an Officer, Employee or Service Provider is terminated for Cause, any Awards held by the RSU Holder that have not yet vested at the date of termination are immediately forfeited to the Corporation and the number of RSU Shares subject to such Award (or any portion thereof) shall become available again to be made the subject of new Awards under the RSU Plan. If a RSU Holder dies prior to otherwise ceasing to be an Eligible Person: (i) any Awards held such RSU Holder that are not yet vested at the time of death are immediately forfeited to the Corporation at such time and the number of RSU Shares subject to such Award (or any portion thereof) shall become available again to be made the subject of new Awards under RSU Plan; and (ii) any Awards held by such RSU Holder that have vested as at the time of death will enure to the benefit of such RSU Holder's legal representative. Unless an Award Agreement specifies otherwise, if a RSU Holder ceases to be an Eligible Person for any reason whatsoever other than death or termination for Cause, any Awards held by the RSU Holder that are not yet vested at the date that such RSU Holder ceases to be an Eligible Person are immediately forfeited to the Corporation on such date and the number of RSU Shares subject to such Award (or any portion thereof) shall become available again to be made the subject of new Awards under the RSU Plan.

Awards of RSUs are not assignable or transferrable, except in accordance with the applicable policies and rules of the TSX and applicable securities laws.

Pursuant to the RSU Plan, the Board retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the RSU Plan by resolution of the Board, and any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the TSX, as may be required. The Board has the power and authority to approve amendments relating to the RSU Plan or to awards of RSUs, without further approval of the Shareholders, to the extent that such amendment: (a) is for the purpose of curing any ambiguity, error or omission in the RSU Plan or to correct or supplement any provision of the RSU Plan that is inconsistent with any other provision of the RSU Plan; (i) is necessary to comply with applicable law or the requirements of the TSX; (c) is an amendment to the RSU Plan respecting administration and eligibility for participation under the RSU Plan; (d) alters, extends or accelerates the terms of vesting applicable to any awards of RSUs; (e) changes the termination provisions of an RSU award or the RSU Plan which does not entail an extension beyond the original expiry date of an RSU award; (f) is an amendment to the RSU Plan of a "housekeeping nature"; or (g) does not require Shareholder approval under applicable law (including the rules of the TSX).

Shareholder approval is required when a proposed amendment to the RSU Plan: (a) amends the number of Common Shares issuable under the RSU Plan; (b) adds any form of financial assistance by the Corporation for the exercise of an RSU award; (c) results in a material or unreasonable dilution in the number of outstanding Common Shares or any material benefit to an Eligible Person; (d) changes the class of eligible participants to the RSU Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation; or (e) constitutes any amendment proscribed and/or requiring Shareholder approval under the rules of the TSX. As RSUs settled pursuant to the RSU Plan become available again for future award, the RSU Plan is considered an "evergreen" plan. As such, the TSX requires that the RSU Plan be submitted to Shareholders for ratification every three (3) years.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider, and, if deemed advisable, approve a resolution attached as Schedule "F" hereto (the "**RSU Plan Resolution**").

The Board unanimously recommends that Shareholders vote "for" the RSU Plan Resolution as set out in Schedule "F" to this Circular.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE AMENDMENTS TO THE RSU PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST AT THE MEETING BY SHAREHOLDERS IS SUFFICIENT FOR THE APPROVAL OF THE RSU PLAN RESOLUTION.

5. Ratification of Awards Under RSU Plan

Currently, the aggregate number of Common Shares that may be reserved for issuance pursuant to the RSU Plan shall not exceed 6,750,000 Common Shares (the “**Existing RSU Maximum**”). As described above under “Amendments to Stock Option Plan” and “Amendments to RSU Plan”, at the Meeting, Shareholders will be asked to consider certain amendments to both the Stock Option Plan and the RSU Plan to provide that the aggregate number of Common Shares issuable under the RSU Plan and the Stock Option Plan, inclusive of outstanding incentive stock options and RSUs shall not exceed 29,450,000 Common Shares.

On March 23, 2017, as required by the terms of the CEO Employment Agreement, the Corporation awarded an aggregate of 1,110,583 RSUs to the CEO of the Corporation, which award was in excess of the Existing RSU Maximum (the “**Award**”). The Corporation determined to proceed with the Award in order to satisfy its obligations set out in the CEO Employment Agreement notwithstanding that the Award would mean the Corporation was above the Existing RSU Maximum. The Award may not settle until such time that Shareholders have approved the RSU Plan Resolution and the Award, but otherwise has similar terms and vesting as typical awards made pursuant to the RSU Plan. Should Shareholders fail to approve the RSU Plan Resolution or the Award, this Award will be cancelled forthwith and the Corporation may be required to satisfy its obligations under the CEO Employment Agreement by other means including monetary compensation.

Shareholder Approval

At the Meeting, the Shareholders will be asked to consider, and, if deemed advisable, approve a resolution attached as Schedule “E” hereto (the “**RSU Ratification Resolution**”).

The Board unanimously recommends that Shareholders vote “for” the RSU Ratification Resolution as set out in Schedule “E” to this Circular.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RSU RATIFICATION RESOLUTION IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST AT THE MEETING BY SHAREHOLDERS IS SUFFICIENT FOR THE APPROVAL OF THE RSU RATIFICATION RESOLUTION.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person or company who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2016. In addition, copies of the Corporation's annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

APPROVAL OF BOARD OF DIRECTORS

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

Dated: May 16, 2017.

"Raouf Halim"

Raouf Halim
Director, President & Chief Executive Officer

SCHEDULE "A"
STATEMENT OF GOVERNANCE PRACTICES

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")	Comments
Board of Directors	
1. Board of Directors—Disclose how the board of directors (the “ Board ”) of Spectra7 Microsystems Inc. (the “ Corporation ”) facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.	The Board currently consists of a total of six directors of which Messrs. Brian Antonen, Ronald Pasek, Robert Dobkin, John Vettese and Roger Maggs are considered “independent” as such term is defined in NI 58-101. Raouf Halim is not considered independent as he is an executive officer of the Corporation.
2. Directorships—If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Please refer to the Circular under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.
3. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of Corporation’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, as part of their regularly scheduled meetings, the Board and Audit Committee typically hold in-camera sessions without management present in order to facilitate open and candid discussion.
4. Disclose whether or not the Chairman of the Board is an independent director. If the Board has a Chairman who is an independent director, disclose the identity of the independent Chairman, and describe his or her role and responsibilities.	Ronald Pasek is the Chairman of the Board and is considered “independent” as such term is defined in NI 58-101.
5. Disclose the attendance record of each director for all Board meetings held since the beginning of the Corporation’s most recently completed financial year.	Please refer to the Circular under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.
6. Disclose the text of the Board’s written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	The directors of the Board have adopted a formal written mandate which provides that the directors of the Board are responsible for the overall stewardship of the Corporation, establishing the overall policies and standards of the Corporation and approving its strategic plans. A copy of the Directors’ Mandate can be found as Schedule “G” to the Circular.
Position Descriptions	
7. Disclose whether or not the Board has developed written position descriptions for the Chairman and the Chairman of each Board committee. If the Board has not developed written position descriptions for the Chairman of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.	The directors of the Board have adopted a formal written mandate for the Chairman of the Board.
8. Describe whether or not the Board and CEO have developed a written position description for the CEO. If the Board and the CEO have not developed such a	The Board has adopted a formal mandate for the CEO which outlines the roles and responsibilities of the CEO, including management of the strategic and operational agenda of the Corporation and for execution of

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
position description, briefly describe how the Board delineates the role and responsibilities of the CEO.	the directives and policies of the Board.
Orientation and Continuing Education	
9. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.	Each director ultimately assumes responsibility for keeping himself informed about the Corporation’s business and relevant developments outside the Corporation that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Corporation’s business and developments in areas where they are not commonly exposed.
Ethical Business Conduct	
10. Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code: (i) disclose how a person or company may obtain a copy of the code, (ii) describe how the Board monitors compliance with its code, or if the Board, and (iii) provide a cross-reference to any material change report filed since the beginning of the Corporation’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	The Board has adopted a formal Code of Business Conduct (the “Code”) which highlights key issues and identifies policies and resources to help employees, officers and directors of the corporation reach appropriate and ethical decisions. The Corporation’s compliance officer is responsible for investigating all reported complaints under the Code. A copy of the Code can be obtained by contacting the Corporation.
11. Describe the steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreement in respect of which a director or executive officer has a material interest, and any other steps the Board takes to encourage and promote a culture of ethical business conduct.	The Board is responsible for promoting an ethical business culture. The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behaviour. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.
Nomination of Directors	
12. Disclose the process by which the Board identifies new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Corporate Governance and Nominating Committee is responsible for the identification and assessment of potential directors. While no formal nomination procedures are in place to identify new candidates, the Corporate Governance and Nominating Committee does review the experience and performance of nominees for election to the Board. Members of the Corporate Governance and Nominating Committee are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Corporate Governance and Nominating Committee also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
Compensation	
13. Disclose what steps, if any, are taken to determine compensation for the directors and officers, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board and the Compensation Committee in respect of compensation is more fully described in the “Compensation Discussion and Analysis” section of the accompanying Circular.
Other Board Committees	
14. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board does not have any standing committees other than the Corporate Governance and Nominating Committee, the Compensation Committee and the Audit Committee.
Assessments	
15. Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual Trustees are performing effectively.	The entire Board will evaluate the effectiveness of the Board, its committees and individual directors on an annual basis. To facilitate this evaluation, each committee will conduct an annual assessment of its performance, consisting of a review of its charter, the performance of the committee as a whole and the performance of the committee Chair.
Director Term Limits and Other Mechanisms of Board Renewal	
16. Disclose whether the Corporation has adopted term limits for the directors on its Board or other mechanisms for Board renewal and, if so, include a description of those director term limits or other mechanisms of Board renewal. If the Corporation has not adopted director term limits or other mechanisms of Board renewal, disclose why it has not done so.	The Board has not adopted a term limit for directors. The Board believes that the imposition of term limits on a director implicitly discounts the value of experience and continuity amongst Board members and runs the risk of excluding experienced and potentially valuable Board members as a result of an arbitrary determination. The notional objective of term limits is to encourage board turnover, introduce new perspectives and retain independence. The Corporation has achieved a satisfactory mix and turnover in directors over its short history, and the Board believes that it can strike the right balance between continuity and fresh perspectives without mandated term limits.
Policies Regarding the Representation of Women on the Board	
17. Disclose whether the Corporation has adopted a written policy relating to the identification and nomination of women directors. If the Corporation has not adopted such a policy, disclose why it has not done so. If the Corporation has adopted a policy, disclose a short summary of its objectives and key provisions, the measures taken to ensure that the policy has been effectively implemented, annual and cumulative progress by the issuer in achieving the objectives of the policy, and whether and, if so, how the Board or its nominating committee measures the effectiveness of the policy.	The Corporation has not adopted a written policy relating to the identification and nomination of women or minority directors. At this time, the Corporation has not adopted a target regarding the representation of women on the Board or in executive officer positions. The Corporation is committed to increasing Board diversity, and recognizes that the Board’s background should represent a variety of backgrounds, experiences and skills.
Consideration of the Representation of Women in the Director Identification and Selection Process	
18. Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the Corporation does not consider the representation of women on the Board in identifying and nominating candidates for election or re-election	The diversity of the Board (and in particular the representation of women) is one of many factors considered in the selection of candidates as potential directors.

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
to the Board, disclose the Corporation’s reasons for not doing so.	
Consideration Given to the Representation of Women in Executive Officer Appointments	
19. Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the Corporation does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the Corporation’s reasons for not doing so.	The diversity of the executive officers (and in particular the representation of women) is one of many factors considered in the selection of candidates as potential executive officers.
20. Disclose whether the Corporation has adopted a target regarding women on the Board or in executive officer positions. If the Corporation has not adopted a target, disclose why it has not done so. If the Corporation has adopted a target, disclose the target, and the annual and cumulative progress of the Corporation in achieving the target.	The Corporation has not adopted a target regarding women on the Board or in executive officer positions.
Number of Women on the Board and in Executive Officer Positions	
21. Disclose the number and proportion (in percentage terms) of (i) directors on the Corporation’s Board, and (ii) executive officers of the Corporation, who are women.	Currently, none of the six directors of the Board (0%) are women. Currently, one of six executive officers of the Corporation (16.7%) is a woman.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

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

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

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

PART 1

Purpose:

The purpose of the Committee is to:

- (a) improve the quality of the Corporation’s financial reporting;
- (b) assist the board of directors to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the directors and external auditors;
- (d) enhance the external auditor’s independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

1.1 Definitions

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

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

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

“**Charter**” means this audit committee charter;

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

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

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

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

“**independent**” means independent only as determined by both the Instrument and the TSX Company Manual;

“**Instrument**” means National Instrument 52-110 – *Audit Committees*;

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

“**Member**” means a member of the Committee;

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

“**non-audit services**” means services other than audit services.

1.2 Meaning of Financially Literate

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

PART 2

2.1 Audit Committee

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

2.2 Relationship with External Auditors

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

2.3 Committee Responsibilities

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

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

- (b) the compensation of the external auditor.
1. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
 - (a) reviewing the audit plan with management and the external auditor;
 - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
 - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - (g) reviewing interim unaudited financial statements before release to the public;
 - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;
 - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
 - (j) reviewing the terms of reference of the internal auditor, if any;
 - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.
 2. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
 3. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

4. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
5. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.
6. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.
7. The Committee shall, as applicable, establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
8. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
9. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(2) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;
- (b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its Members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(2).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. Every Member shall be independent.
4. Every Member shall be financially literate.
5. The board of directors of the Corporation shall appoint or re-appoint the Members after each annual meeting of shareholders of the Corporation.

PART 4

4.1 Authority

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

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

PART 5

5.1 Required Disclosure

The Corporation must include in its Annual Information Form the disclosure required by Form 52-110F1.

5.2 Disclosure in Information Circular

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

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

SCHEDULE "C"
AMENDMENTS TO STOCK OPTION PLAN

SPECTRA7 MICROSYSTEMS INC.

STOCK OPTION PLAN

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STOCK OPTION PLAN

(as amended on June 18, 2014, July 22, 2015, June 16, 2016 and June 15, 2017)

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means, initially, the Chief Executive Officer of the Corporation and thereafter shall mean such director or other senior officer or employee of the Corporation as may be designated as Administrator by the Board from time to time.
- (b) “Award Date” means the date on which the Board awards a particular Option.
- (c) “Board” means the board of directors of the Corporation or any committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under the Plan.
- (d) “Business Day” means any day, other than a Saturday or Sunday, on which banks in Toronto, Ontario, Canada are open for commercial banking business during normal banking hours.
- (e) “Cause” means:
 - (i) in the case of an Employee or Officer (1) cause as such term is defined in the written employment agreement with the Employee or Officer or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the employee is employed; or (2) the termination of employment as a result of an order made by any Regulatory Authority having jurisdiction to so order;
 - (ii) in the case of a Service Provider (1) the occurrence of any event which, under the written service providing contract with the Service Provider or the common law or the laws of the jurisdiction in which the Service Provider provides services, gives the Corporation or any of its affiliates the right to immediately terminate the service providing contract; or (2) the termination of the service providing contract as a result of an order made by any Regulatory Authority having jurisdiction to so order; or
 - (iii) in the case of a Director, ceasing to be a Director as a result of (1) ceasing to be qualified pursuant to subsection 105(1) of the *Canada Business Corporations Act*; (2) a resolution having been passed under section 109 of the *Canada Business Corporations Act* or by the resolution or method specified in the Corporation’s Articles; or (3) an order made by any Regulatory Authority having jurisdiction to so order.

- (f) “Change of Control” means and shall be deemed to have occurred if one of the following events takes place:
 - (i) the sale, transfer or other disposition of all or substantially all of the Corporation’s assets in complete liquidation or dissolution of the Corporation;
 - (ii) the Corporation amalgamates or enters into a plan of arrangement with another Corporation at arm’s length to the Corporation and its affiliates, other than an amalgamation or plan of arrangement that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such amalgamation or plan of arrangement; or
 - (iii) any Person or combination of Persons at arm’s length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect.
- (g) “Cash Exercise Notice” means the notice respecting the exercise of an Option, in the form set out as 0 hereto, duly executed by the Option Holder.
- (h) “Cashless Exercise” has the meaning given to that terms under paragraph 4.1(c).
- (i) “Cashless Exercise Notice” means the notice respecting the exercise of an Option on a cashless basis, in the form, set out as 0 hereto, duly executed by the Option Holder.
- (j) “Code” means the United States Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder.
- (k) “Common Share” or “Common Shares” means, as the case may be, one or more common shares in the capital of the Corporation.
- (l) “Corporation” means Spectra7 Microsystems Inc.
- (m) “Director” means the directors of the Corporation, and for purposes of the Plan includes directors of any Related Entity of the Corporation.
- (n) “Eligible Persons” means a person who is a Director, Officer or Employee, or a Service.
- (o) “Employee” means an employee of the Corporation and any Related Entity of the Corporation.
- (p) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.

- (q) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with paragraph 3.5.
- (r) “Expiry Date” means the date determined in accordance with paragraph 3.4 and after which a particular Option cannot be exercised.
- (s) “Expiry Period” has the meaning given to that term under paragraph 3.4(b).
- (t) “Fair Market Value” means the weighted average trading price of the Common Shares traded on the TSX for the five trading days immediately preceding the date in question. A “trading day” is a day which at least a board lot of shares have been traded on the TSX.
- (u) “Fixed Expiry Date” has the meaning given to that term under paragraph 3.4.
- (v) “Insider” has the meaning of “reporting insiders” as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the meaning of “insider” as defined in the TSX Company Manual.
- (w) “Insider Participation Limits” means the number of the Corporation’s securities:
 - (i) issued to Insiders of the Corporation, within any one year period; and
 - (ii) issuable to Insiders of the Corporation, at any time,under the arrangement, or when combined with all of the Corporation’s other security based compensation arrangements, which cannot exceed 10% of the Corporation’s total issued and outstanding securities, respectively.
- (x) “Market Price” of the Common Shares for a particular Award Date shall be determined as follows:
 - (i) for each organized trading facility on which the Common Shares are listed, Market Price shall be the closing trading price of the Common Shares on the last trading day immediately preceding the Award Date;
 - (ii) if the Common Shares are listed on more than one organized trading facility, then Market Price shall be the greater of the Market Prices determined for each organized trading facility on which those Common Shares are listed as determined for each organized trading facility in accordance with section (i) above; and
 - (iii) if the Common Shares are not listed on any organized trading facility, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the fair market value of the Common Shares on the Award Date as determined by the Board in its discretion.
- (y) “Officer” means an officer of the Corporation and for the purposes of the Plan includes officers of the Corporation and any Related Entity of the Corporation.
- (z) “Option” means an option to acquire Common Shares, awarded to an Eligible Person pursuant to the Plan.

- (aa) “Option Certificate” means the certificate, in the form set out as 0 hereto, evidencing an Option.
- (bb) “Option Holder” means a Person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (cc) “Person” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, Corporation or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency or entity however designated or constituted.
- (dd) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (ee) “Plan” means this stock option plan.
- (ff) “Regulatory Authorities” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Corporation’s Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation, including the TSX.
- (gg) “Related Entity” has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*.
- (hh) “RSU” means a restricted share unit awarded under the RSU Plan;
- (ii) “RSU Plan” means the restricted share unit plan of the Corporation, as it may be amended from time to time.
- (jj) “Securities Laws” means securities legislation, securities regulations and securities rules, as amended, and the instruments, forms, notices and policy documents in force from time to time that are applicable to the Corporation.
- (kk) “Service Provider” means an individual or Service Provider Corporation engaged by the Corporation to provide services for an initial, renewable or extended period of twelve months or more;
- (ll) “Service Provider Corporation” means for an individual Service Provider, a corporation or partnership of which the individual is an employee, shareholder or partner.
- (mm) “Share” or “Shares” means, as the case may be, one or more shares of any class in the share capital of the Corporation from time to time.

- (nn) “Subsidiary” means any entity (other than the Corporation), that is a subsidiary of the Corporation as such term is defined in the *Canada Business Corporations Act*, as amended, varied or re-enacted from time to time.
- (oo) “Termination Date” means:
 - (i) in the case of the Option Holder’s resignation from employment or the termination of the Option Holder’s service providing contract by the Option Holder, the date that the Option Holder provides notice of such resignation or termination to the Corporation or any of its affiliates; or
 - (ii) in the case of the termination of the Option Holder’s employment or service providing contract by the Corporation or any of its affiliates for any reason (whether such termination is lawful or unlawful) other than death, the date that the Corporation or any of its affiliates delivers written notice of such lawful or unlawful termination of the Option Holder’s employment or service providing contract to the Option Holder; or
 - (iii) in the case of the expiry of a fixed-term employment agreement or service providing contract that is not renewed or extended, the last day of the term.
- (pp) “TSX” means the Toronto Stock Exchange.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of Ontario.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

ARTICLE 2 PURPOSE AND PARTICIPATION

2.1 Purpose

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Service Providers and Employees, to reward such of those Directors, Officers, Service Providers and Employees as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such Directors, Officers, Service Providers and Employees to acquire Common Shares as long term investments.

2.2 Participation

The Board shall, from time to time and in its sole discretion, determine which of the Eligible Persons, if any, shall be awarded Options. The Board shall only award an Option to a Service Provider or Employee if the Service Provider or Employee is a bona fide Service Provider or Employee of the Corporation or an affiliate of the Corporation, and the Corporation shall make such a representation if required by the Regulatory Authorities. In addition, an Eligible Person subject to taxation in the United States must be employed by or providing service to the Corporation or a Subsidiary on the Award Date in order to be granted an Option pursuant to the Plan. The Board may, in its sole discretion, grant the majority of the Options to Insiders of the Corporation. However, in no case shall the Corporation exceed the Insider Participation Limits.

2.3 Notification of Award

Following the award of an Option by the Board, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

2.4 Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

2.5 Limitation

The Plan does not give any Option Holder that is a Director or Officer the right to serve or continue to serve as a Director or Officer of the Corporation or any of its affiliates nor does it give any Option Holder that is an Employee or Service Provider the right to be or to continue to be employed with or have a service providing relationship with the Corporation or any of its affiliates.

2.6 Jurisdictions

Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in the jurisdictions in which the Corporation and its Related Entities operate or have Eligible Persons, or in order to comply with the requirements of any Regulatory Authorities, the Board, in its sole discretion, subject to the rules and requirements of the TSX, shall have the power and authority to: (a) determine which Related Entities shall be covered by the Plan; (b) establish or modify the terms and conditions of any Option granted to Eligible Persons to comply with any applicable laws; (c) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitations contained in sections 2.2 and 3.2 of this Plan; and (d) take any action, before or after an Option is granted, that it deems advisable to obtain approval or comply with any applicable laws including necessary local governmental regulatory exemptions or approvals or listing requirements of any Regulatory Authorities.

ARTICLE 3
TERMS AND CONDITIONS OF OPTIONS

3.1 Board to Issue Common Shares

The Common Shares to be issued to Option Holders upon the exercise of Options shall be authorized and unissued Common Shares the issuance of which shall have been authorized by the Board.

3.2 Number of Common Shares

The aggregate maximum number of Common Shares which may be issued under Options issued and outstanding pursuant to this Plan and RSUs issued and outstanding pursuant to the RSU Plan is 29,450,000. Any issuance of Common Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Common Shares available for Option grants under the Plan. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

3.3 Term of Option

Subject to such other terms or conditions that may be attached to an Option granted hereunder, an Option Holder may exercise any vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Toronto, Ontario on the Expiry Date.

3.4 Termination

Subject to subparagraphs (a) to (e) below, the Expiry Date of an Option shall be the date fixed by the Board at the time the particular Option is awarded (the "Fixed Expiry Date"), provided that the Expiry Date shall be no later than the date that is 10 years following the Award Date of such Option:

(a) Death

If the Option Holder dies while his or her Option is outstanding, then unless otherwise provided for in the Option Certificate, the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 12 months after the date of the Option Holder's death. The Expiry Date for any unvested portion of the Option shall be the date of the Option Holder's death. The right to purchase Common Shares under an Option shall not vest after the date of the Option Holder's death.

(b) Ceasing to be a Director or Officer

If the Option Holder holds an Option as a Director or Officer and the Option Holder ceases to be a Director or Officer (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be a Director and Officer (or such other period as may be determined by the Board, provided that such period is not more than one year) (the "Expiry Period"). Notwithstanding the foregoing, if the Option Holder ceases to be a Director or Officer for

Cause, the Expiry Date shall be the date that the Option Holder ceases to be a Director or Officer. The Expiry Date for any unvested portion of the Option shall be the date that the Option Holder ceases to be a Director or Officer. The right to purchase Common Shares under an Option shall not vest after the date that the Option Holder ceases to be a Director or Officer.

(c) Ceasing to be an Employee or Service Provider

If the Option Holder holds an Option as an Employee or Service Provider and the Option Holder ceases to be an Employee or Service Provider (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be an Employee or Service Provider (or such other period as may be determined by the Board, provided that such period is not more than one year). Notwithstanding the foregoing, if the Option Holder ceases to be an Employee or Service Provider for Cause, the Expiry Date shall be the Termination Date. The Expiry Date for any unvested portion of the Option shall be the Termination Date. The right to purchase Common Shares under an Option shall not vest after the Termination Date. For greater certainty, if the Corporation gives an Employee or Service Provider working notice of termination of employment or the service providing contract or payment in lieu of notice or if the Corporation wrongfully or constructively dismisses the Employee or Service Provider, no vesting shall occur during the working notice period or deemed notice period that the Employee or Service Provider receives or should have received. The Expiry Period shall commence on the first day of such working notice period or deemed notice period.

(d) Change of Control

In the event of a Change of Control or impending Change of Control, the Board may, subject to any necessary prior written approval of the Regulatory Authorities, in its sole discretion, deal with outstanding Options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any Option Holder:

- (i) deliver a notice to the Option Holder advising the Option Holder that the unvested portion of the Option held by the Option Holder, if any, shall immediately vest;
- (ii) deliver a notice to an Option Holder advising the Option Holder that the Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the day that is 10 days following the date of the notice and the Expiry Date for any unvested portion of the Option shall be the date of the notice; or
- (iii) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

(e) Black-out Period

If an Option expires during a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire 10 Business Days after the Black-Out

Period is lifted by the Corporation. For the purposes hereof, a “Black-Out Period” means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation’s securities by an Option Holder.

The foregoing subparagraphs (b) and (c) shall only apply once an Option Holder ceases to fall into any of the categories of Eligible Persons. The Board and the Administrator shall look to which of the definitions of Employee, Director, Officer or Service Provider the Option Holder met immediately prior to the Option Holder ceasing to be an Eligible Person to determine which of subparagraphs (b) or (c) shall apply. If the Option Holder met more than one definition, then the following shall apply. If the Option Holder was an Employee or Service Provider, then the Option Holder shall be deemed to hold his or her Option as an Employee or Service Provider regardless of whether the Option Holder was also a Director or Officer.

3.5 Exercise Price

The price at which an Option Holder may purchase a Common Share upon the exercise of an Option shall be as set forth in the Option Certificate issued in respect of such Option and in any event shall not be less than the Market Price of the Common Shares as of the Award Date.

3.6 Additional Terms

Subject to all applicable Securities Laws and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the award of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, providing that an Option or a portion or portions of an Option expire on a certain date, after certain periods of time or upon the occurrence of certain events other than as provided for herein, provided that no Option shall expire more than ten years after the Award Date.

3.7 Assignment of Options

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

3.8 Adjustments

If:

- (a) the Common Shares are changed into or exchanged for a different number or kind of Shares of the Corporation or securities of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation;
- (b) a dividend is declared upon the Common Shares, payable in Common Shares (other than in lieu of dividends paid in the ordinary course);
- (c) the Corporation distributes by way of a dividend, or otherwise, to all or substantially all holders of Common Shares, property, evidences of indebtedness or Shares or other securities of the Corporation (other than Common Shares) or rights, options or warrants to acquire Common Shares or securities convertible into or exchangeable for Common

Shares or other securities or property of the Corporation, other than as a dividend in the ordinary course; or

- (d) there is any other change that the Board, in its sole discretion, determines equitably requires an adjustment to be made, then, subject to any required action by the shareholders of the Corporation and any necessary approval of the Regulatory Authorities, any term that the Board determines requires adjustment (including the number of Common Shares subject to each outstanding Option and the number of Common Shares that have been authorized for issuance under the Plan but as to which no Options have yet been granted or that have again become available for the purposes of the Plan, the Exercise Price of each outstanding Option, as well as any other terms that the Board determines require adjustment) shall be adjusted by the Board in the manner the Board deems appropriate and its determination shall be final, binding and conclusive. Except as the Board determines, no issuance by the Corporation of Shares of any class, or securities convertible into Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Common Shares subject to an Option. No fractional shares shall be issued upon the exercise of an Option and accordingly, if as a result of the adjustment, an Option Holder would become entitled to a fractional Common Share, such Option Holder shall have the right to purchase only the next lowest whole number of Common Shares and no payment or other adjustment shall be made with respect to the fractional interest so disregarded.

3.9 Vesting

The Board, subject to the policies of the TSX, may determine and impose terms upon which an Option shall become vested and exercisable. Unless otherwise specified by the Board at the time of the Option award, and subject to such other limits as may be imposed by TSX policies from time to time, all Options granted under the Plan shall vest and become exercisable in full upon grant.

Notwithstanding the foregoing, Options awarded to Service Providers performing investor relations activities must vest in stages over 12 months with no more than one-quarter vesting in any three month period.

3.10 Personal Information Form and Monitoring of Trading

An Option Holder who becomes a new Insider of the Corporation or who is undertaking investor relations activities must file a Personal Information Form or such other documents as may be required by the Regulatory Authorities. An Option Holder who performs investor relations activities must comply with all procedures established by the Board or the Regulatory Authorities to monitor the Option Holder's trading in the securities of the Corporation.

ARTICLE 4 EXERCISE OF OPTION

4.1 Exercise of Option

- (a) An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of the Option Holder may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date.

- (b) An Option Holder or the Personal Representative of the Option Holder may elect to exercise such options in cash by delivering to the Administrator a Cash Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option.
- (c) An Option Holder or the Personal Representative of the Option Holder may elect to exercise an Option without payment of the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option (a “**Cashless Exercise**”) by delivering a Cashless Exercise Notice to the Administrator. Upon receipt by the Administrator of a Cashless Exercise Notice from an Option Holder or Personal Representative of an Option Holder, the Corporation shall calculate and issue to such Option Holder or Personal Representative of such Option Holder that number of Common Shares as is determined by application of the following formula:

$$X=[Y(A-B)]/A$$

Where:

X = the number of Common Shares to be issued to the Option Holder upon the Cashless Exercise

Y = the number of Common Shares underlying the Options being exercised

A = the Fair Market Value as at the date of the Cashless Exercise Notice, if such Fair Market Value is greater than the exercise price

B = the Exercise Price of the Options being exercised

The Corporation may, but is not obligated to accept, any Cashless Exercise of which it receives notice. If the Corporation does accept such Cashless Exercise, no fractional Common Shares will be issued to any Option Holder or the Personal Representative of the Option Holder electing a Cashless Exercise. If the number of Common Shares to be issued to the Option Holder in the event of a Cashless Exercise would otherwise include a fraction of a Common Share, the Corporation will pay a cash amount to such Option Holder equal to (i) the fraction of a Common Share otherwise issuable multiplied by (ii) the value attributed to “A” in the formula set out above.

- (d) Unless otherwise required by applicable laws, or as determined in the discretion of the Board or the Administrator, the Exercise Price for Options shall be designated in Canadian dollars. A foreign Option Holder may be required to provide evidence that any currency used to pay the Exercise Price of any Option was acquired and taken out of the jurisdiction in which the Option Holder resides in accordance with applicable laws, including foreign exchange control laws and regulations. In the event the Exercise Price for an Option is paid in another foreign currency, if permitted by the Administrator, the amount payable will be determined by conversion from Canadian dollars at the exchange rate as selected by the Administrator on the date of exercise. For Option Holders subject to United States income tax, such conversion shall be determined in a manner which does not result in any adverse tax consequences to the Option Holder pursuant to Section 409A of the Code.

4.2 Issue of Share Certificates

As soon as practicable following the receipt of the Cash Exercise Notice or the Cashless Exercise Notice, as applicable, the Administrator shall cause to be delivered to the Option Holder a certificate for the Common Shares purchased by the Option Holder. If the number of Common Shares in respect of which the Option was exercised is less than the number of Common Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the share certificate for the balance of the Common Shares available under the Option.

4.3 Condition of Issue

The Options and the issue of Common Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Common Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with, and to fully cooperate with, the Corporation in complying with such laws, regulations, rules and policies.

4.4 Taxes

The Board and the Corporation may take all such measures as they deem appropriate to ensure that the Corporation's obligations under the withholding provisions under income tax laws applicable to the Corporation and other provisions of applicable laws are satisfied with respect to the issuance of Common Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Issuance of Common Shares or delivery of share certificates for Common Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of income tax laws and other applicable laws have been met.

**ARTICLE 5
ADMINISTRATION**

5.1 Administration

The Plan shall be administered by the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Corporation such administrative duties and powers as it may see fit.

5.2 Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

ARTICLE 6 AMENDMENT, TERMINATION AND NOTICE

6.1 Amendments

The Board may, subject to the approval of any Regulatory Authority whose approval is required and the approval of shareholders where required by such Regulatory Authority, amend the Plan or any Option at any time. Without limiting the generality of the foregoing, the Board is specifically authorized to amend the terms of the Plan or any Option without obtaining the approval of shareholders in the following circumstances, subject to any limitations that may be prescribed by the policies of the TSX from time to time:

- (a) amendments of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (b) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (c) a change to the vesting provisions of any Option or the Plan;
- (d) amendments to reflect any changes in requirements of any Regulatory Authority to which the Corporation is subject;
- (e) a change to the termination provisions of an Option which does not result in an extension beyond the original term of the Option;
- (f) in the case of any Option, the substitutions and/or adjustments contemplated under section 3.8 of this Plan; and
- (g) a change to the class of Eligible Persons that may participate under the Plan,

provided that, in the case of any Option, no such amendment may, without the consent of the Option Holder, materially decrease the rights or benefits accruing to such Option Holder or materially increase the obligations of such Option Holder. Notwithstanding the foregoing, shareholder approval shall be required in respect of:

- (a) any amendments to the number of Common Shares (or other securities) issuable under the Plan;
- (b) any amendment which reduces the exercise price of an option that is held by an Insider;

- (c) any amendment extending the term of an option held by an Insider beyond its original expiry date except as otherwise permitted by the Plan; and
- (d) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Regulatory Authorities).

In addition to the foregoing, the Board may not proceed with any amendment proscribed under TSX rules.

Where shareholder approval is sought for amendments under subsections (b) or (c) above, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the amendment will be excluded.

6.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

6.3 Approvals

The Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities and shareholders.

6.4 Termination

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which shall continue to be governed by the provisions of the Plan.

6.5 Agreement

The Corporation and every Option awarded hereunder shall be bound by and subject to the terms and conditions of the Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of the Plan.

6.6 Notice

Any notice or other communication contemplated under the Plan to be given by the Corporation to an Option Holder shall be given by the Corporation delivering or faxing the notice to the Option Holder at the last address for the Option Holder in the Corporation's records. Any such notice shall be deemed to have been given on the date on which it was delivered, or in the case of fax, the next Business Day after transmission. An Option Holder may, at any time, advise the Corporation of a change in the Option Holder's address or fax number.

SCHEDULE "A"
SPECTRA7 MICROSYSTEMS INC.

STOCK OPTION PLAN
OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of Spectra7 Microsystems Inc.'s (the "Corporation") Stock Option Plan (the "Plan") and evidences that • is the holder (the "Option Holder") of an option (the "Option") to purchase up to • Common shares (the "Common Shares") in the capital stock of the Corporation at a purchase price of Cdn. \$ • per Common Share.

Subject to the provisions of the Plan:

- (a) the Award Date of the Option is • ;
- (b) the Fixed Expiry Date of the Option is • ; and
- (c) the Expiry Period is • .

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date by delivering to the Administrator of the Plan a Cash Exercise Notice or a Cashless Exercise Notice, as applicable, in the form attached, together with this Certificate and, if the Option Holder elects to deliver a Cash Exercise Notice, such notice shall be also accompanied by a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Common Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this • day of • .

SPECTRA7 MICROSYSTEMS INC.

Per: _____
Administrator, Stock Option Plan

OPTION CERTIFICATE - SCHEDULE

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. • ; and
2. • .

SPECTRA7 MICROSYSTEMS INC.

Per: _____
Administrator, Stock Option Plan

SCHEDULE "B"
SPECTRA7 MICROSYSTEMS INC.

STOCK OPTION PLAN
CASH EXERCISE NOTICE

TO: The Administrator, Stock Option Plan
Spectra7 Microsystems Inc. (the "Corporation")

The undersigned hereby irrevocably gives notice, pursuant to the Corporation's Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for **(cross out inapplicable item)**:

- (d) all of the Common Shares; or
- (e) _____ of the Common Shares;

which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft **(circle one)** payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid Common Shares exercised and directs the Corporation to issue the certificate evidencing said Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

By executing this Cash Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Cash Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the _____ day of _____, _____.

Signature of Option Holder

SCHEDULE "C"
SPECTRA7 MICROSYSTEMS INC.

STOCK OPTION PLAN
CASHLESS EXERCISE NOTICE

TO: The Administrator, Stock Option Plan
Spectra7 Microsystems Inc. (the "Corporation")

The undersigned hereby irrevocably gives notice, pursuant to the Corporation's Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (f) all of the Common Shares; or
- (g) _____ of the Common Shares;

which are the subject of the Option Certificate attached hereto.

Pursuant to section 4.1(c) of the Plan and the approval of the Board, the number of Common Shares to be issued in accordance with the instructions of the undersigned shall be as is determined by application of the following formula, after deduction of any income tax or other amounts required by law to be withheld:

$$X=[Y(A-B)]/A$$

Where:

X = the number of Common Shares to be issued to the Option Holder upon the Cashless Exercise

Y = the number of Common Shares underlying the Options being exercised

A = the Fair Market Value as at the date of the Cashless Exercise Notice, if such Fair Market Value (as defined in the Plan) is greater than the exercise price

B = the exercise price of the Options being exercised

No fractional Common Shares will be issued upon the undersigned making a Cashless Exercise. If the number of Common Shares to be issued to the Option Holder in the event of a Cashless Exercise would otherwise include a fraction of a Common Share, the Corporation will pay a cash amount to such Option Holder equal to (i) the fraction of a Common Share otherwise issuable multiplied by (ii) the value attributed to "A" in the formula set out above.

The undersigned directs the Corporation to issue the certificate evidencing said Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

By executing this Cashless Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Cashless Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the _____ day of _____, _____.

Signature of Option Holder

SCHEDULE "D"
STOCK OPTION PLAN RESOLUTION

WHEREAS the Board of Directors of the Corporation adopted a stock option plan (the "**Stock Option Plan**") which provides that incentive stock options exercised pursuant to the Stock Option Plan become available again for future grant, which is considered an "evergreen" plan pursuant to the rules of the Toronto Stock Exchange (the "**TSX**");

AND WHEREAS the shareholders of the Corporation approved the Stock Option Plan, by a majority of votes cast, on June 16, 2016;

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

AND WHEREAS the Board of Directors of the Corporation proposes to make certain amendments to the Stock Option Plan;

RESOLVED THAT:

1. all unallocated options under the Stock Option Plan be and are hereby approved;
2. the Corporation have the ability to continue granting options under the Stock Option Plan until June 15, 2020, which is the date that is three years from the date of the meeting of shareholders at which shareholder approval is being sought;
3. the proposed amendments to the Corporation's Stock Option Plan to:
 - (a) provide that instead of the maximum number of common shares in the capital of the Corporation ("**Common Shares**") reserved for issuance under the Stock Option Plan not exceeding an aggregate of 8,750,000, the maximum number of Common Shares reserved for issuance under both the Stock Option Plan and the restricted share unit plan, inclusive of existing outstanding incentive stock options ("**Options**") and restricted share units, shall not exceed an aggregate of 29,450,000;
 - (b) provide that a holder of Options may elect to exercise an Option without payment of the aggregate exercise price of the Common Shares to be purchased pursuant to the exercise of the Options, subject to acceptance by the Corporation; and(collectively, the "**Amendments**") be and the same are hereby ratified, adopted, authorized and approved; and
4. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all such things and to execute such documents, whether under the corporate seal of the Corporation or otherwise, that may be necessary to give effect to the Amendments and this resolution, including, but not limited to, filing such agreements, amendments, resolutions and other documents with such regulatory authorities having jurisdiction including, without limitation, the Toronto Stock Exchange.

SCHEDULE "E"
AMENDMENTS TO RESTRICTED SHARE UNIT PLAN

SPECTRA7 MICROSYSTEMS INC.

RESTRICTED SHARE UNIT PLAN

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RESTRICTED SHARE UNIT PLAN

1. Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

“**Affiliate**” shall have the meaning ascribed thereto by the Exchange;

“**Associate**” shall have the meaning ascribed thereto by the Exchange;

“**Award**” means the RSUs granted to an Eligible Person under this Plan on an Award Date, evidenced by an Award Agreement and subject to the terms and conditions of this Plan and the Award Agreement;

“**Award Agreement**” means an agreement entered into by an Eligible Person and the Corporation pursuant to which an Award is granted to the Eligible Person in accordance with this Plan, and containing such additional terms and conditions not inconsistent with this Plan as the Board shall deem desirable;

“**Award Date**” means the date on which an Award is granted, which date may be on or, if determined by the Board at the time of grant, after the date that the Board resolves to grant the Award;

“**Black-Out Period**” means the period of time during which the Corporation has imposed trading restrictions on a RSU Holder;

“**Board**” means the board of directors of the Corporation or any committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant securities under the Plan;

“**Cause**” means, as determined by the Board and unless otherwise provided in an applicable agreement between a RSU Holder and the Corporation or an Affiliate or Subsidiary of the Corporation: (i) gross negligence or wilful misconduct by a RSU Holder in connection with the performance of duties; (ii) commission by a RSU Holder of a criminal offence (other than minor traffic offences); or (iii) material breach by a RSU Holder of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreement between the RSU Holder and the Corporation or an Affiliate or Subsidiary of the Corporation;

“**Change of Control Transaction**” means and shall be deemed to have occurred if one of the following events takes place:

- (a) the sale, transfer or other disposition of all or substantially all of the Corporation’s assets in complete liquidation or dissolution of the Corporation;
- (b) the Corporation amalgamates or enters into a plan of arrangement with another Corporation at arm’s length to the Corporation and its affiliates, other than an amalgamation or plan of arrangement that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such amalgamation or plan of arrangement;
or
- (c) any Person or combination of Persons at arm’s length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the

voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect;

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Corporation**” means Spectra7 Microsystems Inc.;

“**Director**” means a director of the Corporation or a Subsidiary, to whom Awards and RSU Shares can be granted in reliance on a prospectus exemption under applicable securities laws;

“**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by all shareholders entitled to vote at a meeting of shareholders of the Corporation excluding votes attached to shares beneficially owned by Insiders to whom Awards may be granted under this Plan and their Associates;

“**Eligible Person**” means a person who is a Director, Officer or Employee, or a Service Provider;

“**Employee**” means an employee of the Corporation and any Related Entity of the Corporation;

“**Exchange**” means the Toronto Stock Exchange and any successor entity thereof;

“**Exchange Act**” means the *United States Securities Exchange Act of 1934*, as amended;

“**Insider**” shall have the meaning of “reporting insiders” as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the meaning of “insider” as defined in the Exchange Company Manual;

“**Insider Participation Limits**” means the number of the Corporation’s securities:

- (a) issued to Insiders of the Corporation, within any one year period; and
- (b) issuable to Insiders of the Corporation, at any time,

under the arrangement, or when combined with all of the Corporation’s other security based compensation arrangements, which cannot exceed 10% of the Corporation’s total issued and outstanding securities, respectively;

“**Market Price**” of the Common Shares for a particular Vesting Date shall be determined as follows:

- (a) for each organized trading facility on which the Common Shares are listed, Market Price shall be the closing trading price of the Common Shares on the last trading day immediately preceding the Vesting Date;
- (b) if the Common Shares are listed on more than one organized trading facility, then Market Price shall be the greater of the Market Prices determined for each organized trading facility on which those Common Shares are listed as determined for each organized trading facility in accordance with section (a) above; and

- (c) if the Common Shares are not listed on any organized trading facility, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the fair market value of the Common Shares on the Vesting Date as determined by the Board in its discretion;

“**Offer**” means an offer made generally to the holders of Common Shares (or any class of common shares of the Corporation) in one or more jurisdictions to acquire, directly or indirectly, the Common Shares and which is in the nature of a “takeover bid” as defined in the *Securities Act* (Ontario) and, where any of the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the *Securities Act* (Ontario);

“**Officer**” means an officer of the Corporation and for the purposes of the Plan includes officers of the Corporation and any Related Entity of the Corporation;

“**Option**” means an option to subscribe for either Common Shares granted pursuant to the terms of the Stock Option Plan;

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, Corporation or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency or entity however designated or constituted;

“**Plan**” means this Restricted Share Unit Plan of the Corporation, as it may be amended from time to time;

“**Regulatory Authorities**” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Common Shares are listed or quoted for trading and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation;

“**Related Entity**” has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**Restricted Share Unit**” or “**RSU**” means a restricted share unit granted under the Plan;

“**RSU Holder**” shall have the meaning as set forth in subsection 9(b);

“**RSU Shares**” means the Common Shares that a RSU Holder may receive pursuant to a particular Award Agreement;

“**Service Provider**” means an individual or Service Provider Corporation engaged by the Corporation to provide services for an initial, renewable or extended period of twelve months or more;

“**Service Provider Corporation**” means for an individual Service Provider, a corporation or partnership of which the individual is an employee, shareholder or partner;

“**Stock Option Plan**” means the incentive stock option plan of the Corporation, as it may be amended from time to time;

“**Subsidiary**” means any entity (other than the Corporation), that is a subsidiary of the Corporation as such term is defined in the *Canada Business Corporations Act*, as amended, varied or re-enacted from time to time;

“**Unsolicited Offer**” means an Offer in respect of which neither the Board nor management of the Corporation solicited, sought out, or otherwise arranged for the offeror party to make such Offer; and

“**Vesting Date**” or “**Vesting Dates**” shall have the meaning as set forth in subsection 9(c).

2. **Interpretation**

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

3. **Purpose of the Plan**

The purpose of this Plan is to promote the interests of the Corporation and its shareholders through the grant of Awards, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its Subsidiaries;
- (b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its Subsidiaries; and
- (c) attracting new Directors, Officers, Employees and Service Providers.

4. **Administration of the Plan**

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Awards are granted, to determine whether such Awards shall be in respect of Common Shares, to grant such Awards, and to determine any terms and conditions, limitations and restrictions in respect of any particular Award grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, pledge, sale or other disposition of RSU Shares deliverable pursuant to the grants of Awards, and the nature of the events and the duration of the period, if any, in which any RSU Holders’ rights in respect of an Award may be forfeited; and
 - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with section 5 hereof.
- (b) The Board’s interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, RSU Holders and all other persons.

5. **Compliance with Legislation**

- (a) This Plan, the grant of Awards hereunder and the Corporation's obligation to issue and/or deliver any RSU Shares pursuant to Awards shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchange or other market on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant of Awards hereunder to issue and/or deliver RSU Shares in satisfaction of grants of Awards in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals. Each RSU Holder shall agree to comply with such laws, regulations and rules and to provide to the Corporation any information or undertaking required to comply with such laws, regulations and rules.
- (b) No Award shall be granted and no RSU Shares shall be issued or delivered hereunder where such grant, issue and/or delivery would require registration or other qualification of this Plan or the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Award or any issue and/or delivery of RSU Shares hereunder in violation of this provision shall be void.
- (c) RSU Shares issued or delivered to RSU Holders pursuant to an Award shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchange or other market on which the Common Shares are listed or quoted for trading, and any certificates representing such RSU Shares shall bear, as required, a restrictive legend in respect thereof.
- (d) An Eligible Person subject to taxation in the United States must be employed by or providing services to the Corporation or a Subsidiary on the Award Date in order to be granted an Award under the Plan.
- (e) Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in the jurisdictions in which the Corporation and its Related Entities operate or have Eligible Persons, or in order to comply with the requirements of any Regulatory Authorities, the Board, in its sole discretion, shall have the power and authority to: (i) determine which Related Entities shall be covered by the Plan; (ii) establish or modify the terms and conditions of any Award granted to Eligible Persons to comply with any applicable laws; (iii) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitations contained in subsection 6(a) of this Plan; and (iv) take any action, before or after an Award is granted, that it deems advisable to obtain approval or comply with any applicable laws including necessary local governmental regulatory exemptions or approvals or listing requirements of any securities exchange.
- (f) To the extent desirable to qualify applicable Awards granted pursuant to the Plan as exempt under Exchange Act Rule 16b-3, such transactions will be approved by the entire Board (or a committee of the Board consisting of two or more "non-employee directors" within the meaning of Exchange Act Rule 16b-3) and any Award granted to an individual who is then subject to Section 16 of the Exchange Act with respect to Common Shares shall be subject to any additional limitations set forth in any applicable exemptive rule

under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto).

6. **Shares Reserved**

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to this Plan and the Stock Option Plan shall not exceed 29,450,000. The number of RSU Shares subject to any Award (or any portion thereof) that: (i) has vested and been redeemed; or (ii) that has expired or is forfeited, surrendered, cancelled or otherwise terminated prior to the delivery of RSU Shares pursuant to the Award, shall, in each case, automatically become available again to be made the subject of new Awards under this Plan. In addition, the number of RSU Shares subject to an Award (or portion thereof) that the Corporation permits to be settled in cash in lieu of settlement in RSU Shares shall automatically become available again to be made the subject of new Awards under this Plan.
- (b) Subject to any required approvals of applicable Regulatory Authorities and stock exchanges, in the event of any change in the Common Shares by reason of any stock dividend, recapitalization, merger, consolidation, division, combination or exchange of shares, or rights offering to purchase the Common Shares at a price substantially below fair market value, or of any similar change affecting the Common Shares, the number and kind of shares which thereafter may be delivered under this Plan and the number and kind of shares subject to an Award in outstanding Award Agreements shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, RSU Holders.
- (c) The Corporation shall not be required to issue fractional Common Shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this subsection 6(c), be deliverable upon the exercise of any Award settled by the delivery of Common Shares shall be cancelled and not be deliverable by the Corporation, provided that any fractional interest in a Common Share underlying an Award may only be exercised with other fractional interests to result in the issuance of a whole Common Share.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.
- (e) The issuance of Common Shares under this Plan shall be subject to the Insider Participation Limits.

7. **Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable, including any other share compensation arrangement.

8. **Effective Date**

This Plan shall be subject to the approval of any Regulatory Authority whose approval is required.

9. **Grant of Awards**

- (a) **Grant of Awards.** In addition to the Board's authority as set out in section 4, the Board shall determine the number of RSUs granted under each Award. The Board shall further have discretion to establish at the time of grant, within the restrictions set forth in this Plan, the Award Date, the Vesting Date or Vesting Dates, the conditions under which Awards may be granted, including, without limitation, the passage of time or the attainment of performance objectives which must be attained for the Award to vest, if any, and other particulars applicable to an Award granted hereunder.
- (b) **Award Agreement.** Upon the grant of an Award, the Corporation will deliver to the Eligible Person selected to receive such Award an Award Agreement dated as of the Award Date, containing the terms of the Award and executed by the Corporation, and upon delivery to the Corporation of the Award Agreement executed by the Eligible Person in question, the Eligible Person in question will be a RSU holder (a "**RSU Holder**") under this Plan and, subject to vesting, have the right to receive the RSU Shares (or, at the Corporation's option, cash equal to the Market Price of such RSU Shares on the applicable Vesting Date) on the terms set out in the Award Agreement and in the Plan. Award Agreements will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions the Board may direct. Each RSU Holder will, when requested by the Corporation, sign and deliver all such documents relating to the granting of Awards which the Corporation deems necessary or desirable.
- (c) **Vesting Date.**
- (i) The vesting date or vesting dates of an Award will be determined in accordance with the instructions of the Board issued at the time of grant (the "**Vesting Date**" or "**Vesting Dates**", as applicable), and will be subject to the provisions of subsection 9(d) relating to expiry and to the RSU Holder having been in active employment or engagement with the Corporation throughout the intervening period from the Award Date.
- (ii) Unless the Board determines otherwise in accordance with subsection 9(c)(i), Awards shall vest in four equal portions on Vesting Dates to occur on the first, second, third and fourth anniversaries from the date of grant of such Award.
- (d) **Expiry of Awards.**
- (i) Unless otherwise determined by the Board at or after the time of grant where vesting of an Award is subject to conditions (including, without limitation, the passage of time or the attainment of performance objectives), such Award, or part thereof, shall expire unexercised on the applicable Vesting Date if such conditions have not been satisfied and the number of RSU Shares subject to such Award (or any portion thereof) shall automatically become available again to be made the subject of new Awards under this Plan.
- (ii) If a RSU Holder who is an Officer, Employee or Service Provider is terminated for Cause, any Awards held by the RSU Holder that have not yet vested at the date of termination are immediately forfeited to the Corporation and the number

of RSU Shares subject to such Award (or any portion thereof) shall automatically become available again to be made the subject of new Awards under this Plan.

- (iii) If a RSU Holder dies prior to otherwise ceasing to be an Eligible Person: (i) any Awards held such RSU Holder that are not yet vested at the time of death are immediately forfeited to the Corporation at such time and the number of RSU Shares subject to such Award (or any portion thereof) shall automatically become available again to be made the subject of new Awards under this Plan; and (ii) any Awards held by such RSU Holder that have vested as at the time of death will enure to the benefit of such RSU Holder's legal representative.
- (iv) Unless an Award Agreement specifies otherwise, if a RSU Holder ceases to be an Eligible Person for any reason whatsoever other than death or termination for Cause, any Awards held by the RSU Holder that are not yet vested at the date that such RSU Holder ceases to be an Eligible Person are immediately forfeited to the Corporation on such date and the number of RSU Shares subject to such Award (or any portion thereof) shall automatically become available again to be made the subject of new Awards under this Plan.
- (e) **Non-Assignable.** An Award will not be assignable or transferred, except in accordance with the applicable policies and rules of the Exchange and applicable securities laws.
- (f) **Settlement of the Award.** Unless an Award has expired in accordance with subsection 9(d), the Corporation shall, as soon as practicable and within the time permitted by legislation after the applicable Vesting Date:
 - (i) issue from treasury the number of RSU Shares represented by such vested Award and direct its transfer agent to issue a certificate in the name of the RSU Holder of such vested Award (or, if deceased, his or her legal representative) which will be issued as fully paid and non-assessable shares; or
 - (ii) purchase the number of RSU Shares represented by such vested Award on the secondary market for delivery to the RSU Holder of such vested Award (or, if deceased, his or her legal representative); or
 - (iii) unless the Award Agreement provides otherwise, pay to the RSU Holder of such vested Award (or, if deceased, his or her legal representative), an amount in cash per RSU Share represented by such Award equal to the Market Price on the applicable Vesting Date.

Whether an Award is settled in accordance with subsections 9(f)(i), 9(f)(ii) or 9(f)(iii) shall be at the sole discretion of the Corporation. In addition to the foregoing, with respect to an Award granted to an Eligible Person who is subject to taxation in the United States on the Award Date, except as otherwise determined by the Board and set forth in any applicable Award Agreement, in no event shall the settlement date occur following the later of (1) the 15th day of the third month following the end of calendar year in which the applicable portion of the Award vests; or (2) the 15th day of the third month following the end of the Corporation's fiscal year in which the applicable portion of the Award vests.

- (g) **Black-Out Period.** In the event that a RSU Holder receives Common Shares from the Corporation in satisfaction of an Award during a Black-Out Period, the RSU Holder shall not be entitled to sell or otherwise dispose of such Common Shares until receipt from the Corporation of notice that such Black-Out Period has expired.

10. **Change of Control Transactions and Unsolicited Offers**

Notwithstanding any provisions to the contrary contained in this Plan, the Board shall have the power to accelerate the time at which a RSU may vest or the time during which a RSU or any part thereof will become fully vested including, without limitation, prior to or in connection with a Change of Control Transaction or an Unsolicited Offer; provided, however, that with respect to an RSU granted to an Eligible Person who is subject to taxation in the United States at the effective time of such Board action, the Board's action must either (a) preserve the exemption of the Award from Code Section 409A or (b) comply with Code Section 409A.

11. **Amendment and Termination of Plan**

The Board retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the Plan by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, as may be required. Any amendment to the Plan shall take effect only with respect to Awards granted after the effective date of such amendment, provided that it may apply to any outstanding Awards with the mutual consent of the Corporation and the RSU Holders to whom such Awards have been granted. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Award remains outstanding. The Board shall have the power and authority to approve amendments relating to the Plan or to Awards, without further approval of the shareholders, to the extent that such amendment:

- (a) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) is necessary to comply with applicable law or the requirements of the Exchange;
- (c) is an amendment to the Plan respecting administration and eligibility for participation under the Plan;
- (d) alters, extends or accelerates the terms of vesting applicable to any Awards;
- (e) changes the termination provisions of an Award or the Plan which does not entail an extension beyond the original expiry date of an Award;
- (f) is an amendment to the Plan of a "housekeeping nature"; or
- (g) does not require shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the Exchange),

provided that in the case of any alteration, amendment or variance referred to in this section 11 the alteration, amendment or variance does not:

- (i) amend the number of Common Shares issuable under the Plan;

- (ii) add any form of financial assistance by the Corporation for the exercise of an Award;
- (iii) result in a material or unreasonable dilution in the number of outstanding Common Shares or any material benefit to an Eligible Person; or
- (iv) change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation;
- (v) constitute any amendment proscribed and/or requiring shareholder approval under the rules of the Exchange;

and further provided that:

- (vi) any Awards granted prior to the acceptance and approval of such amendments by the Exchange shall be conditional upon such approval and acceptance being given and no such Awards may be exercised unless and until such approval and acceptance are given.

Without limiting the generality of the foregoing, but subject to any required approval of any Regulatory Authority or stock exchange, the Board may amend the expiry date and the termination provisions of Awards granted pursuant to the Plan, without shareholder approval, provided that if the Board proposes to extend the expiry date of an Award held by a RSU Holder who is an Insider of the Corporation at the time of the amendment, such amendment will require Disinterested Shareholder Approval.

12. **General Provisions**

- (a) Nothing in this Plan or any Award shall confer upon a RSU Holder any rights as a shareholder of the Corporation with respect to any RSU Shares underlying any Award unless and until such RSU Holder shall have become a holder of RSU Shares, if any, that the RSU Holder has received upon the vesting of an Award in accordance with its terms.
- (b) The participation in the Plan of an Eligible Person shall be entirely optional. Nothing in this Plan or any Award shall confer upon a RSU Holder any right to continue in the employ of the Corporation or any Affiliate or Subsidiary of the Corporation or affect in any way the right of the Corporation or any Affiliate or Subsidiary of the Corporation to terminate the RSU Holders' employment, with or without Cause, at any time; nor shall anything in this Plan or any Award be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate or Subsidiary of the Corporation to extend the employment of any RSU Holder beyond the time which the RSU Holder would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate or Subsidiary of the Corporation, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate or Subsidiary of the Corporation. No RSU Holder has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a RSU Holder a right to remain as an Employee, Director, Officer or Service Provider of the Corporation or any Affiliate or Subsidiary of the Corporation.

- (c) No Eligible Person shall acquire the automatic right to be granted one or more RSUs under the terms of the Plan by reason of any previous grant of RSUs under the terms of the Plan.
- (d) The Plan does not provide for any guarantee in respect of any loss or profit that may result from fluctuations in the price of the Common Shares.
- (e) To the extent the vesting of an Award hereunder gives rise to any tax or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), the Board may implement appropriate procedures to ensure that the tax withholding obligations are met. These procedures may include, without limitation, increased withholding from a RSU Holder's regular compensation, cash payments by a RSU Holder or the sale of a portion of the RSU Shares issued pursuant to an Award, which sale may be required and initiated by the Board. Unless otherwise determined by the Board, any such procedure, including offering choices among procedures, will be applied consistently with respect to all similarly situated RSU Holders, except to the extent any procedure may not be permitted under the laws of the applicable jurisdiction. The Corporation shall assume no responsibility as regards to the tax consequences that participation in the Plan will have for a RSU Holder and such persons are urged to consult their own tax advisors in such regard. Except as otherwise expressly set forth in an Award Agreement, it is intended that Awards granted under the Plan to Eligible Persons subject to taxation in the United States either be exempt from, or comply with, the requirements of Code Section 409A. To the extent an Award is subject to Code Section 409A (a "409A Award"), the terms of the Plan, the Award and any related Award Agreement shall be interpreted to comply with the requirements of Code Section 409A so that the RSU Holder is not subject to additional tax or interest under Code Section 409A, unless the Board expressly provides otherwise. A 409A Award shall be subject to such additional rules and requirements as specified by the Board from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" to an individual who is considered a "specified employee" (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the RSU Holder's separation from service or (ii) the RSU Holder's death, but only to the extent such delay is necessary to prevent such payment from being subject to Code Section 409A(a)(1).
- (f) This Plan, all Award Agreements, the grant of Awards hereunder, and the issue and/or delivery of RSU Shares hereunder shall be, as applicable, governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to principles of conflicts of laws that would impose the laws of another jurisdiction. The Courts of the Province of Ontario shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.
- (g) This Plan is effective as of February 5, 2013, as amended on June 18, 2014, July 22, 2015 and June 16, 2016.

SCHEDULE "F"
RSU PLAN RESOLUTION

WHEREAS the Board of Directors of the Corporation adopted a restricted share unit plan (the "**RSU Plan**") which provides that restricted share units ("**RSUs**") settled pursuant to the RSU Plan become available again for future award, the RSU Plan is considered an "evergreen" plan pursuant to the rules of the Toronto Stock Exchange (the "**TSX**");

AND WHEREAS the shareholders of the Corporation approved the RSU Plan, by a majority of votes cast, on June 16, 2016;

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

AND WHEREAS the Board of Directors of the Corporation proposes to make certain amendments to the RSU Plan;

RESOLVED THAT:

1. all unallocated RSUs under the RSU Plan be and are hereby approved;
2. the Corporation have the ability to continue granting RSUs under the RSU Plan until June 15, 2020, which is the date that is three years from the date of the meeting of shareholders at which shareholder approval is being sought;
3. the proposed amendment to the RSU Plan to provide that instead of the maximum number of common shares in the capital of the Corporation ("**Common Shares**") reserved for issuance under the RSU Plan not exceeding 6,750,000, the maximum number of Common Shares reserved for issuance under both the RSU Plan and the Corporation's stock option plan, inclusive of existing outstanding incentive stock options and restricted share units, shall not exceed an aggregate of 29,450,000, be and the same are hereby ratified, adopted, authorized and approved; and
4. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all such things and to execute such documents, whether under the corporate seal of the Corporation or otherwise, that may be necessary to give effect to the Amendments and this resolution, including, but not limited to, filing such agreements, amendments, resolutions and other documents with such regulatory authorities having jurisdiction including, without limitation, the Toronto Stock Exchange.

SCHEDULE "G"
RSU RATIFICATION RESOLUTION

1. the award by the Corporation on March 23, 2017 of 1,110,583 restricted share units to an officer of the Corporation be and the same is hereby ratified, authorized and approved; and

2. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all such things and to execute such documents, whether under the corporate seal of the Corporation or otherwise, that may be necessary to give effect to the Amendments and this resolution, including, but not limited to, filing such agreements, amendments, resolutions and other documents with such regulatory authorities having jurisdiction including, without limitation, the Toronto Stock Exchange.

**SCHEDULE "H"
DIRECTORS' MANDATE**

Spectra7 Microsystems Inc.

**DIRECTORS'
MANDATE**

April 2013

**SPECTRA7 MICROSYSTEMS INC.
(the “Corporation”)**

DIRECTORS’ MANDATE

Directors’ Responsibilities

The Directors are responsible for the stewardship of the Corporation. To discharge this obligation, the Directors, directly and through the applicable committees of the Board of Directors, should assume responsibility in the following areas:

Strategic Planning Process

- Provide input to management on emerging trends and issues.
- Adopt, review and approve, if appropriate, management’s strategic plans on an annual basis.
- Review and approve the Corporation’s financial objectives, plans and actions, including significant capital allocations and expenditures.

Monitoring Tactical Progress

- Monitor corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.

Risk Assessment

- Identify the principal risks of the Corporation’s businesses and ensure that appropriate systems are in place to manage these risks.

Senior Level Staffing

- Select, monitor and evaluate the Chief Executive Officer and approve the appointment of other senior executives, and ensure the adoption of a management succession plan.
- Approve a position description for the Chief Executive Officer including limits to management’s responsibilities and corporate objectives which the Chief Executive Officer is responsible for meeting, all upon recommendation from the Corporate Governance and Nominating Committee.
- Satisfy itself as to the integrity of the Chief Executive Officer and other executive officers.
- Satisfy itself that the Chief Executive Officer and other executive officers create, maintain and foster a culture of integrity throughout the Corporation.
- Engage in succession planning including, identifying, training and monitoring future senior management.

Integrity

- Ensure the integrity of the Corporation’s internal control and management information systems.
- Ensure ethical behaviour and compliance with laws and regulations, audit and accounting principles, and the Corporation’s own governing documents.
- Satisfy itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Offer and other executive officers create a culture of integrity throughout the organization.

Material Transactions

- Review and approve material transactions not in the ordinary course of business, including without limitation, stock issuances, acquisitions, loans and leases.

Monitoring Directors' Effectiveness

- Assess their own effectiveness in fulfilling the above and Directors' responsibilities, including monitoring the effectiveness of individual Directors.

Disclosure Policy and Code of Business Conduct

- Adopt, monitor and periodically review the effectiveness of a corporate disclosure policy and a code of business conduct.
- Make determinations with respect to waiving compliance with the code of business conduct by Directors and executive officers.
- The Board may delegate responsibility for making determinations with respect to waiving compliance with the code of business conduct to a committee of the Board.

Feedback from Shareholders

- Develop measures for the receipt, by Directors, of feedback from shareholders.

Expectations of Directors

- Directors are expected to attend all meetings.
- The specific dates of Board meetings to approve interim and annual financial results shall be scheduled at the commencement of each fiscal year.
- Additional meetings of the Board shall be called on an as-required basis.
- Directors are expected to review materials to be presented at Board meetings prior to such meetings. Such materials are to be circulated with sufficient advanced notice to allow Board members adequate review time. However, for unscheduled meetings, shorter notice may be necessary.

Corporate Governance

- Develop the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation.
- The Board may delegate this responsibility to a committee of the directors, which committee shall have a majority of "Independent" directors (as such term is defined in National Policy 58-201 – *Corporate Governance Guidelines*) and the remaining members of which, if any, shall be "non-management" directors.

Other

- Perform such other functions as prescribed by law or assigned to the Directors in the Corporation's constating documents, policies and guidelines.