

OMNI-LITE INDUSTRIES CANADA INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS

**To be held at 11:00 am. (Eastern
Time) Main Board Room**

**At the office of
Peterson McVicar LLP
18 King St. E, Suite 902,
Toronto, ON
M5C 1C4**

On

February 2, 2022

MANAGEMENT INFORMATION CIRCULAR AND
PROXY STATEMENT

Dated: December 24, 2021

OMNI-LITE INDUSTRIES CANADA INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE THAT an Annual and Special Meeting (the "**Meeting**") of the shareholders of **OMNI-LITE INDUSTRIES CANADA INC.** (the "**Corporation**") will be held at the Main Board Room at the office of Peterson McVicar LLP, 18 King St E, Suite 902, Toronto, ON M5C 1C4, Canada on Wednesday, February 2, 2022 at 11:00 a.m. (Eastern time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the fiscal year ended December 31, 2020, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation at five (5) persons;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
5. to approve the Corporation's stock option plan for the ensuing year; and
6. to transact such other business as may properly come before the Meeting.

The nature of the business to be transacted at the Meeting is described in further detail in the management information circular of the Corporation dated December 24, 2021 (the "**Circular**").

A shareholder at the Corporation (a "**Shareholder**") may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are requested to date, sign and return the accompanying instrument of proxy, or other appropriate form of proxy, in accordance with the instructions set forth in the accompanying Circular and instrument of proxy. An instrument of proxy will not be valid unless it is deposited at the offices of Computershare Trust Company of Canada ("**Computershare**") at 8th Floor, 100 University Ave., Toronto, ON M5J 2Y1, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on December 24, 2021 (the "**Record Date**") are entitled to receive notice of the Meeting.

Notice-and-Access

The Corporation is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to beneficial Shareholders.

Website Where Meeting Materials are Posted

The Notice-and-Access Provisions are a new set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, financial statements of the Corporation for the year ended December 31, 2020 ("**Financial Statements**") and management's discussion and analysis of the Corporation's results of operations and financial condition for 2020 ("**MD&A**") may be found on the Corporation's SEDAR profile at www.sedar.com and also on the Corporation's website at <https://www.omni-lite.com/finance.php>. In relation to the Meeting, beneficial Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular. Registered Shareholders will receive paper copies of the materials.

Obtaining Paper Copies of Materials

The Corporation anticipates that using notice-and-access for delivery to beneficial Shareholders will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call the Corporation's transfer agent, Computershare, toll-free at 1-800-564-6253. Shareholders may obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting the Corporation at 1-562-404-8510 or by email at info@omni-lite.com. A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Corporation by January 28, 2022 in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof (the "**Proxy Deadline**"). Any requests for paper copies received by the Corporation after January 28, 2022 will be delivered to Shareholders in accordance with applicable securities law.

In light of COVID-19, we strongly encourage Shareholders to vote in advance of the Meeting with the instructions provided in the Circular, rather than appearing in person or appointing an alternate proxyholder to attend the Meeting in person.

The Corporation reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. The Corporation does not intend to prepare or mail an amended notice of Meeting and/or Circular in the event of changes to the Meeting date or format.

Voting

All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A "beneficial" or "non-registered" Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope provided.

To be effective, the form of proxy or voting instruction form must be mailed or faxed so as to reach or be deposited with Computershare (in the case of registered holders) at 8th Floor, 100 University Ave., Toronto, ON M5J 2Y1, prior to the Proxy Deadline, failing which such votes may not be counted, or your intermediary (in the case of beneficial holders) with sufficient time for them to file a proxy by the Proxy Deadline. **Shareholders are reminded to review the Circular before voting.**

SHAREHOLDERS ARE CAUTIONED THAT THE USE OF MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.

DATED at Toronto, Ontario as of the 24th day of December, 2021.

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Roger Dent _____

Roger Dent
Director

OMNI-LITE INDUSTRIES CANADA INC.

MANAGEMENT INFORMATION CIRCULAR

(Unless otherwise stated, information contained herein is given as of December 24, 2021)

INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Omni-Lite Industries Canada Inc. (the "**Corporation**" or "**Omni-Lite**") for use at the Annual of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held at the Main Board Room at the office of Peterson McVicar LLP, 18 King St E, Suite 902, Toronto, ON M5C 1C4, Canada on Wednesday February 2, 2022 at 11:00 a.m. (Eastern Time) (the "**Meeting**"), for the purposes set forth in the Notice of Annual Meeting (the "**Notice**") accompanying this Circular. Solicitation of proxies will be primarily electronic, but may also be undertaken by way of mail, telephone, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

In light of COVID-19, we strongly encourage Shareholders to vote in advance of the Meeting with the instructions provided in the Circular, rather than appearing in person or appointing an alternate proxyholder to attend the Meeting in person.

The Corporation reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. The Corporation does not intend to prepare or mail an amended notice of Meeting and/or Circular in the event of changes to the Meeting date or format.

Appointment of Proxyholders

Accompanying this Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of Computershare Trust Company of Canada at 8th Floor, 100 University Ave., Toronto, ON M5J 2Y1 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.**

The persons designated in the instrument 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) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

Signing of Proxy

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

Revocability of Proxies

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by

a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Except as disclosed in this Circular, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any 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 on, other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting of Common Shares – General

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is December 24, 2021 (the "**Record Date**"). Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on that date and holders of Common Shares issued by the Corporation after such date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As of the date hereof, the Corporation has 14,412,564 Common Shares issued and outstanding as fully paid and non-assessable.

Voting of Common Shares – Advice to Non-Registered Holders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Circular and the instrument of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communications ("**Broadridge**")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.investorvote.com; or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Trust Company of Canada at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

Principal Holders of Common Shares

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, the no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the votes attached to the Common Shares of the Corporation.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table (All \$ are in US\$)

Executive Compensation is required to be disclosed for each Chief Executive Officer ("**CEO**") (or individual who served in a similar capacity during the most recently completed financial year), each Chief Financial Officer ("**CFO**") (or individual who served in a similar capacity during the most recently completed financial year) and the next most highly compensated executive officer (other than the Chief Executive Officer and the Chief Financial Officer) serving as an executive officer of the Corporation during the most recently completed fiscal year and whose total salary and bonus exceeded \$150,000 (the "**Named Executive Officers**" or "**NEOs**"). David Robbins and Carl Lueders were the NEOs of the Corporation for the year ended December 31, 2020.

The following table provides information regarding director and NEO compensation for the Corporation during the financial year ended December 31, 2020 (the "**Last Financial Year**") and the financial year ended December 31, 2019, excluding compensation securities:

Name and principal position	Year Ended Dec. 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	All other compensation (\$)	Total compensation (\$)
David Robbins ⁽¹⁾ <i>CEO, Director</i>	2020	\$230,443	Nil	\$0	Nil	Nil	\$230,443
	2019	\$250,000	Nil	\$0	Nil	Nil	\$250,000
Carl Lueders <i>CFO</i>	2020	\$143,992	Nil	Nil	Nil	Nil	\$143,992
	2019	\$150,000	Nil	Nil	Nil	Nil	\$150,000
Roger Dent <i>Director</i>	2020	Nil	Nil	\$40,000	Nil	Nil	\$40,000
	2019	Nil	Nil	\$40,000	Nil	Nil	\$40,000
Patrick Hutchins <i>Director</i>	2020	Nil	Nil	\$40,000	Nil	Nil	\$40,000
	2019	Nil	Nil	\$40,000	Nil	Nil	\$40,000
Charles Samkoff <i>Director</i>	2020	Nil	Nil	\$55,000 ⁽²⁾	Nil	Nil	\$55,000
	2019	Nil	Nil	\$40,000	Nil	Nil	\$40,000

Notes:

- (1) Mr. Robbins received Nil compensation for his role as director of the Corporation in the fiscal years ended December 31, 2020 and December 31, 2019.
- (2) Included \$15,000 in recognition of extensive corporate development, finance and strategic merger & acquisition services provided to the corporation..

Stock Options and Other Compensation Securities (All \$ are in CAD\$)

There were no stock option or other compensation securities granted or issued to any director or NEO of the Corporation in the Last Financial Year. During the Last Financial Year, no director or NEO exercised any compensation securities previously granted to them.

Stock Option Plan

On November 4, 2020, Shareholders approved a “rolling” stock option plan (the "**Stock Option Plan**") reserving a maximum of 10% of the issued and outstanding Common shares for issuance. Under the Stock Option Plan, directors, senior officers, employees and consultants of the Corporation and its affiliates (collectively, the “**Eligible Persons**”) are eligible to receive grants of options at the discretion of the board of directors of the Corporation (the “**Board**”). The purpose of the Stock Option Plan is to advance the interests of the Corporation or any of its subsidiaries or affiliates by encouraging Eligible Persons to acquire Common Shares in the Corporation. By providing a way to increase their ownership in the Corporation, the Stock Option Plan encourages Eligible Persons to remain associated with the Corporation or any of its subsidiaries or affiliates and provides them with additional incentive.

The following is a summary of the terms of the Stock Option Plan and is qualified in its entirety by the full text of the Plan, which is attached hereto as Schedule “B” and which will be supplied free of charge to Shareholders upon written request made directly to the Corporation at its registered head office located at 18 King Street East, Suite 902, Toronto, ON M5C 1C4, Attention: Chief Executive Officer.

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Stock Option Plan is a rolling maximum of 10% of the issued and outstanding common shares of the Corporation from time to time;
- Under the Stock Option Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation’s issued and outstanding shares. The number of

optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Corporation's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Corporation's issued and outstanding common shares in any 12 month period;

- The exercise price for options granted under the Stock Option Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the TSX-V;
- Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation; and
- Options granted under the Stock Option Plan are non-assignable, except by will or by the laws of descent and distribution.

Termination of Employment, Change in Responsibilities and Employment Contracts

Carl Lueders, CFO of the Corporation, entered into an employment agreement effective September 21, 2018 with Monzite Corporation ("**Monzite**"), a wholly-owned subsidiary of the Corporation, in consideration of an annual base salary of \$150,000 (the "**CFO Agreement**"). The CFO Agreement includes a severance clause, which provides for payment of three months of base salary if Mr. Lueders ceases to be an employee. Mr. Lueders is also entitled, under the severance clause, to the employer portion of the premium for health insurance for the period that he elects continued coverage.

David Robbins, CEO of the Corporation, entered into an employment agreement effective September 21, 2018 with Monzite in consideration of an annual base salary of \$250,000 (the "**CEO Agreement**"). The CEO Agreement includes a severance clause, which provides for payment of 12 months of base salary and the employer portion of the premium for health insurance for the period that Mr. Robbins elects continued coverage if he ceases to be an employee within five years of the effective date thereof.

Pension Plan

The Corporation's pension plan is a Savings Incentive Match Plan for each Employee's Individual Retirement Account ("**Simple IRA**") administered by a financial institution providing for a matching contribution by the Corporation of up to three (3%) percent of a participant's annual salary. No administration fees are charged to the Corporation.

Compensation Discussion and Analysis

To date, the Board has not adopted any formal policies to determine executive compensation. Executive compensation is currently determined by the independent directors of the Board that has general oversight of compensation of employees and executive officers.

In carrying out its duties and responsibilities in relation to compensation and utilizing industry comparable salaries and bonuses, the Board sets annual performance objectives that are aligned to the overall objectives of the Corporation and assesses the attainment of the corporate goals to determine the amount of performance bonus compensation paid. In determining the appropriate level of compensation, the Board may consider comparative data for the Corporation's peer group, which are accumulated from a number of external sources, including independent consultants. The Board will consider implementing formal compensation policies in the future should circumstances warrant.

Currently, the long-term compensation available to the NEOs consists of the stock options granted under the Stock Option Plan, which is administered by the Board and is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. The Board considers stock option grants when reviewing each NEO's compensation package as a whole.

The allocation of stock options is regarded as an important element to attract and retain NEOs for the long term and it aligns their interests with shareholders.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Corporation's most recently completed financial year with

respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights CAD\$ (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans adopted by the Corporation ⁽¹⁾	676,000	\$1.04	457,385 ⁽²⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	676,000	\$1.04	457,385

Notes:

- (1) The Corporation's only equity compensation plan is the Stock Option Plan, a rolling stock option plan. The number of shares which may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued and outstanding Common Shares on the options grant date. For more information about the material features of the Stock Option Plan, please refer to "Statement of Executive Compensation – Stock Option Plan" above.
- (2) Based on a total of 11,333,854 Common Shares issued and outstanding as at December 31, 2020.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, none of the informed persons of the Corporation (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

MANAGEMENT CONTRACTS

There are no management functions of the Corporation which are, to any substantial degree, performed by a person or company other than the directors or officers of the Corporation.

CORPORATE GOVERNANCE

The Board is responsible for the stewardship of the Corporation and generally directs the business and affairs of the Corporation through consultation with management of the Corporation. On January 10, 2005, the Corporation adopted a Corporate Governance Policy, which is summarized below.

The description of the Corporation's current corporate governance practices is provided in accordance with Form 58-101F2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board of Directors

NI 58-101 defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is as a relationship that could be, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The proposed Board is composed of five directors, being Charles Samkoff, Roger Dent, Patrick Hutchins, David Robbins and Jan Holland. The Board has determined that each of Messrs. Samkoff, Dent and Hutchins are independent within the meaning of NI 58-101. Mr. Robbins is not considered independent within the meaning of NI 58-101 because he is an executive officer (as such term is defined in NI 58-101) of the Corporation and is thereby considered to have a material relationship with the Corporation. Mr. Holland is not considered independent within the meaning of NI 58-101 because he has been an executive officer (as such term is defined in NI 58-101) of a subsidiary of the Corporation within the previous three years and is thereby considered to have a material relationship with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings of the independent directors as deemed necessary, at which non-independent directors and members of management are not in attendance.

Other Public Company Directorships

The following table provides a list of the Corporation's proposed directors who are presently serving as directors of other reporting issuers and the names of such reporting issuers.

Name of Director	Reporting Issuer	Exchange traded on
Roger Dent	Quinsam Capital Corp.	CSE
	VitalHub Corp.	TSX-V
	California Nanotechnologies Corp.	TSX-V
	AcuityAds Holdings Inc.	TSX
	Deveron Corp.	TSX-V

Orientation and Continuing Education of Board Members

While the Corporation does not currently have a formal orientation and education program for new members of the Board, the Corporation provides such orientation and education on an ad hoc and informal basis. Senior management makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff. Directors are invited to tour the Corporation’s facilities and to familiarize themselves with the details of the Corporation’s operations. The directors believe that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, the number, experience and expertise of its directors.

Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct by monitoring all directors, officers, employees, and consultants of the Corporation and taking corrective action if unethical conduct is detected. The directors maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with

all applicable laws and the highest ethical standards. The Corporation's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the board of directors or any committee of the board of directors on any motion to recommend or approve the relevant agreement or transaction. The board of directors must comply with conflict of interest provisions of the *Business Corporations Act* (Ontario).

Nomination of Directors

Both the directors and management are responsible for selecting nominees for election to the Board. At present, there is no formal process established to identify new candidates for nomination. The board of directors and management determine the requirements for skills and experience needed on the Board from time to time. The present Board and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

Compensation

The Board is directly responsible for determining compensation of directors and management. The Board does not currently have a compensation committee. The Board reviews the Corporation's compensation policies and remuneration of directors and management annually, including base salaries, bonuses, and stock option plans including the Option Plan and grants thereunder, and other forms of compensation. For more information on the Corporation's compensation practices, please see the section of this Circular entitled "Compensation Discussion and Analysis".

Other Board Committees

The Board has no standing committees other than the Audit Committee.

Assessments

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the directors believe that nomination to the Board is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chairman, if any, of the Board. A more formal assessment process will be instituted if and when the Board considers it to be advisable.

AUDIT COMMITTEE

Audit Committee Charter

The Charter of the Corporation's Audit Committee is attached to this Circular as Schedule "A".

Composition of the Audit Committee

The following are the members of the Committee:

Roger Dent	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Jan Holland	Non-independent	Financially literate ⁽¹⁾
Patrick Hutchins	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Charles Samkoff	Independent ⁽¹⁾	Financially literate ⁽¹⁾

Note:

(1) As defined by National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Relevant Education and Experience

Roger Dent

Mr. Dent received a MBA from Harvard Business School and a Bachelor of Commerce from Queen's University. He is currently the Chief Executive Officer of Quinsam Capital Corporation and is a Director of California Nanotechnologies Corp., Deveron UAS Corp., VitalHub Corp. and AcuityAds Inc. From 2003 to 2011, he held various positions including portfolio manager with Matrix Fund Management Inc., where he managed the Matrix Strategic Small Cap Fund and the Matrix Small Companies Fund. He was formerly vice-chairman of one of Canada's largest independent investment dealers and was managing director and deputy manager of research at CIBC World Markets.

Jan Holland, CA, CPA, ICD.D

For over 30 years, Mr. Holland has been a builder of businesses. His senior leadership experience comprises the areas of capital markets, stewardship and governance, finance, risk management, business strategy, sales, marketing, brand creation, supply chain development and operations. Since 2012, he has served as CEO and Chair of Designed Precision Castings (DP Cast) – a producer of investment castings for the aerospace, defence, nuclear and industrial sectors. From 2008 to 2012, Mr. Holland was a Founding Partner and Managing Director of Willowgrove Hill, producers of DHA/EPA Omega-3-enriched pork. From 2000 to 2012, Mr. Holland was a Founding Partner and Managing Director of Tricycle Asset Management Corporation, a Commodity Pool Operator. His prior capital markets experience includes Vice President and Director, Alternative Assets at Burns Fry Limited and BMO Nesbitt Burns, and Founding Partner, Vice President and Director of MoneyLogic Group Inc., a Commodity Pool Operator. Mr. Holland is a member of the Institute of Chartered Accountants of Ontario and the Institute of Corporate Directors. He is a graduate of the Directors Education Program at Toronto's Rotman School of Management.

Patrick Hutchins

Mr. Hutchins currently serves as President of Staco Systems, a manufacturer of Human to Machine Interface solutions for aerospace and military applications. Prior to Staco Systems, Mr. Hutchins served as Vice President and General Manager for Lisi Aerospace, a leader in forged and machined aerospace fasteners serving all aircraft OEMs worldwide. Mr. Hutchins also served in executive roles as Chief Operations Officer of Automated Precision Inc., Satellite Division President and Chief Operations Officer of CalAmp Corp. and President and General Manager of Chloride Systems, a division of Philips Lighting. Mr. Hutchins received his Bachelor of Science in Electrical Engineering from North Carolina State University and Masters in Business Administration from the University of North Carolina at Wilmington.

Charles Samkoff

Mr. Samkoff is currently Managing Director and Head of the Mergers and Acquisitions Group at Cypress Partners LLC, an affiliate of Cypress Associates LLC ("**Cypress**"). Mr. Samkoff has been in the investment banking industry for over 20 years. From 1998 until joining Cypress in 2004, he was a Managing Director in CIBC World Markets Mergers and Acquisitions Group overseeing the Defense/Aerospace, Communications and Industrial M&A Groups. Mr. Samkoff joined CIBC World Markets as a senior member of a core team of M&A bankers mandated to build CIBC World Markets' M&A franchise. During his leadership tenure, CIBC World Markets' M&A Group ranked as one of the fastest growing M&A practices on Wall Street. Mr. Samkoff is a graduate of Fordham University, Graduate School of Business, where he earned his M.B.A. with Honors. He earned his undergraduate degree from the University of Denver.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee oversees the pre-approval of all non-audit services to be provided to the Corporation or its

subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Corporation is relying on the exemption set out in Section 6.1 of NI 52-110 (*Venture Issuers*) in respect of the reporting requirements set out in Section 3 and Section 5 of NI 52-110.

External Auditor Service Fees (By Category) (All \$ are in CAD\$)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees	Total
2020	\$120,910	\$ -	\$26,536	\$ -	\$147,446
2019	\$196,105	\$10,651	\$19,374	\$10,865	\$236,995

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The financial statements of the Corporation for the year ended December 31, 2020 and the Auditors' Report thereon accompanying this Circular will be placed before the Shareholders at the Meeting for their consideration.

Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Computershare Trust Company of Canada. Shareholders can also access the Corporation's financial statements by visiting the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com

2. Election of Directors

At the Meeting, Shareholders of the Corporation will be asked to fix the number of directors of the Corporation at five (5).

The term of office of each of the present directors expires at the Meeting. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All of the nominees are currently members of the board of directors of the Corporation.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election,**

as directors, of the nominees whose names are set forth below. In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

Name and Present Principle Occupation	Province (or State) and Country of Residence	Director Since (mm/dd/yyyy)	Positions with the Corporation	Number of Common Shares Beneficially Owned⁽¹⁾
David Robbins Chief Executive Officer, Omni-Lite Industries Canada Inc.	Massachusetts, USA	09/24/2018	CEO, Director	629,813
Charles Samkoff Managing Director, Cypress Associates LLC ⁽²⁾	New York, USA	6/20/2014	Director	Nil
Roger Dent Chief Executive Officer, Quinsam Capital Corporation ⁽²⁾	Ontario, Canada	10/20/2015	Director	203,300
Patrick Hutchins President, Staco Systems Co. ⁽²⁾	California, USA	5/5/2016	Director	Nil
Jan Holland Former Chairman & CEO Designed Precision Castings Inc. Chairman & CEO Candeco Realty Limited	Ontario, Canada	12/20/2021	Director	615,742

Notes:

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) Member of the Audit Committee.

Directors Nominated for Inaugural Election

Jan Holland

For over 30 years, Mr. Holland has been a builder of businesses. His senior leadership experience comprises the areas of capital markets, stewardship and governance, finance, risk management, business strategy, sales, marketing, brand creation, supply chain development and operations. Since 2012, he has served as CEO and Chair of Designed Precision Castings (DP Cast) – a producer of investment castings for the aerospace, defence, nuclear and industrial sectors. From 2008 to 2012, Mr. Holland was a Founding Partner and Managing Director of Willowgrove Hill, producers of DHA/EPA Omega-3-enriched pork. From 2000 to 2012, Mr. Holland was a Founding Partner and Managing Director of Tricycle Asset Management Corporation, a Commodity Pool Operator. His prior capital markets experience includes Vice President and Director, Alternative Assets at Burns Fry Limited and BMO Nesbitt Burns, and Founding Partner, Vice President and Director of MoneyLogic Group Inc., a Commodity Pool Operator. Mr. Holland is a member of the Institute of Chartered Accountants of Ontario and the Institute of Corporate Directors. He is a graduate of the Directors Education Program at Toronto’s Rotman School of Management.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Corporation, is, as at the date hereof, or has been, within the ten years before the date hereof, a director, chief executive officer or chief financial officer of any corporation (including Omni-Lite) that:

- (a) was subject to a cease trade or similar order, or an order that denied the corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order, or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer 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 a director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any corporation (including Omni-Lite) 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; or
- (b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Other than as set forth below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Pursuant to the terms of a settlement agreement dated December 17, 2001 between Mr. Roger Dent and the Ontario Securities Commission, Mr. Dent received a reprimand and agreed to pay a penalty of \$50,000 plus \$10,000 in costs to the Ontario Securities Commission in connection with certain trades in which he was involved while in a conflict of interest position as a result of being an officer and director of Yorkton Securities Inc.

3. Appointment of Auditors

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favor of the re-appointment of MNP LLP as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the board of directors of the Corporation. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote FOR the appointment of MNP LLP as auditors of the Corporation.**

4. Approval of Stock Option Plan

The Corporation has implemented a “rolling” stock option plan (the "**Stock Option Plan**") reserving a maximum of 10% of the issued and outstanding Common shares for issuance. In accordance with the TSX Venture Exchange (“**TSX-V**”) policy, a TSX-V-listed issuer is required to obtain the approval of its shareholders for a “rolling” stock option plan at each annual meeting of shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution to approve the Stock Option Plan for the ensuing year.

The Stock Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSX-V.

For a summary of the Stock Option Plan, please see “*Statement of Executive Compensation – Stock Option Plan*”. The full text of the Stock Option Plan is attached hereto as Schedule “B” and will be supplied free of charge to any Shareholder upon written request made directly to the Corporation at its registered head office located at 18 King Street East, Suite 902, Toronto, ON M5C 1C4, Attention: Chief Executive Officer.

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting. The TSX-V requires such approval before it will allow the adoption of the Stock Option Plan. Options to purchase Common Shares that were previously granted to directors, officers and employees of the Corporation will be deemed to be granted under the Stock Option Plan. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the resolution approving the Plan.**

5. Other Matters

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com. Financial information on the Corporation is provided in the comparative annual financial statements and management discussion and analysis of the Corporation for its most recently completed financial year. Shareholders can access this information on SEDAR at www.sedar.com or by request at 17210 Edwards Rd., Cerritos, CA 90703 or Fax (562) 926-6913.

DIRECTORS APPROVAL

The contents and the sending of the Notice of Meeting and the Circular to each shareholder of the Corporation entitled thereto, each director of the Corporation, the auditors of the Corporation and, where required, all applicable securities regulatory authorities have been approved the Board.

Dated at Toronto, Ontario, the 24th day of December, 2021.

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Roger Dent _____

Roger Dent
Director

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

1. **Establishment of Audit Committee:** The directors of the Corporation (the "Directors") hereby establish an audit committee (the "Audit Committee").
2. **Membership:** The membership of the Audit Committee shall be as follows:
 - (a) The Audit Committee shall be composed of three members or such greater number as the Directors may from time to time determine.
3. **Oversight Responsibility:** The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders' representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.
4. **Mandate:** The Audit Committee shall have responsibility for overseeing:
 - (a) the accounting and financial reporting processes of the Corporation; and
 - (b) audits of the financial statements of the Corporation.

In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Corporation to review all financial statements of the Corporation which require approval by the Directors, including year end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

- (a) reviewing the Corporation's financial statements, MD&A and earnings press releases before the information is publicly disclosed;
- (b) overseeing the work of the external auditors engaged for the purpose of preparing or issuing, an audit report or performing other audit, review or attest services of the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (c) reviewing annually and recommending to the Directors:
 - (i) the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
 - (ii) the compensation of the external auditors.
- (d) discussing with the external auditor:
 - (i) the scope of the audit, in particular their view of the quality of the Corporation's accounting principles as applied in the financials in terms of

- disclosure quality and evaluation methods, inclusive of the clarity of the Corporation's financial disclosure and reporting, degree of conservatism or aggressiveness of the Corporation's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;
- (ii) significant changes in the Corporation's accounting principles, practices or policies; and
 - (iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the Corporation;
- (e) reviewing with the external auditor and the Corporation's senior financial management the results of the annual audit regarding:
- (i) the financial statements;
 - (ii) MD&A and related financial disclosure contained in continuous disclosure documents;
 - (iii) significant changes, if any, to the initial audit plan;
 - (iv) accounting and reporting decisions relating to significant current year events and transactions;
 - (v) the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
 - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under generally accepted auditing standards;
- (f) reviewing and discussing with the Corporation's senior financial management and, if requested by the Audit Committee, the external auditor:
- (i) the interim financial statements;
 - (ii) the interim MD&A; and
 - (iii) any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies;
- (g) receiving from external auditor of a formal written statement delineating all relationships between the auditor and the Corporation and considering whether the advisory services performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between the external auditor and the Corporation is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor;
- (h) pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary

entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee;

- (i) reviewing and discussing with the external auditors and senior financial management the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above;
- (j) establishing and reviewing procedures for:
 - (i) receipt, retention and treatment of complaints received by the Corporation and its subsidiary entities regarding internal accounting controls, or auditing matters;
 - (ii) anonymous submission by employees of the Corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and
 - (iii) hiring policies regarding employees and former employees of present and former external auditors of the Corporation and its subsidiary entities;
- (k) reviewing with the external auditor, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures;
- (l) reviewing and/or considering that, with regard to the previous fiscal year:
 - (i) management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
 - (ii) the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's financial statements;
 - (iii) the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and
 - (iv) in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects and that the financial statements fairly reflect the financial condition of the Corporation.

5. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:

- (a) a quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all of the members of the Audit Committee;
- (b) any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Corporation. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed;
- (c) the Audit Committee may invite such Directors, officers and employees of the Corporation or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The independent auditor is to appear before the Audit Committee when requested to do so by the Audit Committee;
- (d) the time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Corporation;
- (e) the Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting;
- (f) notice of meetings of the Audit Committee may be given to the independent auditor and shall be given in respect of meetings relating to the annual audited financial statements. The independent auditor has the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the independent auditor, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or shareholders of the Corporation;
- (g) the Audit Committee shall report to the directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the Directors of the Corporation may from time to time refer to the Audit Committee;
- (h) the members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Corporation with the Directors, officers, employees and independent auditor of the Corporation and its affiliates;
- (i) minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors;
- (j) the Audit Committee shall, upon the approval of the Directors, adopt a formal written charter, which sets out the Audit Committee's responsibilities, the way they should be

implemented and any other requirement such as membership and structure of the Audit Committee. The Audit Committee shall review and reassess the adequacy of the charter on an annual basis;

- (k) the Audit Committee shall ensure and/or consider that, with regard to the previous fiscal year:
 - (i) management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
 - (ii) the external auditor and the Audit Committee have discussed the independent auditor's judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's and/or the Corporation's financial statements;
 - (iii) the Audit Committee, on its own (without management or the independent auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and
 - (iv) in reliance on review and discussions conducted with management and outside auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with GAAP in all material respects;

- (l) the Audit Committee shall have the authority to:
 - (i) engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;
 - (ii) set and pay the compensation for any advisors employed by the Audit Committee; and
 - (iii) communicate directly with the internal (if any) and external auditors and qualified reserves

SCHEDULE "B"
STOCK OPTION PLAN

[Please see attached.]