



55 Commerce Valley Drive West, Suite 800, Thornhill, Ontario, Canada L3T 7V9

**MANAGEMENT INFORMATION CIRCULAR**

**May 28, 2020**



May 28, 2020

Dear Shareholder,

On behalf of the Board of Directors and management of TeraGo Inc. (“**TeraGo**” or the “**Company**”), it is our pleasure to invite you to attend our annual and special meeting of shareholders (the “**Meeting**”). Due to the current impact and restrictions created by the COVID-19 pandemic, and in consideration for the health and safety of our shareholders, colleagues and other stakeholders, this year’s Meeting will be held in a virtual meeting format only, by way of a live webcast. Shareholders will be able to listen, participate and vote at the Meeting in real time through a web-based platform instead of attending the Meeting in person.

The Meeting will be held at 11:00 a.m. (Toronto time) on Monday, June 29, 2020. We hope you will be able to join us at the Meeting via live webcast at: <https://web.lumiagm.com/252314440>. Additional information on how to attend the virtual meeting is enclosed.

At the Meeting, shareholders will be voting on a number of important matters. We have attached the Notice of Meeting and the Management Information Circular for the Meeting. If you are unable to attend the Meeting, we urge you to exercise the power of your proxy vote in a simple procedure that is explained in the Management Information Circular.

Thank you for your continued support of the Company and we look forward to seeing you virtually at the Meeting.

Sincerely,

(signed) “Matthew Gerber”  
**Matthew Gerber**  
Chair of the Board

(signed) “Antonio Ciciretto”  
**Antonio (Tony) Ciciretto**  
President and Chief Executive Officer



## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of Shareholders (the “Meeting”) of TeraGo Inc. (the “Company”) will be held

on **Monday, June 29, 2020**  
at **11:00 a.m. (Toronto time)**  
via live webcast only: <https://web.lumiagm.com/252314440>

for the following purposes:

1. receiving the consolidated audited financial statements of the Company for the year ended December 31, 2019 and the auditors’ report thereon;
2. to fix the number of directors of the Company at seven (7);
3. electing the directors of the Company;
4. re-appointing the auditors and authorizing the directors to fix the remuneration of the auditors;
5. to amend the Company’s share option plan, and the reservation of 165,000 additional common shares issuable upon the vesting and due exercise of any options granted under such plan; and
6. transacting such other business as may properly be brought before the Meeting.

The record date for the determination of those shareholders entitled to receive this notice is May 25, 2020. Each shareholder of the Company as at such record date is entitled to notice of the Meeting and to vote at the Meeting.

Due to the current impact and restrictions created by the COVID-19 pandemic, and in consideration for the health and safety of our shareholders, colleagues and other stakeholders, this year’s Meeting will be held in a virtual meeting format only, by way of a live audio webcast. Shareholders will be able to listen, participate and vote at the Meeting in real time through a web-based platform instead of attending the Meeting in person. You can attend the Meeting by joining the live webcast online at <https://web.lumiagm.com/252314440>. See “How do I attend and participate at the virtual Meeting?” in the Circular for detailed instructions on how to attend and vote at the Meeting.

If you cannot attend the Meeting virtually on such date, please complete the enclosed form of proxy and return it in the envelope provided or by facsimile to (416) 263-9524 or toll-free to 1-866-249-7775. For your vote to be recorded, your proxy must be received by the Toronto office of Computershare Investor Services Inc., the Company’s transfer agent, no later than 5:00 p.m. (Toronto time) on Thursday, June 25, 2020. You must complete the additional step of registering such proxyholder with Computershare at <http://www.computershare.com/Terago> after submitting your form of proxy in order for such proxyholder to attend and vote at the virtual Meeting.

By Order of the Board of Directors of TeraGo Inc.

(signed) “Mark Lau”

Mark Lau  
Vice President of Legal, General Counsel & Corporate Secretary  
May 28, 2020

## MANAGEMENT INFORMATION CIRCULAR

*Unless otherwise indicated, all information is as at May 28, 2020 and all dollar amounts are expressed in Canadian dollars. The exchange rate applied to amounts identified as paid in U.S. dollars were converted to Canadian dollars with the following Bank of Canada average annual rates: US\$1 = CDN\$1.2957 (2018) and US\$1 = CDN\$1.3269 (2019).*

### I. VOTING INFORMATION

#### How do I attend and participate at the virtual Meeting?

How you vote depends on whether you are a registered or a non-registered shareholder. Please read the voting instructions below that are applicable to you.

In order to attend the Meeting, registered shareholders, duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) and guests (including non-registered shareholders who have not duly appointed themselves as proxyholder) must log in online as set out below.

Step 1: Log in online at <https://web.lumiagm.com/252314440>.

Step 2: Follow the instructions below:

Registered Shareholders: Click “Login” and then enter your control number and password “**terago2020**” (case sensitive). The control number located on the form of proxy or in the email notification you received from Computershare is your control number. If you use your control number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote at the Meeting.

Duly appointed proxyholders: Click “Login” and then enter your control number and password “**terago2020**” (case sensitive). Proxyholders who have been duly appointed and registered with Computershare as described in this Circular will receive a control number by email from Computershare.

Guests: Click “Guest” and then complete the online form.

Registered shareholders and duly appointed proxyholders may ask questions at the Meeting and vote by completing a ballot online during the Meeting. If you plan to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the check-in procedures.

Non-registered shareholders who have not duly appointed themselves as proxyholders may listen to the Meeting as guests. Guests will not be permitted to ask questions or vote at the Meeting.

#### What am I voting on?

The holders of the common shares (the “**Common Shares**”) in the capital of TeraGo Inc. (“**TeraGo**” or the “**Company**”) are voting on (i) the fixing of the number of directors of the Company (the “**Board**”) at seven (7); (ii) the election of directors to the Board; (iii) the re-appointment of KPMG LLP as auditors for the Company and authorizing the directors to fix the remuneration of the auditors; and (iv) the approval to amend the Company’s share option plan (“**Share Option Plan**”), and the reservation of 165,000 additional common shares issuable upon the vesting and due exercise of any options (“**Options**”) granted under such plan.

#### Who is entitled to vote?

You are entitled to vote if you were a holder of Common Shares as of the close of business on May 25, 2020 (the “**Record Date**”). Each Common Share entitles its holder to one vote on those items of business identified in the Notice

of Annual and Special Meeting of Shareholders.

### **How do I vote?**

**If you are a registered holder, you may vote online ahead of the Meeting, virtually at the Meeting or you may sign the enclosed form of proxy appointing the persons named in the proxy or some other person you choose, who need not be a shareholder, to represent you as proxy holder and vote your Common Shares at the virtual Meeting.**

There are two ways that you can vote your Common Shares if they are held by your nominee (a bank, trust company, securities broker, trustee or other). As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a form of proxy for the number of Common Shares you hold. Each nominee has its own signing and return instructions, which you should follow carefully to ensure your Common Shares will be voted.

Since the Company has limited access to the names of its non-registered Shareholders, if you plan on attending the virtual Meeting, the Company may have no record of your Common Share holdings or of your entitlement to vote unless your nominee has appointed you as proxy holder. Therefore, if you wish to vote at the Meeting, please insert your own name in the space provided on the request for voting instructions or form of proxy and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the Meeting.

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

The Company also intends to pay for an intermediary to deliver the proxy-related materials and related forms to objecting non-registered Shareholders.

**United States Beneficial holders:** To attend and vote at the virtual Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to:

Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor, North Tower  
Toronto, ON M5J 2Y1  
or  
by email at: [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com)

Requests for registration must be labeled as “Legal Proxy” and be received no later than 5:00 p.m. (Toronto time) on Thursday, June 25, 2020. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Meeting and vote your shares at <https://web.lumiagm.com/252314440> during the Meeting. Please note that you are required to register your appointment at [www.computershare.com/Terago](http://www.computershare.com/Terago).

### **Who is soliciting my proxy?**

**The enclosed form of proxy is being solicited by or on behalf of management of the Company** and the associated costs will be borne by the Company. The solicitation will be primarily by mail but may also be made by telephone, in writing or in person by the directors, officers or regular employees of the Company.

### **What if I sign the form of proxy enclosed with this Management Information Circular?**

Signing the enclosed form of proxy gives authority to Matthew Gerber or Antonio Ciciretto, each of whom is a director of the Company, or to another person you have appointed, to vote your Common Shares at the Meeting.

### **Can I appoint someone other than these directors to vote my Common Shares?**

**Yes. Write the name of this person, who need not be a Shareholder, in the blank space provided in the form of proxy.**

It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Common Shares. That person or company representative must attend the Meeting to vote your Common Shares by online ballot through the live webcast platform. If you do not insert a name in the blank space, the two director representatives named above are appointed to act as your proxyholder. If you wish to appoint another person or company to be your proxyholder, you must complete the additional step of registering such proxyholder with Computershare at <http://www.computershare.com/Terago> after submitting your form of proxy. Failure to register the proxyholder with Computershare will result in the proxyholder not receiving a control number to participate in the Meeting and such proxyholder would only be able to attend the Meeting as a guest.

### **What do I do with my completed proxy?**

Return it to the Company's transfer agent, Computershare Investor Services Inc., either by entering your votes online using the instructions you received, in the envelope provided via mail, or by facsimile at (416) 263-9524 or 1-866-249-7775, so that it arrives not later than 5:00 p.m. (Toronto time) on Thursday, June 25, 2020, at least two business days prior to the date of the Meeting or any adjournment or postponement thereof. This will ensure your vote is recorded.

### **If I change my mind, can I take back my proxy once I have given it?**

Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the Vice President of Legal, General Counsel & Corporate Secretary of the Company at the following address no later than 5:00 p.m. (Toronto time) on Friday, June 26, 2020:

Mark Lau  
Vice President of Legal, General Counsel & Corporate Secretary  
TeraGo Inc.  
55 Commerce Valley Drive West, Suite 800  
Thornhill, ON L3T 7V9

### **How will my Common Shares be voted if I give my proxy?**

The persons named in the voting instruction form or form of proxy must vote for or against or withhold from voting your Common Shares in accordance with your directions, or you can let your proxyholder decide for you. In the absence of such directions, proxies received by management will be **VOTED FOR the fixing of the number of directors of the Company at seven (7), VOTED FOR the election of directors, VOTED FOR the re-appointment of the auditors and to authorize the directors to fix their remuneration, and VOTED FOR the approval to amend the share option plan, and the reservation of 165,000 additional common shares issuable upon the**

**vesting and due exercise of any options granted under such plan**, each as more specifically set out in this Management Information Circular.

**What if amendments are made to these matters or if other matters are brought before the meeting?**

The person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters that may properly come before the Meeting.

As at the date of this Management Information Circular, management of the Company are not aware of any such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment.

**How many Common Shares are entitled to vote?**

As of the Record Date, there were 16,662,900 Common Shares outstanding. Each shareholder is entitled to one vote for each Common Share held at the close of business on the Record Date. To the knowledge of the directors and management of the Company, no one person or entity beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Common Shares, other than as disclosed below:

Shareholder	Approximate Number of Common Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Common Shares
TD Waterhouse Canada Inc.	3,544,243 <sup>1</sup>	21.27%

<sup>1</sup>Based on most recently available public filing made by the shareholder as of April 30, 2020.

**How will these matters be decided at the Meeting?**

Each matter specified in this Management Information Circular to be brought before the Meeting will be determined by a majority of votes cast, by proxy or at the virtual Meeting, on the matter.

**Who counts the votes?**

The Company's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies and votes. This is done independently of the Company to preserve the confidentiality of individual votes. Proxies are referred to the Company only in cases where a shareholder clearly intends to communicate his or her position to management or as necessary to comply with the requirements of applicable law.

**If I need to contact the transfer agent, how do I reach them?**

For general enquiries, you can contact the transfer agent by mail at:

Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor, North Tower  
Toronto, ON M5J 2Y1

or by telephone toll free at:  
1-800-564-6253  
(or outside of Canada and U.S. 1-514-982-7555)

or by e-mail at:  
[service@computershare.com](mailto:service@computershare.com)

or by facsimile at:  
1-866-249-7775

## II. BUSINESS OF THE MEETING

### 1. Financial Statements

The consolidated audited financial statements of the Company for the year ended December 31, 2019 together with the auditors' report thereon (the "**2019 Financial Statements**") and related Management's Discussion and Analysis ("**MD&A**") are available on the Company's website [www.terago.ca](http://www.terago.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's name. The Company's Annual Information Form ("**AIF**") dated February 20, 2020, the 2019 Financial Statements, the MD&A, and this Management Information Circular may be obtained from the Vice President of Legal, General Counsel & Corporate Secretary of the Company upon request. Copies of the above and other disclosure documents of the Company may also be examined and/or obtained on SEDAR.

### 2. Number of Directors

The articles of the Company (the "**Articles**") provide that the number of directors shall be a minimum of one and a maximum of ten. The Board is currently composed of seven (7) directors. It is proposed that the number of directors to be elected to the Board at the Meeting be fixed at seven (7).

Unless otherwise instructed, the persons designated in the form of proxy intend to **VOTE FOR** the fixing of the number of directors of the Company at seven (7).

### 3. Election of the Board of Directors

Seven (7) directors, namely Antonio Ciciretto, Matthew Gerber, Richard Brekka, James Sanger, Michael Martin, Gary Sherlock and Laurel Buckner, each of whom is currently a director of the Company, stand as nominees for election by the holders of the Common Shares at the Meeting.

All nominee directors are independent other than Mr. Antonio Ciciretto who is currently President and Chief Executive Officer of the Company.

All nominees have established their eligibility and willingness to serve as directors. Nominees elected as directors will hold office until the close of the next annual meeting of shareholders or until their successors are elected or appointed.

The Corporate Governance Committee of the Company is currently conducting a broad candidate search to identify a potential new director as part of its mandate to periodically review and plan for the composition of the Board. It is expected that if and when such candidate is identified, Mr. Sanger will be resigning as a director of the Company, and such new candidate will be appointed to serve until the next annual meeting of shareholders.

The Company has adopted a majority voting policy pursuant to which, notwithstanding the Company's by-laws and the *Canada Business Corporations Act*, if any director nominee receives a greater number of votes "withheld" from his or her election than votes "for" such election, then, provided the election is uncontested in accordance with the policy, such director nominee must following the receipt of the final scrutineer's report relating to such meeting, immediately submit to the Board his or her offer of resignation, which will take effect only upon the acceptance of such resignation by the Board. The Board, will, within 90 days following such meeting of shareholders, determine either to accept or not accept the subject director's offer to resign, and the Board will cause the Company to promptly disclose publicly, via press release, the Board's determination, including, in cases where the Board has determined not to accept the resignation, the reasons therefor. It is generally expected that the Board will accept such resignation, absent exceptional circumstances.

The following sets forth the names of proposed nominees for election as directors, together with their respective province/state and country of residence, the year they became a director, their respective principal occupations or employment, their respective memberships with the Board committees, and the number of Common Shares

beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date of this Management Information Circular.

Name and Place of Residence	Director Since	Principal Occupation	Common Shares <sup>(1)</sup>
ANTONIO (TONY) CICIRETTO..... <i>Ontario, Canada</i>	June 23, 2016	President & Chief Executive Officer of the Company	54,845
MATTHEW GERBER <sup>(2)</sup> ..... <i>Washington, USA</i>	June 23, 2016	Chief Executive Officer, Rohinni LLC	57,258
MICHAEL MARTIN <sup>(3)</sup> ..... <i>Ontario, Canada</i>	April 16, 2013	Consultant, MICAN Communications	15,231
GARY SHERLOCK <sup>(4)</sup> ..... <i>British Columbia, Canada</i>	June 23, 2016	Chief Executive Officer of commercebuild Holding Inc.	32,392
LAUREL BUCKNER <sup>(5)</sup> ..... <i>Washington, USA</i>	June 14, 2018	Managing Director, WestRiver Group	9,103
RICHARD BREKKA <sup>(6)</sup> ..... <i>New York, USA</i>	April 25, 2013	Managing Partner, Second Alpha Partners, LLC	1,338,512
JAMES SANGER <sup>(3)</sup> ..... <i>Connecticut, U.S.A.</i>	April 25, 2013	Managing Partner, Second Alpha Partners, LLC	1,336,910

- (1) The information as to Common Shares beneficially owned or controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Mr. Gerber is currently a member of the Executive Committee and the Compensation Committee.
- (3) Mr. Martin is currently a member of the Audit Committee and is the Chair of the Corporate Governance Committee.
- (4) Mr. Sherlock is currently a member of the Executive Committee and is the Chair of the Audit Committee.
- (5) Ms. Buckner is currently a member of the Audit Committee and the Compensation Committee.
- (6) Mr. Brekka is currently a member of the Corporate Governance Committee and is the Chair of the Executive Committee.
- (7) Mr. Sanger is currently a member of the Corporate Governance Committee and is the Chair of the Compensation Committee.

Additional biographical information for each director nominee is set forth below:

**Antonio (Tony) Ciciretto.** Mr. Ciciretto serves as TeraGo’s President and Chief Executive Officer, as well as a member of the Board. Mr. Ciciretto has more than 25 years of experience and proven leadership leading both large corporate divisions and small high-growth organizations in the Information Technology, Telecommunications and Cloud markets. He recently served as President & Chief Executive Officer of Cogeco Peer 1 and Cogeco Data Services for over six years, where he was responsible for leading the market growth and development of Cogeco Peer 1 with operational responsibilities for business strategy, marketing, sales, finance, network & data centre operations, services development and customer care. Holding a Master’s Degree in Science from State University of New York and a Bachelor’s Degree in Engineering Technology from Ryerson University, Mr. Ciciretto co-founded, in 2008, and was the President of the TVN Group, a private investment firm. From 2003 to 2007, he was Vice President, Rogers Business Solutions. Prior to that, he held various senior roles at Bell Canada for 15 years culminating with the position of Senior Vice President Sales & Operations at Bell Nexxia. He is a member of the Professional Engineers of Ontario.

**Matthew Gerber.** Mr. Gerber has over 30 years of global high technology market experience concentrated in the IT infrastructure and mobile computing markets and is based in Seattle, Washington. Mr. Gerber is currently CEO and board member at Rohinni LLC, and a board member at Rohinni’s three joint venture companies, all of which develop next generation lighting systems for consumer electronics and automotive applications. Mr. Gerber is also a board

member at Pearson Packaging, a robotics packaging machinery manufacturer, and Perpetua, an electronics thermal management company. Prior to his current responsibilities, Mr. Gerber held operating or board roles at several significant cloud computing businesses, including: 2nd Watch, one of Amazon Web Services largest global business partners; IT-Lifeline, one of Amazon Web Services first business partners (which was subsequently sold to Reynolds & Reynolds); and Blue Box Group, the first provider of hosted managed private cloud services on top of OpenStack (which was subsequently sold to IBM). Prior CEO roles for Mr. Gerber include Digital Fortress, IT-Lifeline and SprayCool (a provider of data center infrastructure technology). Mr. Gerber holds a Bachelor of Engineering in Electrical Engineering from the State University of New York at Stony Brook and a Master of Business Administration with Distinction from Hofstra University.

**Michael Martin.** Mr. Martin has more than 30 years' experience in broadband, fibre, wireless and digital communications technologies. He is currently a Consultant for MICAN Communications, a company which he founded that provides professional technical and business consulting services. He was previously contracted as the Director of Business Development and Marketing for Wirepas Oy, a Finland-based company providing solutions and services for the Internet of Things. Previous to that, he held a variety of senior roles with IBM for 15 years, mostly on a global level, and was last as a member of the IBM Canada CTO office. Previous to that, he was President of Comlink Systems Limited and Ensat Broadcast Services, Inc., both divisions of Cygnal Technologies Company. He has served on various Boards, including the Board of Managers of the Toronto Section of the Society of Motion Picture and Television Engineers and the Boards of Advisors of a number of Ontario post-secondary institutes, including Centennial College, Ryerson University, George Brown City College, Humber College Institute of Technology and Advanced Learning, and Durham College. Mr. Martin was a member of the Board of Governors of the University of Ontario Institute of Technology (UOIT) (now OntarioTech University) from 2007 to 2011, serving as Vice-Chair from 2009 to 2010 and as a member of the Executive, Senior Compensation, Audit and Finance, and Advancement committees. From 2010 to 2012, he was a member of the board of directors of Avante Logixx Inc.

**Gary Sherlock.** Mr. Sherlock is the Chief Executive Officer of commercebuild, an eCommerce solution provider. He previously served as Chief Executive Officer and Co-CEO of Peer 1 Dedicated Hosting Inc. for eight years. During that time, he led a turnaround of Peer1 Hosting, which was in financial and operational distress, repositioning the company strategically upmarket, restructured the organization, and expanding its operations domestically and globally. Prior to joining Peer1, Mr. Sherlock was Vice President, Business Development and Controller at B.C. Hydro and Power Authority. He has over 20 years of experience in executive positions in both corporate and operational roles in a multi-billion-dollar environment. Due to his experiences and recognition in the field, Mr. Sherlock has spoken at conferences around North America on risk management, business planning and activity-based costing. Mr. Sherlock is a CPA, CA, CMA. He graduated with distinction with a Bachelor of Administration from the University of Regina.

**Laurel Buckner.** Ms. Buckner is Managing Director at WestRiver Group, a Seattle-based venture debt and equity company with portfolio investments in technology, life sciences, energy and experiential sectors. Previously, she served as Senior Vice President, Managing Director of ATN Ventures, the corporate venture capital group of ATN International, a U.S. publicly traded investment company based in Beverly, Massachusetts. In conjunction with her investments and various roles, Ms. Buckner is currently or has been a Board member or observer of Fireminds, a cloud services company in Bermuda, Geoverse, an inbuilding wireless company based in Seattle, Washington, the Blue Box Group, the first provider of hosted managed private cloud services on top of OpenStack (which was subsequently sold to IBM); Telesphere, a voice over IP telecommunications company (which was subsequently sold to Vonage); and ZipWhip, a cloud texting platform for business communications. Previous to founding ATN Ventures, Ms. Buckner created and ran the corporate venture investing group at GCI, Alaska's largest communications provider. Ms. Buckner has extensive experience in corporate law, mergers and acquisitions and corporate governance as she was previously a lead M&A attorney at Dell and the Corporate Secretary and General Counsel of SonicWALL a network security company based in San Jose (which was subsequently sold to Dell). She began her career at the law firm of Davis Wright Tremaine in Seattle, Washington. Ms. Buckner holds a Bachelor of Arts in Comparative Literature from Colorado College with Distinction, a Juris Doctor from the University of Denver, and an LL.M in Taxation from the University of Washington.

**Richard Brekka.** Mr. Brekka is a Managing Partner and co-founder of Second Alpha Partners, LLC, a secondary direct investment fund providing liquidity to shareholders in private technology companies. Prior to founding Second Alpha Partners, LLC, Mr. Brekka was President, Managing Partner and founder of Dolphin Equity Partners, L.P.

(“Dolphin”), a New York-based venture firm. Between 1998 and 2012, Dolphin raised two funds and invested in nearly three dozen portfolio companies. Before establishing Dolphin, Mr. Brekka was a Managing Director of CIBC’s private equity investment unit and the President of CIBC’s U.S. private equity investment subsidiaries. Prior to joining CIBC, Mr. Brekka was with Chase Capital and prior to that he was an account officer at Swiss Bank Company. Mr. Brekka holds a Bachelor of Science degree in Finance from the University of Southern California and a Master of Business Administration degree from the University of Chicago. Up until December 11, 2019, Mr. Brekka served as a director nominee of Second Alpha Partners I(A), L.P. who previously held a Class B share of the Company that entitled it to nominate and elect one director. Following the Company’s redemption of such Class B share on such date, the Board determined in good faith and in the best interests of the Company to retain and appoint Mr. Brekka as a director, who would have otherwise been required to resign.

**James Sanger.** Mr. Sanger is Managing Partner and co-founder of Second Alpha Partners, LLC, a secondary direct investment fund providing liquidity to shareholders in private technology companies. He has spent more than twenty years as a venture capitalist, secondary investor, corporate advisor and technology executive. He currently serves as Chairman & CEO of June Media. Prior to Second Alpha Partners, LLC, Mr. Sanger was a General Partner at ABS Ventures, where he focused on investments that combined elements of traditional venture investing with secondary share purchases in growth companies. Before ABS, he was Managing Partner in Deutsche Bank’s DB Capital Venture Partners and Corporate Investments organizations. Mr. Sanger also served as the Chief Technology Officer and Director of Technology Investment for Deutsche Bank’s London-based corporate venturing group. Previously, he held IT management positions at Deutsche Bank, Barclays Bank and Bell Atlantic (now Verizon Communications). Mr. Sanger holds a bachelor’s degree from the University of Pennsylvania.

Up until July 3, 2019, Mr. Sanger served as a director nominee of Second Alpha Partners I(A), L.P. who previously held two Class B shares of the Company that entitled it to nominate and elect one director for each share. Following the Company’s redemption of one such Class B share on such date, the Board determined in good faith and in the best interests of the Company to retain and appoint Mr. Sanger as a director, who would have otherwise been required to resign.

Unless otherwise instructed, the persons designated in the form of proxy intend to **VOTE FOR** the election of the proposed nominees standing for election as set out above. If for any reason at the time of the Meeting any of the proposed nominees is unable to serve and unless otherwise specified, it is intended that the persons designated in the form of proxy will vote in their discretion for a substitute nominee or nominees.

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

To the knowledge of the Company (based on information furnished by the directors), none of the director nominees, nor any personal holding company thereof owned or controlled by them: (a) is, as at the date of this Management Information Circular, or has been, within the 10 years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of any company that: (i) 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 securities legislation that was in effect for a period of more than 30 consecutive days (each an “**Order**”) that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person 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; (b) is, as at the date of this Management Information Circular, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director nominee or director.

To the knowledge of the Company, none of the director nominees, nor any personal holding company thereof owned or controlled by them: (i) 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 (ii) has been subject to 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.

#### 4. Appointment and Remuneration of Auditors

The Company proposes that the firm of KPMG LLP Chartered Professional Accountants, Licensed Public Accountants be re-appointed as the auditors of the Company to hold office until the next annual meeting of shareholders and that the directors be authorized to fix their remuneration. KPMG LLP were first appointed as the Company’s auditor on March 30, 2012.

As part of the Company’s corporate governance practices, services provided by the auditors are pre-approved by the Audit Committee and comply with professional standards and securities regulations governing auditor independence.

The following table is a summary of billings for services incurred by KPMG LLP, during the years ended December 31, 2019 and 2018:

Type of Work	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees <sup>(1)</sup> .....	\$348,285	\$305,875
Audit-Related Fees <sup>(2)</sup> .....	\$35,310	\$164,745
Tax Fees <sup>(3)</sup> .....	\$10,700	\$16,125
All Other Fees <sup>(4)</sup> .....	\$Nil	\$Nil
Total.....	<b>\$394,295</b>	<b>\$486,745</b>

- (1) These fees include professional services provided by the external auditor for the review of the interim financial statements, audits of the annual financial statements and acquired businesses, the review of financial accounting and reporting matters including new accounting standards, and involvement in the Company’s prospectus. Annual audit fees are reported in the above table on an accrual basis regardless of when billed.
- (2) These fees relate to due diligence related to acquisitions and any business acquisition reports, advice related to compliance with Canadian rules on internal controls, French translation services, and other matters.
- (3) These fees include professional services for tax consultation and compliance services.
- (4) These fees include any other fees for permitted services not included in any of the above-stated categories.

Unless otherwise instructed, the persons designated in the form of proxy intend to **VOTE FOR** the appointment of KPMG LLP as auditors of the Company to hold office until the next annual meeting of shareholders and authorizing the directors to fix the remuneration of KPMG LLP.

#### 5. Approval to Amend Share Option Plan and Reservation of Additional Common Shares Issuable Under the Plan

As part of the Company’s long-term incentive program, the Company has adopted the Share Option Plan, pursuant to which the Board may in its discretion grant stock options (“**Options**”) from time to time to employees, directors and officers of the Company. Options are intended to retain and motivate recipients, provide them an opportunity to acquire an increased share interest in the Company, and ultimately align their long-term interests with those of shareholders and the Company’s objectives.

The Share Option Plan is administered by the Board. Options are not transferable. If a participant’s employment is terminated without cause, all vested options may be exercised within the shorter of 90 days or the balance of the option’s term, and any unvested options will be cancelled. If a participant voluntarily resigns from their employment, all vested option may be exercised within the shorter of 60 days or the balance of the option’s term, and any unvested options will be cancelled. If a participant’s employment is terminated for cause, all options, vested and unvested, will be immediately cancelled.

The exercise price of any Option granted under the Share Option Plan is the closing price per share of a board lot of Common Shares traded through the Toronto Stock Exchange on the grant date (“**market price**”). Unless otherwise determined by the Board, options will expire ten years after the date of grant, and will generally vest over three years in equal tranches on each anniversary date following the grant date. All options under the Share Option Plan will vest immediately on a change of control of the Company. Any option granted under the Share Option Plan that expires or is cancelled without having been fully exercised may be subject to a future Option grant. If any Option expires during or within 10 days after the last day of a black-out period during which the policy of the Company prevents a holder from trading in the Common Shares, then the expiry date for such options will be extended to the last day of such 10-day period. The fair value attributable to each Option on the grant date is determined under the Black-Scholes option pricing model using various assumptions on expected life of the Option, the current risk free rate, the expected dividend yield and volatility attributed to the underlying Common Shares.

The Share Option Plan currently provides for a fixed maximum of 832,697 Common Shares to be issuable pursuant to the plan (which collectively with the 799,031 Common Shares that were issuable under the now defunct Original Plan (See “Long Term Incentive Plans – Original Plan”) represented 15% of the aggregate number of equity shares of the Company immediately following its initial public offering on June 26, 2007.

In 2019, the Board approved and granted a total of 185,490 Options to select NEOs and other employees as part of their 2019 compensation package and for retention purposes. As of the Record Date, an aggregate of 352,141 Options are outstanding, representing approximately 2.1% of the issued and outstanding Common Shares. A total of 33,038 Options remain available for future grants (the “**Option Pool**”) based on the remaining number of Common Shares reserved for issuance under the Plan. An increase of Common Shares reserved will correspondingly increase the Option Pool by the same number.

In order to provide for additional grants over the course of the next 12 months, the Board believes that it is appropriate to amend the Share Option Plan (as set out in Schedule C) and to increase the number of available Common Shares reserved for issuance upon due vesting and exercise of such Options by 165,000 (0.99% of the issued and outstanding Common Shares). This amount represents a *de minimis* increase to the Common Shares reserved for issuance under the Plan, which the Board has deemed appropriate in light of the current impacts that COVID-19 pandemic has had on financial and capital markets, and minimizes the dilutive impact to shareholders at this time.

The Board has, subject to receipt of requisite shareholder approval and final approval of the Toronto Stock Exchange (“**TSX**”), passed a resolution to approve the amended Share Option Plan as set out in Schedule C and reserving and setting aside for issuance, an additional 165,000 Common Shares upon vesting and due exercise of such Options. The TSX has conditionally approved the amended Share Option Plan, the increase in 165,000 Common Shares to be issuable under such plan subject to certain conditions, including receipt of requisite shareholder approval. Future amendments to the Share Option Plan to reserve additional Common Shares may be considered by the Board when appropriate following the current global health crisis.

The Share Option Plan does not currently provide for a limit on the participation of “insiders” (as defined under TSX rules). It is being proposed that as part of the amendments to the Share Option Plan (see Share Option Plan Resolution below), that there be a limit to insider participation (the “**Insider Participation Limit**”) such that the number of Common Shares: i) issued to insiders within any one-year period, and ii) issuable to insiders at any time under the Share Option Plan, or when combined with all of the Company’s other security based compensation arrangements (including the RSU Plan and Directors’ Share Compensation Program), cannot exceed 10% of the Company’s total issued and outstanding Common Shares, respectively. In accordance with TSX rules, participants of the Share Option Plan, namely directors and senior employees of the Company who are “insiders”, are not entitled to participate in the vote of their Common Shares for the “Share Option Plan Resolution”. As of the Record Date, the aggregate number of Common Shares held by such participants that will be excluded from such vote is 1,537,744.

Under the Share Option Plan, the Board may, without shareholder approval:

- (a) make non-material and/or minor amendments to the terms of the Plan that are of a “housekeeping nature”;
- (b) change the vesting terms of the Options; or

(c) suspend the Plan in whole or in part and may at any time terminate the Plan.

(collectively, the “**Board’s Authority for Specified Share Option Plan Amendments**”).

Other amendments to the Share Option Plan will be subject to receipt of shareholder approval, including in the case of: (i) any amendment to the Share Option Plan’s amendment provision itself; (ii) any increase in the maximum number of Common Shares reserved and issuable under the Plan; (iii) any reduction in the exercise price to below market price at the time of grant, or to reduce the exercise price of an Option after grant; (iv) the extension of the expiry date of an Option; (v) an amendment to remove or to exceed the Insider Participation Limit; or (vi) any matters or amendments that may require shareholder approval under applicable law or TSX rules.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution (the “**Share Option Plan Resolution**”):

**BE IT RESOLVED** that:

- 1) the Share Option Plan substantially in the form attached to this Management Information Circular as Schedule C (which includes the addition of the Insider Participation Limit and the Board’s Authority for Specified Share Option Plan Amendments), is hereby approved and the reservation of an additional 165,000 Common Shares for issuance under such plan is hereby approved and confirmed; and
- 2) any one officer or any one director of the Company be, and each of them hereby is, authorized and empowered, acting for, in the name of and on behalf of the Company, to execute or to cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered all such documents, agreements and other instruments, all in such form and containing such terms and conditions as any one of them shall consider necessary or desirable and shall approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Company, and to do or to cause to be done all such other acts and things as any one officer or one director of the Company shall consider necessary or desirable in order to carry out the intent of the foregoing resolution.

If approved, the Option Pool will increase to 198,038, and the total number of Common Shares that have been reserved for issuance (since its inception) under the Share Option Plan will be 997,697 Common Shares, representing approximately 5.99% of the outstanding Common Shares as at the Record Date.

Unless otherwise instructed, the persons designated in the form of proxy intend to **VOTE FOR** the Share Option Plan Resolution.

### **III. STATEMENT OF EXECUTIVE COMPENSATION**

#### **1. Named Executive Officers**

The Company had five (5) Named Executive Officers in 2019, being:

1. Antonio Ciciretto, President and Chief Executive Officer;
2. David Charron, Chief Financial Officer;
3. Blake Wetzel, Chief Revenue Officer;
4. Duncan McGregor, Vice President, Engineering & Operations; and
5. Mark Lau, Vice President, Legal, General Counsel & Corporate Secretary.

(collectively, the “**Named Executive Officers**” or “**NEOs**”).

#### **2. Compensation Discussion and Analysis**

##### *Compensation Philosophy*

The Company is a dynamic organization which has recently made strategic acquisitions and has transitioned the Company into a multi-product IT services company focused on securely managing its customers’ data flow. It currently provides businesses across Canada with connectivity, cloud and colocation services. The level of talent required to drive the business and to carry out its strategy while competing with large, well established organizations

and brands can be challenging to develop and/or recruit. The Compensation Committee of the Board (the “**Compensation Committee**”) and the Board view the recruitment and retention of top industry talent as a key corporate priority in the seamless operation and performance of the Company. In order to accomplish its goals and to ensure that the compensation program is consistent with its direction, strategy, stated mission and goals, the Company is committed to a “pay for performance” culture. The Compensation Committee, the Board and management place significant emphasis on the impact of its executive compensation and total rewards program.

The executive compensation and total rewards program is intended to:

- provide competitive compensation vehicles that are consistent with the Company’s business plan, strategy, financial objectives and operating performance;
- attract highly qualified individuals necessary to expand the business;
- retain and motivate executives to achieve higher levels of performance and be appropriately rewarded for that effort;
- emphasize a “pay-for-performance” variable incentive structure that rewards individual, team and corporate performance, while supporting company goals, with a view toward increasing Shareholder value; and
- align the interests of shareholders and executives.

The Company is committed to growing, developing and enriching the careers of the top talent within the Company. In addition, it is widely recognized that the success of the organization internally and in the marketplace is driven by the success and leadership of the executive team. As such, there is considerable time, energy and focus committed to the talent and succession review and planning process. While each executive is assessed on their own personal contributions, the accomplishments of the executive group as a team is viewed with great importance as it drives the business, culture and shareholder value.

The Compensation Committee’s decisions about executive compensation policies and practices are made within the context of the Company’s goals and strategies. To this end, the Compensation Committee’s mandate is to oversee management in the attraction and retention of talented and highly motivated people that will excel in a fast-paced and challenging environment.

#### *Compensation Committee*

The Compensation Committee provides oversight of overall compensation philosophy, policies, practices and programs. The Compensation Committee works closely with management as well as external compensation consulting firms from time to time to ensure they are knowledgeable regarding the most current market data and trends. The Compensation Committee makes recommendations to the Board concerning the level, nature and mix of compensation payable to the executive officers of the Company. This review includes the President and Chief Executive Officer and the other NEOs. The Compensation Committee also makes recommendations to the Board concerning annual incentive levels, executive perquisites, short-term incentives and long-term incentives, as well as compensation for the directors.

The Committee currently consists of James Sanger (Chair), Matthew Gerber and Laurel Buckner, each of whom is “independent” within the meaning of the corporate governance disclosure rules adopted by the Canadian Securities Administrators. The Board as a whole reviews the recommendations of the Compensation Committee and gives final approval on compensation matters for the Company’s executive officers, as well as on major policy changes related to remuneration.

The Board is of the view that the members of the Committee collectively have the relevant skills and experience necessary to enable the Committee to make decisions as to the suitability of the Company’s compensation policies and practices. All committee members have a thorough understanding of policies, principles, and governance related to human resources and executive compensation, and the necessary financial acumen to apply to the evaluation of executive compensation programs. They have acquired this knowledge through direct experience in existing and prior roles that is relevant to their responsibilities in executive compensation. This ensures a strong overlap and broader perspective related to the organization’s financial results, risk profile, and compensation outcomes. For more information on the occupations, skills, experience, and independence of each Committee member, please refer to each director’s biographical information contained in this Management Information Circular.

In 2019, the Compensation Committee met four (4) times. From time to time, the members of management, including the President and Chief Executive Officer, attend the meetings at the invitation of the Chair of the Compensation Committee. As appropriate at each meeting, the Compensation Committee held an *in camera* session without management or any independent advisors present.

#### *Compensation Consultant and Advisor*

The Compensation Committee has the authority to retain consulting firms from time to time to assist in carrying out the Compensation Committee’s responsibilities, including determining the compensation of the President and Chief Executive Officer and other executive officers. In 2019, the Compensation Committee engaged the services of external compensation consultants, Mercer (Canada) Limited, to assist the Compensation Committee in its review of executive compensation design and market trends. The following were fees paid to Mercer (Canada) Limited in 2019 and 2018:

Consultant/Advisor	Executive Compensation-Related Fees		All Other Fees	
	2019	2018	2019	2018
Mercer (Canada) Limited	\$3,390	\$Nil	\$Nil	\$Nil

#### *Input from Management*

The Compensation Committee also meets with the President and Chief Executive Officer and other members of management and will consider management recommendations regarding:

- Executive compensation, including base salary, target bonus, long-term incentives and perquisites;
- Short-term incentive design and metrics;
- Long-term incentive performance metrics; and
- Review of corporate and individual performance achievement.

#### *Benchmarking*

The Company operates in a highly competitive industry. It is critical that the organization is in a position to both attract and retain key talent from a variety of organizations and industries. As such, benchmarking data from time to time of a comparable group of companies, made up of competitors of all sizes as well as other Canadian companies of similar size is valuable to the success of the executive and director compensation and total rewards program.

Periodically, the Company undertakes a competitive market benchmarking for executive and director positions. Due to the fact that the Company operates within a diverse and dynamic industry, current market data and trends, as well as position specific information, are imperative reference points for the Compensation Committee. These periodic reviews highlight areas of opportunity and risk regarding executive and director compensation and executive and director talent. The Compensation Committee is confident in its approach and recommendations designed to drive the attraction, retention and motivation of successful executives and directors with a focus on performance.

In 2017, with the assistance of Mercer (Canada) Limited, the Compensation Committee conducted a benchmarking exercise to facilitate determination of overall compensation for its executive officers. As advised, the benchmark group included similar technology and IT service companies in Canada with comparable market capitalization and financials. This benchmark group is relevant as the Compensation Committee believes the companies that make up this group serve as the Company’s main competitors for talent.

The Compensation Committee is committed to having all relevant data available to shape practices regarding executive base salaries, short-term and long-term incentives. The Compensation Committee seeks to find a balance between pay for performance, retention and alignment with objectives of the Company’s shareholders.

#### *Risk Assessment and Oversight*

The Company has conducted an assessment of its compensation programs, policies and practices for its executives relative to risk and whether they create a reasonable likelihood of a material adverse effect on the Company. Based on this assessment, which also considered the control environment and approval processes in place, the Compensation Committee has not identified any risks arising from the Company’s compensation policies and practices that would

be likely or would reasonably cause a material adverse effect on the Company. The Compensation Committee believes that the Company's executive compensation program encourages the taking of risks that are reasonable, appropriate and properly managed, while not encouraging management to take unreasonable risks relating to the Company's business. Executives are not rewarded for taking excessive or inappropriate risks or those which would have a material adverse effect on the Company for the following reasons: (i) the total compensation package consists of both base (fixed) and variable compensation; (ii) the performance metrics for variable compensation include key strategic objectives for the Company, including revenue and Adjusted EBITDA; (iii) the restricted share units and performance-based restricted share units are subject to three-year vesting periods, reducing incentives on the part of executives to any imprudent short-term risks; and (iv) the Company has strict internal financial controls.

### 3. Components of Executive Compensation

The mix of the Company's executive compensation and total rewards structure include:

- base salary;
- performance-based annual incentive;
- long-term incentive plans; and
- executive benefits and perquisites.

In determining the appropriate mix of pay for each NEO, the Compensation Committee considers the most recent benchmarking data available, as well as the experience, skills, qualifications, ability, future potential, retention risk and overall performance of each individual. The Compensation Committee's due diligence in determining the pay mix includes thorough analysis of various scenarios and the impact on each pay lever.

#### *Base Salary*

Annual base salaries for the NEOs are established at levels which are designed to be competitive within the Canadian marketplace. Base salaries are determined following an internal assessment and external review. Internally, the executive officer's individual performance, experience, scope and responsibility, as well as impact of position with the Company is assessed. Externally, a market benchmarking review is undertaken periodically, which considers comparable companies.

On an annual basis, the Compensation Committee reviews and makes recommendations to the Board concerning the base salaries payable to the NEOs.

#### *Annual Incentives*

Annual incentives provide the executive with the opportunity to earn cash incentives based on the achievement of pre-established performance goals approved annually by the Board. The allocation of annual incentives to the executive officers is determined annually by the Board based on recommendations from the Compensation Committee.

The following table outlines the minimum, target and maximum annual incentive for each NEO in 2019, as a percentage of the executive's base salary:

NEO Name	Minimum Annual Incentive (% of salary)	Target Annual Incentive (% of salary)	Maximum Annual Incentive (% of salary)
ANTONIO CICIRETTO..... <i>President &amp; Chief Executive Officer</i>	0%	55%	104.5%
DAVID CHARRON..... <i>Chief Financial Officer</i>	0%	40%	76%
BLAKE WETZEL..... <i>Chief Revenue Officer</i>	0%	40%	76%

DUNCAN MCGREGOR ..... <i>Vice President, Engineering &amp; Operations</i>	0%	40%	76%
MARK LAU ..... <i>Vice President, Legal, General Counsel &amp; Corporate Secretary</i>	0%	40%	76%

The annual incentive plan includes corporate performance metrics against which all executives are measured. In addition, and in alignment with the “pay for performance” culture, each NEO has measurable and individual performance goals, specific to their functional area of responsibility. In accordance with the terms of the Company’s 2019 Annual Incentive Program for NEOs, if a corporate performance measure is achieved, 100% of the target award value for that measure is paid to the executive. A stretch payment for achievement above a particular metric may also be payable for certain metrics.

Each year, the Board determines the performance measures to be used for awarding annual cash incentives and the various weightings to be applied to those criteria. Corporate performance measures and weightings for the 2019 Annual Incentive Program for NEOs consisted of:

Metric	Target	Weight
Connectivity Revenue	\$32,530,000	30%
Cloud and Colocation Revenue	\$18,509,000	30%
Adjusted EBITDA	\$12,350,000	30%
Special strategic initiative	● <sup>1</sup>	10%

<sup>1</sup> Not disclosed due to prejudicial impact to Company’s interests from disclosure of strategic initiative and focus.

The following conditions apply to payouts under the 2019 Annual Incentive Program:

- Each corporate target is independent of each other;
- Certain individual objective achievement can stretch up to 250%; and
- Overall corporate objective achievement can stretch up to a maximum of 190%.

The Compensation Committee reviews the actual financial and operational results against the previously approved annual targets to determine the recommended annual incentive payments. In 2019, the corporate performance achievement for eligible NEOs was 0%. Certain of the performance metrics and targets are based on non-IFRS financial measures such as “Adjusted EBITDA” which do not have a standard meaning and may not be a reliable way of comparison as against other companies. The Company calculates certain of these performance metrics and targets from financial figures disclosed in its 2019 Financial Statements and MD&A. Non-IFRS financial measures such as “Adjusted EBITDA” are identified in the MD&A and are reconciled back to IFRS financial figures.

#### *Long Term Incentive Plans*

The Compensation Committee believes that long term incentive awards should comprise a large portion of the total compensation package for executive officers, which is consistent with market practice and the corporate executive compensation and total reward philosophy. Ultimately, the goal of this component of the compensation mix is to:

- **Attract and retain high performing executives** - Long-term incentives should be competitive, have upside potential and be regarded by participants as being fair and appropriate.
- **Alignment with Shareholders** - Long-term incentives need to reward value creation that will benefit shareholders.
- **Focus and Motivate** - Long-term incentives should reward for performance with a focus on continuous improvement. The program should drive and increase executive engagement.

The Company utilizes both its Share Option Plan and its RSU Plan as long-term incentive vehicles for executive officers. The Compensation Committee makes option, RSU and PSU grant recommendations to the Board based on the above noted goals. Such grants are expected to be made in the future on a periodic basis, at the discretion of the Compensation Committee and based on performance in connection with the review of an executive officer's compensation package. Grants under these long-term incentive plans may also be made upon hire or promotion and as special recognition for extraordinary performance.

#### Share Option Plan

**Share Option Plan** - The Company has adopted the Share Option Plan, pursuant to which the Board may in its discretion grant stock options from time to time to employees, directors and officers of the Company.

See "Business of the Meeting - Approval to Amend Share Option Plan and Reservation of Additional Common Shares Issuance Under the Plan" for a detailed description of the Share Option Plan.

**Original Plan** - The Company also previously had a share option plan dated June 18, 2007 which sets out the terms and conditions of options issued prior to June 18, 2007 (the "**Original Plan**"). No new options are issuable under the Original Plan after the Company's initial public offering. All outstanding options under the Original Plan vested on the closing of the Company's initial public offering. If a participant's employment is terminated for cause, all options are immediately cancelled. Options that remain unexercised after ten years from the vesting date would have expired. No options are outstanding under the Original Plan.

#### RSU Plan

The RSU Plan was established to retain and motivate employees and officers of the Company and to promote a greater alignment of interests between these individuals and the shareholders of the Company. As part of the Company's long-term incentive program, the RSU Plan gives the Company flexibility in delivering a mix of executive compensation and total rewards. See "Components of Executive Compensation" for additional information.

Both restricted share units ("**RSUs**") and performance share units ("**PSUs**") (each referred to as a "**Unit**") may be granted under the RSU Plan. The fair value attributable to each Unit on the grant date is the closing price of each Common Share on date of grant as quoted on the TSX. RSUs generally vest based on time and a holder of RSUs will generally not be entitled to receive Common Shares and/or a cash payment until the holder has held the corresponding RSUs for a specified period of time. PSUs on the other hand generally vest based on both time and achievement of certain performance metrics over a performance period as determined by the Board. The achievement against such metrics will affect the aggregate number of Units that ultimately vest for the holder, and would be a fraction of the original number of Units granted for any underachievement, or a multiple of the original number of Units granted for an overachievement.

RSUs and PSUs generally have a maximum vesting period of three years and, unless stipulated otherwise under agreement with the holder or employee, will vest if there has been continuous employment by an employee until the vesting date. RSUs and PSUs are granted to eligible employees and officers based on individual performance, potential and market competitiveness.

Vested RSUs and PSUs entitled participants to receive upon settlement, at the discretion of the Company: (i) cash equal to the market value of the equivalent number of Common Shares, (ii) Common Shares delivered to the holder through the purchase of such Common Shares on the open market, (iii) Common Shares delivered to the holder through the issuance of Common Shares from treasury, or (iv) a combination of any of the foregoing. "Market value" on a particular date is defined in the RSU Plan as the arithmetic average of the closing price of the Common Shares traded on the TSX for the five trading days on which a board lot was traded immediately preceding such date.

There is an acceleration of vesting of RSUs and PSUs in the event of a change of control transaction involving the Company.

At the Company's annual and special meeting of shareholders held on June 20, 2019, shareholders approved a resolution to amend the RSU Plan to reserve and set aside for issuance under the plan, an aggregate of 300,000

Common Shares to allow for the treasury issuance of Common Shares to settle vested RSUs and PSUs (the “**RSU Plan Reserve**”).

There is no maximum as to the number of Units issuable to a participant of the Plan within any one-year period nor a maximum issuable to a participant at any time. In 2019, the Board approved and granted a total of 39,421 RSUs and 39,421 PSUs to select NEOs and other employees as part of their 2019 compensation package. As of the Record Date, an aggregate of 240,313 RSUs and 45,898 PSUs have been granted and are outstanding, representing approximately 1.7% of the issued and outstanding Common Shares. 271,688 Common Shares remain in the RSU Plan Reserve.

Under the RSU Plan, the Board may, without shareholder approval:

- (a) make non-material and/or minor amendments to the terms of the Plan that are of a “housekeeping nature”;
- (b) make amendments to the terms of any RSU or PSU granted under the Plan, including with respect to the vesting terms and vesting period, performance metrics (if any) associated with such Units, and the effect of termination of a participant’s employment with the Company;
- (c) accelerate vesting of any Units; or
- (d) suspend the Plan in whole or in part and may at any time terminate the Plan.

Other amendments to the RSU Plan will be subject to receipt of shareholder approval, including in the case of: (i) any amendment to the RSU Plan’s amendment provision itself; (ii) any increase in the maximum number of Shares in the RSU Plan Reserve; or (iii) any matters or amendments that may require shareholder approval under applicable law or TSX rules.

The rights and benefits under the RSU Plan are neither assignable nor transferrable.

#### *Benefits and Perquisites*

The Company offers group life, health and dental insurance, disability insurance, vacation and other benefits to the NEOs and other executives. These benefits are competitive while containing costs. Additionally, the organization currently provides a limited number of perquisites in the form of car allowance and club memberships to certain NEOs.

#### **4. Summary Compensation Table**

The following table shows the amount and type of compensation granted to the NEOs during the financial years ended December 31, 2019, 2018 and 2017.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards <sup>(1)</sup> (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation		All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup> (\$)	Long-Term Incentive Plans (\$)		
ANTONIO CICIRETTO <sup>(5)</sup> .... <i>President and Chief Executive Officer</i>	2019	450,000	222,750	24,750	-	-	-	697,500
	2018	450,000	247,500	-	89,199	-	-	786,699
	2017	450,000	247,500	-	117,810	-	-	815,310
DAVID CHARRON <sup>(6)</sup> ..... <i>Chief Financial Officer</i>	2019	324,000	116,424	303,995	-	-	-	744,419
	2018	308,000	123,200	-	44,401	-	-	475,601
	2017	97,885	120,000	-	18,466	-	-	236,351
BLAKE WETZEL <sup>(7)</sup> ..... <i>Chief Revenue Officer</i>	2019	248,051 <sup>(10)</sup>	85,400	69,338	25,822	-	133,239 <sup>(11)</sup>	561,850
	2018	-	-	-	-	-	24,639 <sup>(11)</sup>	24,639
	2017	-	-	-	-	-	-	-
DUNCAN MCGREGOR <sup>(8)</sup> ..... <i>Vice President, Engineering &amp; Operations</i>	2019	269,850	97,146	145,718	-	-	-	512,714
	2018	257,000	102,800	-	37,049	-	-	396,849
	2017	145,833	100,000	-	27,908	-	-	273,741

Name and Principal Position	Year	Salary (\$)	Share-Based Awards <sup>(1)</sup> (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation		All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup> (\$)	Long-Term Incentive Plans (\$)		
MARK LAU <sup>(9)</sup> ..... <i>Vice President, Legal, General Counsel &amp; Corporate Secretary</i>	2019	215,000	77,400	62,352	-	-	-	354,752
	2018	200,000	80,000	-	28,832	-	-	308,832
	2017	180,000	-	-	23,945	-	-	203,945

- (1) The amounts represent the fair value on the grant date of RSUs and/or PSUs awarded pursuant to the RSU Plan. The fair value on the grant date of each PSU or RSU granted is based on the closing price of the Common Shares on the TSX on the grant date. The vesting of PSUs is dependent upon the achievement of established performance conditions set out by the board of directors.
- (2) The fair value of options granted was estimated at the date of grant using the Black-Scholes option pricing model using assumptions based on expected life, risk free rate, expected dividend yield and expected volatility.
- (3) The only non-equity annual incentive plan is described under the heading “Components of Executive Compensation – Annual Incentives”.
- (4) None of the NEOs have been provided perquisites, including property or other benefits that are not generally available to all employees that in aggregate are worth \$50,000 or more, or are worth 10% or more of a NEO’s total salary for the financial year.
- (5) Mr. Ciciretto joined the Company and was appointed President and Chief Executive Officer on September 30, 2016. Mr. Ciciretto also served as a non-management director of the Company from June 23, 2016 to September 30, 2016.
- (6) Mr. Charron joined the Company and was appointed Chief Financial Officer on September 5, 2017.
- (7) Mr. Wetzel joined the Company and was appointed Chief Revenue Officer on May 21, 2019. Previous to that, he served as a consultant to the Company from November 14, 2018 to May 21, 2019.
- (8) Mr. McGregor joined the Company and was appointed Vice President, Engineering & Operations on June 1, 2017.
- (9) Mr. Lau joined the Company on August 25, 2014 as Director of Legal & Corporate Secretary, and was subsequently appointed to Vice President, Legal, General Counsel & Corporate Secretary effective on January 1, 2018.
- (10) Amount was paid in \$US but converted to \$CDN for purposes of this table using Bank of Canada’s average annual exchange rate for 2019 of US\$1 = CDN\$1.3269.
- (11) Fees paid for consultant services prior to joining the Company as an officer.

## 5. Incentive Plan Awards

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

The following table provides information with respect to stock options, RSUs and PSUs outstanding and held by the NEOs as of December 31, 2019.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price <sup>(2)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested <sup>(4)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(5)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
ANTONIO CICIRETTO..... <i>President and Chief Executive Officer</i>	6,203	10.68	03/28/2029	-	32,183	285,785	-
					28,743	255,238	-
					48,434	430,094	-
					10,428	92,601	-
					10,428	92,601	-
DAVID CHARRON..... <i>Chief Financial Officer</i>	3,242	10.68	03/28/2029	-	27,713	246,091	-
	91,528	9.03	11/10/2029	-	24,109	214,088	-
					5,450	48,396	-
					5,450	48,396	-

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price <sup>(2)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested (#) <sup>(4)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(5)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
BLAKE WETZEL..... <i>Chief Revenue Officer</i>	17,378	12.00	05/20/2029	-	3,558 3,558	31,595 31,595	- -
DUNCAN MCGREGOR..... <i>Vice President, Engineering &amp; Operations</i>	2,705 42,429	10.68 9.03	03/28/2029 11/10/2029	-	21,321 20,117 4,548 4,548	189,330 178,639 40,386 40,386	- -
MARK LAU..... <i>Vice President, Legal, General Counsel &amp; Corporate Secretary</i>	2,155 16,903	10.68 9.03	03/28/2029 11/10/2029	-	15,655 3,623 3,623	139,016 32,172 32,172	- -

- (1) Each option entitles the holder to purchase one Common Share at the specified exercise price.
- (2) The exercise price of an option is equal to the closing price of the Common Shares on the Toronto Stock Exchange (“TSX”) on the date of grant.
- (3) Options are “in-the-money” at year end if the market value of the underlying Common Shares as at that date exceed the exercise price of the option. The closing price on the TSX of the Common Shares as at December 31, 2019 was \$8.88.
- (4) Figures represent RSUs and/or PSUs that have not yet vested.
- (5) The market or payout value of RSUs and/or PSUs that have not vested is based on the closing price of the Common Shares on the TSX on December 31, 2019 was \$8.88 and assumes that performance metrics associated with PSUs are achieved at 100%.

*Incentive Plan Awards – Value Vested or Earned in 2019*

The following table provides information on the vesting and payouts of awards under the Company’s incentive plans for the year ended December 31, 2019.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – value earned during the year <sup>(3)</sup> (\$)
ANTONIO CICIRETTO..... <i>President and Chief Executive Officer</i>	-	128,317	-
DAVID CHARRON..... <i>Chief Financial Officer</i>	-	-	-
BLAKE WETZEL..... <i>Chief Revenue Officer</i>	-	-	25,822
DUNCAN MCGREGOR..... <i>Vice President, Engineering &amp; Operations</i>	-	-	-
MARK LAU..... <i>Vice President, Legal, General Counsel &amp; Corporate Secretary</i>	-	225,083	-

- (1) Following the grant date, stock options vest on the anniversary date of the grant in three equal amounts over a three year period.
- (2) RSUs vest on the third anniversary of the grant date and PSUs vest on the third anniversary of the grant date, subject to performance vesting conditions. The payout value of vested RSUs and/or PSUs is based on the “Market Value” of the Common Shares on the date of vesting as defined in the RSU Plan. See “Long Term Incentive Plans – RSU Plan”.

- (3) The amount shown represents the annual incentive awards for 2019 as shown in the “Non-Equity Incentive Plan Compensation – Annual Incentive Plans” column of the Summary Compensation Table.

See “Long Term Incentive Plans” for a description of the Company’s Share Option Plan and RSU Plan and significant terms of such plans. See “Annual Incentives” for a description of the terms and targets for annual incentives paid to NEOs.

## 6. Pension Plan Benefits

The Company does not provide any pension plan for any of its NEOs or directors, nor does it have a deferred compensation plan.

## IV. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at December 31, 2019 regarding the Directors’ Share Compensation Program, the Common Shares issuable upon the exercise of options outstanding under the Company’s Share Option Plan, the weighted average exercise price of such options and the number of Common Shares remaining available for issuance under the Share Option Plan. The table also provides information as at December 31, 2019 regarding the Common Shares issuable upon the vesting and settlement of RSUs and/or PSUs under the Company’s RSU Plan and the number of Common Share remaining available for issuance to settle such Units.

Plan Category	Securities to be issued on exercise of outstanding options, warrants and rights (#) (a)	Weighted average exercise price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (#) (c)
Equity compensation plans approved by securityholders			
• Share Option Plan <sup>(1)</sup>	217,258	8.72	167,921
• RSU Plan <sup>(2)</sup>	287,903	n/a	300,000 <sup>(4)</sup>
• Directors’ Share Compensation Program <sup>(3)</sup>	n/a	n/a	236,283
Equity compensation plans not approved by securityholders	0	0	0
Total	505,161	8.72	704,204

- (1) The Share Option Plan was approved by shareholders of the Company prior to the Company’s initial public offering.
- (2) The RSU Plan was most recently approved by shareholders of the Company on June 20, 2019.
- (3) The Directors’ Share Compensation Program was most recently approved by shareholders of the Company on June 15, 2017.
- (4) The RSU Plan provides the Company with the option of settling vested RSUs and/or PSUs with cash equal to the market value of the equivalent number of Common Shares, or delivering Common Shares to the holder either through the purchase of such Common Shares on the open market, or through the issuance of Common Shares from treasury. Therefore, the number of securities remaining available for further issuance only reflects a limit to the Company of settling such RSUs and/or PSUs through the issuance of Common Shares from treasury.

### Burn Rate

The following table discloses the annual burn rate for each of the Share Option Plan, RSU Plan and the Directors’ Share Compensation Program during each of the three most recently completed fiscal years. The rates are calculated based on the weighted average of the Common Shares outstanding during the applicable year.

Plan	2017	2018	2019
Share Option Plan	0.71%	0.00%	1.17%

RSU Plan	1.25%	1.00%	0.44%
Directors' Share Compensation Program	0.46%	0.39%	0.21%

## V. BOARD OF DIRECTORS' COMPENSATION

In 2019, the directors of the Company were compensated on the following basis, in accordance with the Company's directors' share compensation program (the "**Directors' Share Compensation Program**"). The Directors' Share Compensation Program is used for the payment to non-management directors for annual and committee retainers in the form of Common Shares, as part of the overall compensation paid to directors. The Directors' Share Compensation Program is intended to (i) promote the achievement of the Company's long-term objectives by linking part of the compensation of non-management directors to interests of the Company's shareholders, and (ii) attract and retain directors of outstanding competence.

The Directors' Share Compensation Program was reapproved by the shareholders at the annual meeting of shareholders on June 15, 2017, increasing the number of Common Shares reserved for issuance under the program by an additional 300,000. To date, an aggregate of 800,000 Common Shares have been approved by shareholders for issuance under the Directors' Share Compensation Program. As of the date of this Management Information Circular, 229,581 Common Shares remain issuable to non-management directors pursuant to the Directors' Share Compensation Program.

Under the Directors' Share Compensation Program, the Board may, without TSX and shareholder approval, amend the amount of compensation payable to directors under such Program. Other amendments to the Directors' Share Compensation Program will be subject to receipt of shareholder approval and the approval of the TSX, to the extent required. The rights and benefits under the Directors' Share Compensation Program are neither assignable nor transferrable.

### 1. Annual Director Retainer

Each director in 2019, other than Mr. Ciciretto (who was a member of management) was entitled to an annual Board retainer in Common Shares with a value of \$25,000. The price used to determine the number of such Common Shares to be issued to the directors was the volume-weighted average trading price for the Common Shares for the 20 trading days immediately prior to the Company's annual meeting of shareholders in each year. These Common Shares were issued quarterly in four equal instalments.

### 2. Committee Members

Each director participating as a member of a Board committee that was entitled to annual director retainer received in addition, the following annual committee member retainers:

Audit Committee:	\$5,000 in Common Shares
Compensation Committee:	\$5,000 in Common Shares
Governance Committee:	\$5,000 in Common Shares

All such Common Shares were determined, earned and issued in the same manner as with the annual director retainer.

### 3. Board and Committee Chairs

In addition, to the extent a Chairperson of the Board or a Board Committee was entitled to the annual director retainer, each such Chairperson also received the following annual retainer for their services:

Board:	\$75,000 in Common Shares
Audit Committee:	\$15,000 in Common Shares

Compensation Committee:	\$7,500 in Common Shares
Governance Committee:	\$7,500 in Common Shares

All such Common Shares were determined, earned and issued in the same manner as with the annual director retainer.

#### 4. Other Fees and Expenses

Each director entitled to receive an annual director retainer is also paid a fee of \$1,000 cash per three (3) cumulative hours of attendance (in person or by either tele- or videoconference) at Board and Committee meetings. Travel expenses were reimbursed based upon economy air travel, and local business hotel arrangements were paid against submitted receipts.

#### 5. Board and Committee Meeting Attendance

The following table summarizes the meetings of the Board and its Committees held for the year ended December 31, 2019, together with the attendance of individual directors of the Company at such Board meetings and Committee meetings in which such director is a Committee member.

Director	Board of Directors (10 meetings)	Audit (4 meetings)	Corporate Governance (4 meetings)	Compensation (4 meetings)	Executive (4 meetings)
MATTHEW GERBER <sup>(1)</sup> .....	10 of 10	-	-	4 of 4	4 of 4
ANTONIO CICIRETTO .....	10 of 10	-	-	-	-
RICHARD BREKKA <sup>(2)</sup> .....	10 of 10	-	4 of 4	-	4 of 4
MICHAEL MARTIN <sup>(3)</sup> .....	10 of 10	4 of 4	4 of 4	-	-
JAMES SANGER <sup>(4)</sup> .....	9 of 10	-	4 of 4	4 of 4	-
GARY SHERLOCK <sup>(5)</sup> .....	8 of 10	4 of 4	-	-	3 of 4
LAUREL BUCKNER <sup>(6)</sup> .....	8 of 10	4 of 4		3 of 4	

- (1) Mr. Gerber is Chair of the Board and served as a member of the both the Compensation Committee and Executive Committee in 2019.
- (2) Mr. Brekka served as Chair of the Executive Committee and was a member of the Corporate Governance Committee in 2019.
- (3) Mr. Martin served as the Chair of the Corporate Governance Committee and was a member of the Audit Committee in 2019.
- (4) Mr. Sanger served as Chair of the Compensation Committee and was a member of the Corporate Governance Committee in 2019.
- (5) Mr. Sherlock served as Chair of the Audit Committee and was a member of the Executive Committee in 2019.
- (6) Ms. Buckner was a member of the Audit Committee and the Compensation Committee in 2019.

#### 6. Directors' Compensation Table for 2019

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards			Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
		Annual Retainer (\$) <sup>(2)</sup>	Committee Member Retainer (\$) <sup>(2)</sup>	Chair/Committee Chair Retainer (\$) <sup>(2)(3)</sup>				
MATTHEW GERBER .....	16,973	25,000	10,000	75,000	-	-	-	126,973
RICHARD BREKKA .....	16,223	25,000	10,000	7,500	-	-	-	58,723
MICHAEL MARTIN .....	14,610	25,000	10,000	7,500	-	-	-	57,110

JAMES SANGER .....	13,943	25,000	10,000	7,500	-	-	-	56,443
GARY SHERLOCK.....	15,583	25,000	10,000	15,000	-	-	-	65,583
LAUREL BUCKNER .....	12,333	25,000	10,000	-	-	-	-	47,333

- (1) Fees paid in cash for attendance at meetings of the Board or Committees.
- (2) Directors received annual and committee retainers in the form of Common Shares, as opposed to cash pursuant to the Directors' Share Compensation Program. These Common Shares were distributed quarterly in four equal instalments.
- (3) Directors who served as Chair of the Board and/or Chair for a Committee received an additional retainer for their services in the form of Common Shares. These Common Shares were distributed quarterly in four equal instalments.

## 7. Outstanding share-based awards and option-based awards of the Directors

The following table provides information regarding the option-based awards for each non-employee director outstanding as at year ended December 31, 2019. The directors' annual, committee, and chair retainer fees are paid in Common Shares and such share-based compensation is disclosed above in the Table "Directors' Compensation Table for 2019". No other share-based award plan has been adopted for the directors.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
MATTHEW GERBER.....	-	-	-	-	-	-	-
RICHARD BREKKA.....	-	-	-	-	-	-	-
MICHAEL MARTIN.....	-	-	-	-	-	-	-
JAMES SANGER .....	-	-	-	-	-	-	-
GARY SHERLOCK.....	-	-	-	-	-	-	-
LAUREL BUCKNER.....	-	-	-	-	-	-	-

- (1) Each option entitles the holder to purchase one Common Share at the specified exercise price.
- (2) Option is "in-the-money" at year end if the market value of the underlying Common Share as at that date exceed the exercise price of the option. The closing price on the TSX of the Common Shares as at December 31, 2019 was \$8.88.

## 8. Incentive Plan Awards – Value Vested or Earned in 2019

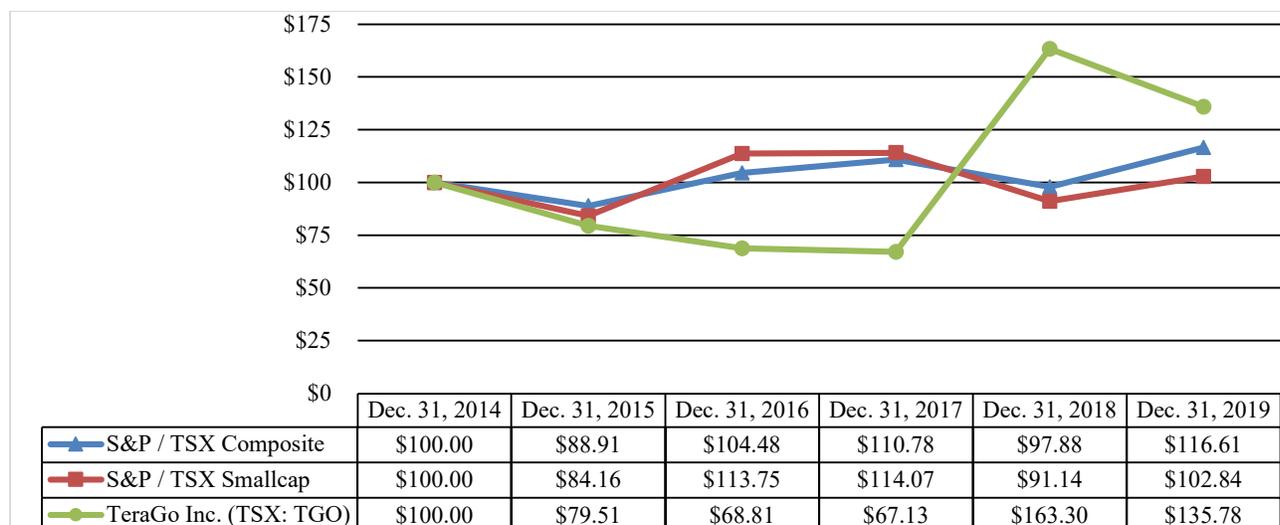
The following table provides information on the vesting and payouts of awards for each non-employee director under the Company's incentive plans for the year ended December 31, 2019.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
MATTHEW GERBER.....	-	-	-
RICHARD BREKKA.....	-	-	-
MICHAEL MARTIN.....	-	-	-
JAMES SANGER .....	-	-	-
GARY SHERLOCK.....	-	-	-
LAUREL BUCKNER .....	-	-	-

- (1) The directors' annual, committee, and chair retainer fees are paid in Common Shares and such share-based compensation is disclosed above in the Table "Directors' Compensation Table for 2019".

## VI. COMMON SHARE PERFORMANCE GRAPH

Since June 26, 2007, the Common Shares have been listed and posted for trading on the TSX under the symbol "TGO". The following graph compares the cumulative total shareholder return for \$100 invested in the Common Shares with the total cumulative total return for \$100 invested in each of the S&P/TSX Composite Index (assuming dividends reinvested) and S&P/TSX Small Cap Index (assuming dividends reinvested) for the five year period from December 31, 2014 to December 31, 2019. The Common Shares are not included in either of the S&P/TSX Composite Index or S&P/TSX Small Cap Index.



The Compensation Committee believes that the performance of the Company in general as compared to the comparative indices used is reflective in total NEO compensation over such period.

## VII. TERMINATION AND CHANGE OF CONTROL BENEFITS

### 1. Employment Agreements

Each NEO has entered into an employment agreement with TeraGo Networks Inc. ("TNI"), a wholly-owned operating subsidiary of the Company. These agreements are subject to review and change as determined and approved by the Board and the NEO, as applicable, from time to time.

If TNI terminates the employment of any NEO, other than for cause, such NEO shall be entitled to a severance payment from TNI in an amount equal to the aggregate of:

- In the case of Mr. Ciciretto, the base salary and car allowance that would otherwise have been paid to such officer had his employment continued for a period of 18 months following the termination date, plus 1.5 times his Average Annual Bonus.
- In the case of Mr. Charron, Mr. Wetzel, Mr. McGregor and Mr. Lau, the base salary and car allowance that would otherwise have been paid to each such officer had his employment continued for a period of 12 months following the termination date, plus 100% of Average Annual Bonus.

"Average Annual Bonus" is defined in each NEO employment agreement as the average bonus payments received by the NEO for the three completed years (or such lesser completed fiscal years, as applicable) prior to his/her termination.

Each NEO has also entered into a non-solicitation and confidentiality agreement with TNI which provides for, among other things, non-solicitation and non-compete covenants in favour of TNI. These covenants will apply during the term of employment and for a specified period following the termination of their employment by TNI for any reason.

## 2. Stock Options

Under the terms of the Company's Share Option Plan, in the event of a proposed change of control transaction, the vesting of all outstanding options will accelerate immediately prior to the completion of any such transaction.

## 3. RSUs and PSUs

Under the terms of the RSU Plan, in the event of a proposed change of control transaction, the vesting of all outstanding RSUs or PSUs will accelerate immediately prior to the completion of any such transaction.

## 4. Potential Payments Upon Termination or Change of Control Accompanied with Termination

The following table shows potential payments to each NEO currently employed with the Company, as if the officer's employment had been terminated or a change in control accompanied with a termination had occurred as of December 31, 2019. If applicable, amounts in the table were calculated using \$8.88, the closing price of the Common Shares on the TSX on December 31, 2019. The actual amounts that would be paid to any NEO can only be determined at the time of an actual termination of employment and would vary from those listed below. The estimated amounts listed below are in addition to any other benefits that are available to our salaried employees generally.

Name	Triggering Event	Severance (\$)	Equity-Based Compensation (\$)	Total (\$)
ANTONIO CICIRETTO..... <i>President and Chief Executive Officer</i>	• Without Cause Termination	810,905	1,156,318	1,967,223
	• Change of Control	1,081,206	1,156,318	2,237,524
DAVID CHARRON..... <i>Chief Financial Officer</i>	• Without Cause Termination	372,267	246,091	618,358
	• Change of Control	744,533	556,971	1,301,505
BLAKE WETZEL..... <i>Chief Revenue Officer</i>	• Without Cause Termination	473,496	-	473,496
	• Change of Control	946,992	63,190	1,010,182
DUNCAN MCGREGOR..... <i>Vice President, Engineering &amp; Operations</i>	• Without Cause Termination	313,066	189,330	502,397
	• Change of Control	626,133	448,742	1,074,875
MARK LAU..... <i>Vice President, Legal, General Counsel &amp; Corporate Secretary</i>	• Without Cause Termination	247,592	-	247,592
	• Change of Control	495,185	203,361	698,546

## VIII. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the knowledge of the Company, as at the date of this Management Information Circular and during the Company's financial year ended December 31, 2019, no director or executive officer, nor any proposed nominee for election as a director, nor any associate or affiliate of such individuals was indebted to (i) the Company or any of its subsidiaries, or (ii) any other entity which is, or at any time since January 1, 2019 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

No person who has been a director or executive officer of the Company at any time since January 1, 2019, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any one of them, 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 or the appointment of auditors.

## **X. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management of the Company is not aware of any material interest, direct or indirect, of any “informed person” of the Company (as defined under Canadian securities legislation), any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since January 1, 2019 or in any proposed transaction which has materially affected or would materially affect the Company.

## **XI. CORPORATE GOVERNANCE PRACTICES**

See Schedule A attached to this Management Information Circular.

## **XII. ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), under the Company’s name. Additional financial information is contained in the Company’s 2019 Financial Statements and MD&A, which are available on SEDAR. Shareholders may request, and receive free of charge, copies of the 2019 Financial Statements, the MD&A and the AIF by sending a request to:

TeraGo Inc.  
55 Commerce Valley Drive West  
Suite 800  
Thornhill, ON L3T 7V9  
Attn: Investor Relations  
Tel.: (949) 574-3860/ [TGO@gatewayir.com](mailto:TGO@gatewayir.com)

## **XIII. SHAREHOLDER PROPOSALS**

Shareholder proposals for the Company’s 2021 annual shareholders meeting must be received by the Company by 5:00 p.m. (Toronto time) on March 1, 2021. They must be sent in writing to the attention of the Corporate Secretary of the Company by mail to: 55 Commerce Valley Drive West, Suite 800, Thornhill, ON L3T 7V9, Attn: Corporate Secretary.

## **XIV. DIRECTORS’ APPROVAL**

The Board has approved the contents and the distribution of this Management Information Circular to its shareholders.

Dated May 28, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “Mark Lau”

**Mark Lau**  
Vice President of Legal, General Counsel & Corporate Secretary  
TeraGo Inc.

## SCHEDULE A - CORPORATE GOVERNANCE PRACTICES

*The Company and its Board are committed to maintaining high standards of governance in a rapidly changing environment. The Company's system of corporate governance is subject to continuous review and improvement. The Board has proactively adopted governance policies and practices designed to align the interests of the Board and management with those of shareholders and to promote high standards of ethical behaviour within the Company.*

*On the recommendation of the Corporate Governance Committee, the Board has approved the following corporate governance disclosure.*

### 1. Board of Directors

#### *Director Independence*

The Board is currently comprised of seven (7) members: Matthew Gerber, Antonio Ciciretto, Michael Martin, Richard Brekka, James Sanger, Gary Sherlock and Laurel Buckner.

As of the date of this Management Information Circular, a majority of the Board are independent as six (6) of the directors are "independent" within the meaning of the National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The independent directors are Messrs. Gerber, Martin, Brekka, Sanger and Sherlock and Ms. Buckner. The independent directors do not have a direct or indirect material relationship with the Company, nor do they have "control", via a direct or indirect power to direct or cause the direction of the management and policies of the Company.

Mr. Ciciretto is not considered independent by reason of serving as President and Chief Executive Officer of the Company.

#### *Other Directorships*

The following directors are also directors of other reporting issuers (or the equivalent) in a Canadian or foreign jurisdiction:

Name	Name of Reporting Issuer	Name of Exchange/Market
None	n/a	n/a

#### *Independent Chair*

The Board has separate individuals serving as the Chair of the Board and the Chief Executive Officer, in accordance with the standing policies of the Company. Mr. Gerber was appointed Chair of the Board effective on June 15, 2017. The Board has adopted a position description for the Chair setting out his responsibilities and duties.

The Chair of the Board ensures that the Board operates independently of management and that directors have an independent leadership contact. The Chair manages the affairs of the Board, with a view to ensuring that the Board functions effectively and meets its obligations and responsibilities, and leads the Board in the execution of its responsibilities to shareholders. At each regularly scheduled Board meeting, the Chair presides over a session of the directors at which members of management are not present to facilitate open and candid discussions on certain matters. It is also the practice of each Committee of the Board to meet without management present during the course of their meetings. Information to be conveyed and actions undertaken as a result of these sessions are communicated to relevant parties, as appropriate.

#### *Board Size*

At the Annual and Special Meeting of Shareholders on June 29, 2020, seven directors will stand for election for a one-year term. The matter of Board size is considered formally on an annual basis by the Board and on an ongoing basis by its Corporate Governance Committee. The Board is of the view that the proposed membership of the Board has the necessary breadth and diversity of experience, and is generally of a size to provide for effective decision-making and staffing of Board Committees.

## **2. Board Mandate**

The Board, either directly or through its Committees, is responsible for the supervision of management of the business and affairs of the Company with the objective of enhancing shareholder value. The Board Mandate, the text of which can be found in Schedule B of this Management Information Circular, sets out the responsibilities to be discharged by the Board, as well as the personal and professional attributes and the duties and responsibilities required of each director.

## **3. Position Descriptions**

The Board has approved written position descriptions for the Chair of the Board, the Committee Chairs and the President and Chief Executive Officer. These position descriptions are available on the Company's website at [www.terago.ca](http://www.terago.ca).

## **4. Orientation and Continuing Education**

The Company has procedures in place to ensure that the Board has timely access to information it needs to carry out its duties. In particular, directors (i) receive a comprehensive package of information prior to each Board and Committee meeting, (ii) are involved in setting the agenda for Board and Committee meetings, (iii) attend an annual strategic planning session, and (iv) have full access to the Company's senior management and employees. From time to time, the Board, through its Corporate Governance Committee, reviews continuing education to ensure that the directors maintain the skill and knowledge necessary to meet their obligations as directors.

The Corporate Governance Committee is responsible for the orientation and education of directors. The goal of the director orientation process is to ensure that new directors fully understand the nature and operation of the business of the Company, the role of the Board and its Committees, and the contribution that individual directors are expected to make. New directors are provided with materials containing details of the Company's organizational structure, the structure of the Board and its Committees, relevant position descriptions, compliance requirements for directors, corporate policies and by-laws. One-on-one meetings are often arranged with the executive officers of the Company to enable the new directors to learn about the various functions and activities of the Company.

Directors are expected to attend all Board and Committee meetings. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions. On an ongoing basis, as part of regular Board meetings, directors receive presentations on various aspects of the Company's operations.

## **5. Ethical Business Conduct**

The Board has adopted the TeraGo Inc. Code of Business Conduct and Ethics (the "**Code**"), which provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board, through its Corporate Governance Committee, reviews the operation of, and monitors compliance with, the Code. On an annual basis, the Code will be reviewed by the Company's Legal and Human Resources departments to ensure that it complies with applicable legal requirements and is in alignment with general best practices. In the event that amendments are needed, recommendations are made to the Corporate Governance Committee and the Board for approval. The Code has been filed with the Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com) and is available on the Company's website at [www.terago.ca](http://www.terago.ca). A waiver of the Code will be granted only in exceptional circumstances and shall be granted by the Board only. To date, no such waivers have been granted.

The Board has also adopted the TeraGo Inc. Whistleblower Policy (the "**Whistleblower Policy**") which allow officers and employees who believe that a violation of the Code or applicable laws has occurred to report this violation on a confidential and anonymous basis. The procedures allow concerns regarding accounting, internal accounting controls or auditing matters to be reported on a confidential and anonymous basis. Complaints can be made to the head of either the Legal Department or Human Resources Department, or the Chair of the Audit Committee.

Directors, officers and employees are asked to acknowledge, on an annual basis, that they have read and understand the Code and Whistleblower Policy (amongst other policies) and certify that they are in compliance with the principles set forth in the Code.

The Board believes that providing a forum for officers and employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness foster a culture of ethical conduct within the Company.

Where the personal or business relationships or interests of directors may conflict with those of the Company, directors are required to disclose in writing the nature and extent of the conflict of interest. In the event of a conflict of interest, the director will leave the relevant portion of a meeting and the director will not vote or participate in the decision.

## **6. Nomination of Directors**

The Board derives its strength from the background, diversity, qualities, skills and experience of its members. Directors are elected by the shareholders at each annual meeting of shareholders to serve for a term expiring on the date of the next annual meeting.

The Corporate Governance Committee is responsible for identifying and recommending to the Board suitable director candidates. As part of the process, the Corporate Governance Committee considers the competencies and skills that the Board, as a whole, should possess, assesses the skill sets of current Board members and identifies any additional skill sets deemed to be beneficial when considering Board candidates in light of the opportunities and risks facing the Company. The Corporate Governance Committee may engage outside advisors to assist in identifying qualified candidates. Potential candidates are screened to ensure that they have the attributes of: integrity and accountability; ability to engage in informed judgment; financial literacy; excellent communication skills; and the ability to work effectively as a team. These skills and attributes are necessary in order to execute their duties and responsibilities. The Corporate Governance Committee also considers the positions held with other organizations and the other business and personal commitments of prospective director candidates to determine whether they would be able to fulfill their duties as Board members.

More information regarding the composition of the Corporate Governance Committee, as well as a summary of its responsibilities, powers and operation, is set out below under the heading “Board Committees - Corporate Governance Committee”.

## **7. Tenure of Directors**

It is proposed that each of the persons nominated and elected as a director at the Meeting will serve until the close of the next annual meeting of the Company or until his or her successor is elected or appointed. On February 24, 2015, the Board adopted a term limit of eight (8) years of service (the “**Director Term Limit**”) for directors of the Company. The Director Term Limit is effective on February 24, 2015 on a go forward basis and any service of a director to the Company prior to such date will not be counted towards the Director Term Limit. The Board believes that the Director Term Limit will balance the need and value of experience and continuity amongst board members and the imposition of new perspectives and expertise from new directors being appointed or elected at the end of a director’s term. The Mandate of the Corporate Governance Committee specifically sets out as a duty for the Corporate Governance Committee to consider the term served by existing directors when planning for the composition of the Board and to ensure that there is a range in the tenure of the directors.

The Board also conducts self-assessments (See “Assessments” below) to evaluate the effectiveness of the Board and each Board Committee. The Board relies on such assessments as one determination on whether the Board is in need of additional or new directors.

As of December 31, 2019, three out of seven directors (or 43%) of the current Board, has served on the Board for five (5) years or less and one out of the seven directors (or 14%) of the current Board, has served on the Board for less than two (2) years.

## **8. Diversity**

The Mandate of the Corporate Governance Committee encourages and values diversity in the composition of the Board and requires periodic review of the composition of the Board as a whole to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of qualifications, experience, and skills required for the Board as a whole. The Mandate of the Corporate Governance Committee sets out as a duty for the Corporate Governance Committee to consider demographics, and also in particular the level representation of certain designated groups (as defined below) on the Board when making decisions with respect to the composition of the Board. In carrying out this duty, the Corporate Governance Committee may retain outside advisors or experts as it deems necessary, which may include the identification and nomination of candidates who are female, visible minorities, indigenous peoples or people with a disability, for the Board should the Corporate Governance Committee determine an exclusive search for such a candidate is necessary.

The Company does not have specific targets for Board or Senior Leadership Team representation of women,

indigenous peoples, persons with disabilities nor members of visible minorities (the “designated groups”). They are factors that are considered in the identification process, and ultimately it is the skills, experience, expertise, character and behavioral qualities that are most important in determining the value that an individual could bring to the Board or the management team.

The Company also ensures the most talented and strongest leaders are recruited, developed and retained to achieve its business objectives and recognizes the value of diversity, including knowledge, experience, skills, expertise, gender and background in making its decisions. In the Company’s “Recruitment Policy” which establishes the process of recruitment and selection of employees, and includes the hiring of managerial level positions and executive officers, the Company will consider the current level of representation of designated groups in managerial positions when seeking and hiring candidates. An example of how this consideration is carried out is in the direction and instructions that the Company may provide when using external agencies for screening candidates and hiring. In addition, the Company’s “Accessibility Policy” seeks to eliminate employment barriers against persons with disability from the recruitment process to ultimate employment, and its “Respect in the Workplace Policy” ensures inclusiveness and prohibition against discrimination or harassment of individuals in the designated groups (amongst others).

The Company recently surveyed the Board and senior management to determine the number and proportion of individuals that self-identified as belonging to one or more of the designated groups. Participation in the survey was voluntary and, as such, the results represent only those individuals who elected to participate and may not be entirely representative of the designated groups at the Board or senior management level.

Currently, the Board is comprised of one female director (14%) and six male directors (86%). The Company previously had another female director who had served on the Board for three years until June 2017. No directors have identified as either visible minorities (0%), indigenous persons (0%) or a person with disabilities (0%). Two directors preferred not to disclose any information as part of the self-identification survey.

The Company’s Senior Leadership Team, which is comprised of vice-president level positions and higher and the Director of Human Resources, includes: 1 female, representing 14 % of the Senior Leadership Team. 1 individual in this group has identified as visible minority representing 14% of Senior Leadership Team, and none who have identified as indigenous persons (0%) or a person with disabilities (0%).

There is currently a deep pool of talent who are within the designated groups holding high potential and mid-level managerial positions at the Company whom the Company looks to support and to provide opportunities for growth.

## **9. Board Committees**

To assist in exercising its responsibilities, the Board has established four standing Committees: the Audit Committee; the Corporate Governance Committee; the Compensation Committee and the Executive Committee.

The roles and responsibilities of each Committee are set out in formal written Mandates, copies of which are available on our website at [www.terago.ca](http://www.terago.ca). These Mandates are reviewed annually to ensure they reflect best practices as well as applicable regulatory requirements.

### *Audit Committee*

The current members of the Audit Committee are Gary Sherlock (Chair), Michael Martin and Laurel Buckner. All of the members of the Audit Committee are “independent” within the meaning of the audit committee requirements adopted by the Canadian Securities Administrators (CSA).

The Audit Committee oversees the integrity of the Company’s financial reporting, its internal control, disclosure control and internal audit function, and its compliance with legal and regulatory requirements. The Audit Committee also reviews and assesses the qualifications, independence and performance of the Company’s auditors. In addition to being “independent”, the Board has determined that each member of the Audit Committee is “financially literate”, as such term is defined under CSA rules.

At each quarterly meeting of the Audit Committee, members of the Audit Committee meet separately (without management present) with the Company’s auditors to review specific issues. The Audit Committee requires management to implement and maintain appropriate internal controls. Annually, the Committee reviews and approves the internal control policy and audit mandate. The Audit Committee meets quarterly with the auditors and management on matters of internal control. It also meets regularly with the auditors and management to assess the adequacy and effectiveness of the internal control systems. The Audit Committee also pre-approves all audit and non-audit work performed by the auditors.

Additional information relating to the Audit Committee is included in the Company's Annual Information Form under the heading "Audit Committee" which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *Corporate Governance Committee*

The current members of the Corporate Governance Committee are Michael Martin (Chair), Richard Brekka and James Sanger.

The Corporate Governance Committee identifies and recommends candidates for nomination to the Board, as described above, monitors the orientation program for new directors and maintains a process for assessing the performance of the Board, its Committees and individual directors. The Corporate Governance Committee receives periodic reports on the Company's corporate social responsibility efforts and programmes, monitors best practices for governance and annually reviews the Company's governance practices and disclosures to ensure that it continues to exemplify high standards of corporate governance. The Corporate Governance Committee reviews all Board and Committee Mandates, standing corporate policies and position descriptions to ensure that they meet all applicable regulatory requirements and best practices.

#### *Compensation Committee*

The current members of the Compensation Committee are James Sanger (Chair), Matthew Gerber and Laurel Buckner. All of the members of the Compensation Committee are independent.

The Compensation Committee's primary responsibilities include evaluating and making recommendations to the Board regarding compensation of executive officers and directors, equity incentive plans, and general policies and programs related to compensation and benefits.

The Compensation Committee annually reviews, and recommends for Board approval, directors' and executive compensation to ensure it is competitive and consistent with the responsibilities and risks involved in being an effective director and/or officer.

The Compensation Committee reviews and approves goals and objectives that the President and Chief Executive Officer is responsible for meeting each year. The Compensation Committee also conducts an annual assessment of the President and Chief Executive Officer's performance in relation to those objectives and reports the results of the assessment to the Board.

The Compensation Committee has the authority to retain consulting firms from time to time to assist in carrying out the Compensation Committee's responsibilities, including determining the compensation of the President and Chief Executive Officer and other executives, which also facilitates objectivity for making compensation decisions

The Compensation Committee reviews succession planning for the President and Chief Executive Officer and other senior management, including planning in the event of an emergency or retirement. The Company's succession planning process involves: identifying critical senior leadership roles; assessing the capabilities of our executive officers; developing succession plans for all executive officer roles; and developing a leadership "pipeline" comprised of the Company's most talented individuals.

#### *Executive Committee*

The Executive Committee is comprised of three members of the Board (none of whom are members of management). The current members of the Executive Committee are Richard Brekka (Chair), Matthew Gerber and Gary Sherlock.

The primary function of the Executive Committee is to assist the Board by acting in the Board's place and stead, particularly with respect to the preliminary consideration and approval of matters of significance. While it is intended that all such matters first be brought before the full Board for consideration, it is recognized that the Executive Committee may be required to meet and exercise the powers of the Board when the full Board is not in session or cannot reasonably be called in session.

In addition to any other duties and responsibilities assigned to it from time to time by the Board, the Executive Committee, when the Board is not in session, may exercise powers vested in and exercisable by the Board, subject to applicable law.

The Executive Committee refers back to the full Board for ratification, confirmation and approval of all such matters as the Executive Committee may deem appropriate. The Executive Committee may retain or appoint, at the Company's expense, outside advisors or experts as it deems necessary to carry out its duties.

## **10. Assessments**

To serve the interests of shareholders and other stakeholders, the Company's governance system is subject to ongoing review and assessment. One of the ways the Board and the Board Committees do this is through self-assessments conducted from time to time.

## **11. Strategic Planning**

The Board approves the Company's strategic plans. In addition to addressing key initiatives, these plans include details of the opportunities, risks, competitive position, financial projections and other key performance indicators for each of the principal business groups. An annual strategy session enables directors to gain a fuller appreciation of planning priorities and progress being made in relation to the strategic plans. It also provides an opportunity for directors to give constructive feedback to management. Throughout the year, directors receive strategic updates as part of regular Board meetings.

## **12. Disclosure Policy**

The Board has approved a Disclosure, Confidentiality and Insider Trading Policy (the "**Disclosure Policy**") covering the timely dissemination of all material information. The Disclosure Policy, which is reviewed annually, establishes consistent guidance for determining what information is material and how it should be disclosed to avoid selective disclosure and to ensure that material information is widely disseminated. The Company also has a Disclosure Committee comprised of members of senior management, including the Chief Executive Officer, the Chief Financial Officer and the Vice President of Legal. The Disclosure Committee is responsible for reviewing all continuous disclosure documents and ensuring their timely public release.

Shareholders, employees, stakeholders and other interested parties may communicate directly with the Company through its Investor Relations representatives by telephone at (949) 574-3860 or by e-mail at [TGO@gatewayir.com](mailto:TGO@gatewayir.com).

## SCHEDULE B — BOARD MANDATE

The Board of Directors of TeraGo Inc. is committed to maintaining current and effective corporate governance. This Mandate of the Board of Directors (the “Board”) of TeraGo Inc. is made with reference to National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators. It will be reviewed periodically to ensure that it consistently follows updated best practices and that it will provide appropriate and effective guidance to the Board as to their duties and responsibilities. This Mandate was initially adopted and approved by the Board on August 13, 2007 and it was most recently ratified at a meeting of the Board on February 20, 2020.

### 1. STATEMENT OF POLICY

- The Board is elected by and accountable to the Company’s shareholders and is responsible for overseeing and supervising, directly and through its various committees, the conduct of the business and affairs of the Company. Though elected by the shareholders, the Board is not mandated to represent any particular interest. Rather, all decisions must be made in the best interests of the Company. The Board has delegated the day-to-day management and operation of the Company’s business to management, but is responsible for ensuring that management discharges this responsibility effectively.

### 2. STRUCTURE

#### *Board*

- The members of the Board shall be elected annually by the shareholders of the Company or as otherwise provided by its Articles. The Corporate Governance Committee of the Board will, from time to time review the number of directors, the need for recruitment and the experience required for any new nominee to ensure that the Board facilitates effective and efficient oversight. Pursuant to its Articles, the Board shall consist of a minimum of one and a maximum of 10 directors, and be in accordance with all applicable regulatory requirements. A majority of the Board shall be comprised of directors who are independent. A director is independent if he or she has no direct or indirect material relationship with the Company as determined in accordance with applicable laws and regulations.
- Each member of the Board, including the Chair, who shall be appointed from among its members, will act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.
- Effective February 24, 2015, each member of the Board, including the Chair shall serve for no longer than eight (8) years as a director of the Company (the “**Director Term Limit**”). The Director Term Limit applies on a go forward basis and any service of a director to the Company prior to February 24, 2015 will not be counted towards the Director Term Limit.
- The Board and the Board Chair will fulfill their mandates by carrying out the duties and responsibilities set forth below.

#### *Committees*

- The Board has the authority and may establish committees and delegate duties and responsibilities to such committees and appoint members of such committees from among its directors. The Board will assess matters to be delegated and the constitution of each committee annually.
- The Board has established three standing committees including a corporate governance committee, a compensation committee and an audit committee. Other committees may be established on an ad hoc basis from time to time to examine specific issues on behalf of the Board.

### 3. MEETINGS

- The Board shall meet in accordance with a schedule established each year by the Board and at such other times as the Board may determine. Notice of each meeting shall be given to each director and shall state the nature of the business to be conducted at such meeting. An information package, appropriate in detail for the items to be discussed, shall be sent to each director in advance of the meeting. The Board will endeavour to hold at least one meeting per calendar year outside of the Toronto area.

- A quorum for the transaction of business shall consist of the majority of the directors of the Board. Members may participate by means of telephonic, electronic or other communication facilities as to permit all persons participating in such meeting to communicate adequately with each other.
- The Corporate Secretary of the Company shall act as secretary of Board meetings. Minutes of such meetings shall be recorded and prepared by the Corporate Secretary and subsequently presented to the Board for approval.
- At the discretion of the Board, members of management and others may attend Board meetings. However, executive sessions of the Board, without members of management being present, may be held at every board meeting.
- Independent directors shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings. Independent directors may propose agenda items for meetings of independent directors through communication with the Chair.

#### **4. RESPONSIBILITIES AND ROLE OF THE BOARD**

- In addition to its statutory responsibilities, and matters delegated to Board committees as set out below, the Board's duties and responsibilities include:
  - a) review and approve the Company's long-term strategic objectives and adopt a planning process that recognizes the opportunities and risks of the business in developing the strategic plan and approve, at least annually, a strategic plan;
  - b) identify and assess the principal risks inherent in the business and ensure management takes all reasonable steps to appropriately manage such risks;
  - c) review and approve management's business plans and budgets (both operating and capital) and monitor the implementation of such plans;
  - d) review and approve any significant strategic transactions (including acquisitions, divestitures, financings, investments and alliances) that are not considered to be in the ordinary course of business;
  - e) review the financial performance, financial reporting and disclosure of the Company as well as obtaining reasonable assurances that the internal controls and management information systems are adequate;
  - f) review the Company's disclosure policy to ensure the Company's performance is adequately and appropriately reported on a timely basis;
  - g) develop a position description for the CEO and select and appoint the CEO and senior management, review their performance and approve their compensation;
  - h) develop appropriate succession management policies for the CEO and senior management of the Company;
  - i) provide advice and counsel to CEO and senior management;
  - j) assess the effectiveness in fulfilling its own responsibilities, including those of its committees and individual directors;
  - k) provide for an orientation program for new directors and ensure periodic presentations from senior management on strategic issues relevant to the business and affairs of the Company;
  - l) maintain a culture of integrity including adopt and monitor compliance with the Code of Business Conduct and Ethics, setting the ethical tone for the Company and its management and employees;
  - m) ensure that an external communications policy is in place and that the Company has procedures for receiving and responding to feedback from stakeholders;
  - n) monitor compliance with applicable legal and regulatory requirements;
  - o) approve, on an annual basis, the composition of Board Committees, the respective Chairs and the mandates of such Committees; and

- p) receive, on an annual basis, a report from each Committee Chair regarding fulfillment of such Committee's mandate duties.

#### **5. RESPONSIBILITIES AND ROLES OF COMMITTEES OF THE BOARD**

- Unless otherwise determined by the Board, the respective responsibilities of the Board Committees will be as set out in their Mandates.

#### **6. TERMS OF REFERENCE FOR THE CHAIR OF THE BOARD**

- On an annual basis, the Board will appoint a Chair from among its independent members to serve in a non-executive capacity.
- The Chair is responsible for overseeing, managing and assisting the Board in fulfilling its duties in an effective manner, independent of management. Responsibilities include:
  - a) to chair Board meetings and annual and special meetings of shareholders;
  - b) to organize regularly scheduled board meetings and to participate in the preparation of the agenda of each meeting;
  - c) to monitor the work of the committees of the Board; and
  - d) to ensure that an appropriate information package is provided to each director in advance of each meeting.

#### **7. TERMS OF REFERENCE FOR THE CHAIRS OF COMMITTEES**

- The chair is responsible for ensuring the committee functions in a manner that is independent of management, including managing meeting schedules, chairing meetings of the committee, acting as liaison between senior management and the committee and providing advice on appropriate matters. The committee chair shall set the agendas for meetings of the committee. The Chair shall report on the significant matters considered at a committee meeting at the next Board of Directors meeting.

#### **8. RESOURCES**

- The Board and its committees shall have the authority to retain appropriate legal, accounting and other consultants and advisors to assist it in fulfilling its responsibilities, as they deem necessary. The Company shall provide appropriate funding, as determined by the Board, for the services of any such advisors. The Chair of the Board shall be kept informed of any advisors retained.

#### **9. SHAREHOLDER FEEDBACK**

- The Board will develop measures for receiving feedback from shareholders with respect to individual queries, comments or suggestions. Shareholder comments, where appropriate, are brought to the attention of the Board and are included in its deliberations.

## SCHEDULE C – TERAGO INC. SHARE OPTION PLAN

### ARTICLE 1 - PURPOSE OF THE PLAN

#### 1.01 Purpose

The purpose of the TeraGo Inc. Share Option Plan is to provide an incentive to the employees, officers and directors of the Corporation and its Related Entities to achieve the longer term objectives of the Corporation, to give suitable recognition of the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

### ARTICLE 2 - INTERPRETATION

#### 2.01 Definitions

In this Plan:

“**Black Out Period**” means any period during which a policy of the Corporation prevents an Insider from trading in the Common Shares.

“**Board**” means the board of directors of the Corporation.

“**Change of Control**” includes:

- (i) the acquisition by any persons acting jointly or in concert (as determined by the Securities Act), whether directly or indirectly, of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50.1% of all outstanding voting securities of the Corporation;
- (ii) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50.1% of all outstanding voting securities of the corporation resulting from the business combination;
- (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than in the ordinary course of business of the Corporation or to a Related Entity; or
- (iv) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole discretion.

“**Committee**” means the compensation committee of the Board.

“**Common Shares**” means, subject to the provisions of Section 4.08, the Common Shares in the

capital of the Corporation.

“**Control**” by a person over a second person means the power to direct, directly or indirectly, the management and policies of the second person by virtue of:

- (i) ownership of or direction over voting securities in the second person;
- (ii) a written agreement or indenture;
- (iii) being or Controlling the general partner of the second person; or
- (iv) being a trustee of the second person.

“**Corporation**” means TeraGo Inc. and any successor corporation thereto.

“**Eligible Person**” means any employee, director or officer of the Corporation or any Related Entity.

“**Exercise Price**” means the price per share at which Common Shares may be subscribed for by an Optionholder pursuant to a particular Option Agreement.

“**Expiry Date**” means the date on which an Option expires pursuant to the Option Agreement relating to that Option provided that if such date occurs during a Black Out Period, the date determined pursuant to Section 4.04.

“**Grant Date**” means the date on which an Option is to be 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 Option provided that if the Board resolves to grant the Option during a Black Out Period, the Option will be deemed to be granted on the first trading day immediately following the expiration of the Black Out Period.

“**Insider**” has the meaning given to that term in the Securities Act and also includes associates and affiliates of the insider, but does not include directors or senior officers of a subsidiary or affiliate of the Corporation unless such director or senior officer:

- (i) in the ordinary course receives or has access to information as material facts or material changes concerning the Corporation before the material facts or material changes are generally disclosed;
- (ii) is a director or senior officer of a “major subsidiary” of the Corporation (where “major subsidiary” has the meaning given to that term in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*); or
- (iii) is an insider of the Corporation in a capacity other than as a director or senior officer of the subsidiary or affiliate.

For the purpose of this definition, the terms “affiliate”, “associate” and “subsidiary” have the meanings given to them, respectively, in the Securities Act.

“**Insider Participation Limit**” means the number of Common Shares: i) issued to Insiders of the Corporation, within any one-year period, and ii) issuable to Insiders of the Corporation, at any time under this Plan, or when combined with all of the Corporation’s other security based compensation arrangements (including its RSU Plan and Directors’ Share Compensation Program), cannot exceed 10% of the Corporation’s total issued and outstanding Common Shares, respectively.

“**Market Price**” of a Common Share has the meaning set out in Section 4.02.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.

“**Notice of Exercise**” means a notice, substantially in the form of the notice set out in this Plan in such other form as approved by the Board, from an Optionholder to the Corporation giving notice of the exercise or partial exercise of an Option previously granted to the Optionholder.

“**Option**” means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan.

“**Option Agreement**” means an agreement, substantially in the form of the agreement set out in this Plan or in such other form as approved by the Board, between the Corporation and an Eligible Person setting out the terms of an Option granted to the Eligible Person.

“**Optioned Shares**” means the Common Shares that may be subscribed for by an Optionholder pursuant to an Option Agreement.

“**Optionholder**” means an Eligible Person to whom an Option has been granted.

“**Permitted Assigns**” has the meaning ascribed to that term in section 2.22 of NI 45-106.

“**Plan**” means the TeraGo Inc. Share Option Plan, as amended from time to time.

“**Related Entity**” means, for the Corporation, a person that Controls or is Controlled by the Corporation or that is Controlled by the same person that controls the Corporation.

“**Securities Act**” means the *Securities Act* (Ontario).

“**Termination Date**” means the actual date of termination of (i) the office of the Optionholder or (ii) the employment of the Optionholder, as applicable, and does not include any period during which the Optionholder is in receipt of or is eligible to receive any statutory, contractual or common law notice or compensation in lieu thereof or severance payments following the actual date of termination or resignation.

“**TSX**” means the Toronto Stock Exchange.

## 2.02 **Extended Meanings**

In this Plan, words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals,

corporations, limited and unlimited liability companies, general and unlimited partnerships, associations, trusts, incorporated organizations, joint ventures and governmental authorities.

### 2.03 **Legislative References**

In this Plan, a reference to any statute, regulation, national instrument or other legislation is to that legislation as now enacted or as the same may from time to time be amended, re-enacted or replaced.

### 2.04 **Governing Law**

This Plan and any Option Agreement will be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

## **ARTICLE 3 - GRANT OF OPTIONS**

### 3.01 **Authority of Board**

(1) Subject to the limitations of the Plan and the Insider Participation Limit, the Board has the authority:

- (a) to determine which Eligible Persons are to be granted Options and to grant Options to those Eligible Persons;
- (b) to determine the terms of such Options; and
- (c) to prescribe the form of Option Agreement and Notice of Exercise with respect to a particular Option.

(2) Notwithstanding the provisions of Section 3.01(1), no Option will be granted under the Plan unless recommended by a majority of the Committee.

### 3.02 **Eligibility**

Options may be granted by the Board to any Eligible Person prior to his or her Termination Date.

### 3.03 **Maximum Shares**

(1) Subject to adjustment as provided in Section 4.08 and subject to the Insider Participation Limit, the maximum number of Common Shares that may be issued pursuant to Options granted under the Plan is 997,697 Common Shares.

(2) Any Common Shares subject to an Option that expires or terminates without having been fully exercised may be made the subject of a further Option.

## **ARTICLE 4 - TERMS OF OPTIONS**

### **4.01 Option Agreement**

As soon as practicable following the grant of an Option, the Corporation will deliver to the Optionholder an Option Agreement dated the Grant Date, containing the terms of the Option and executed by the Corporation, and upon delivery to the Corporation of the Option Agreement executed by the Optionholder such Optionholder will be a participant in the Plan and have the right to purchase the Optioned Shares on the terms set out in the Option Agreement and the Plan.

### **4.02 Exercise Price**

(1) The Exercise Price of Common Shares subject to an Option will be determined by the Board at the time of grant and will not be less than the market price (the “**Market Price**”) of the Common Shares at the Grant Date, calculated as the closing price per share of a board lot of the Common Shares on the principal stock exchange on which the Common Shares are trading on the Grant Date or, if the Common Shares did not trade on such day, the average, rounded up to the nearest cent, of the bid and ask prices per share for a board lot of the Common Shares at the close of trading on such day or, if the Common Shares are not listed on a stock exchange, the fair market value of a Common Share on the Grant Date as determined by the Board.

(2) Notwithstanding Section 4.02(1), if an Option is granted pursuant to this Plan at any time prior to the closing of the IPO, the Market Price of the Common Shares for purposes of Section 4.02(1) will be the price of the Common Shares to purchasers in the IPO.

### **4.03 Vesting**

(1) An Option may be granted subject to vesting requirements. Any vesting requirements will be determined at the time the Option is granted and will be set out in the Option Agreement.

(2) Notwithstanding Section 4.03(1), in the event of a proposed Change of Control, the vesting of all Options will accelerate immediately prior to the completion of any such transaction.

### **4.04 Black Out Periods**

If the date on which an Option expires pursuant to an Option Agreement occurs during or within 10 days after the last day of a Black Out Period, the Expiry Date for the Option will be the last day of such 10-day period.

### **4.05 Early Expiry**

(1) Unless otherwise determined by the Committee, an Option will expire before its Expiry Date in the following events and manner:

- (a) if an Optionholder dies, only the portion of the Option that is exercisable at the date of death of the Optionholder may be exercised by the personal representatives of

the Optionholder during the period ending six months after the death of the Optionholder, after which period all Options terminate;

- (b) if the employment of an Optionholder is terminated without cause, including a constructive dismissal, only the portion of the Option that is exercisable at the Termination Date may be exercised by the Optionholder during the period ending 90 days after the Termination Date, after which period all Options expire; and
- (c) an Option will expire 60 days from the date on which the Optionholder ceases to be an Eligible Person as a result of his or her voluntary resignation, or immediately upon being dismissed from his or her office or employment for cause including where an Eligible Person resigns his or her office or employment after being requested to do so by the Corporation as an alternative to being dismissed or terminated by the Corporation for cause,

subject in all cases to the earlier expiration of an Option on its applicable Expiry Date. For greater certainty, the retirement of an Optionholder pursuant to the provisions of a retirement plan of the Corporation or a Related Entity or an Optionholder's cessation of employment due to permanent disability will not affect the terms of outstanding Options.

(2) Notwithstanding the provisions of Section 4.05(1), the Committee may, in its discretion, at any time prior to or following any event contemplated in Section 4.05(1), permit the exercise of any or all Options held by an Optionholder in the manner and on the terms authorized by the Committee, provided that the Committee will not, in any case, authorize the exercise of an Option after its applicable Expiry Date.

(3) On the expiry of an Option all rights of a participant thereunder, whether unexercisable or not yet exercisable, will automatically expire and be cancelled without any compensation being paid therefor.

#### 4.06 **Assignment**

(1) An Optionholder may assign Options to a Permitted Assign of the Optionholder. For greater certainty, the terms of the Plan continue to apply to assigned Options except that the assigned Options are exercisable by the Permitted Assign.

(2) Except as provided in Section 4.05(1)(a), an Option may be exercised only by the Optionholder or a Permitted Assign of the Optionholder and is not assignable in law or in equity, and any purported assignment is void and of no force and effect whatsoever.

#### 4.07 **Participation**

(1) Participation in this Plan will be entirely voluntary and any decision not to participate will not affect an Eligible Person's employment or other relationship with the Corporation or any Related Entity.

(2) Nothing in this Plan or in any Option Agreement will confer on any Optionholder any right to remain as an employee or officer of the Corporation or any Related Entity.

(3) An Optionholder will only have rights as a shareholder of the Corporation with respect to Common Shares that the Optionholder acquires through the exercise of an Option in accordance with its terms.

#### 4.08 **Adjustments to Common Shares**

(1) Subject to the right of the Board to make such additional or other adjustments as it considers appropriate in the circumstances:

- (a) upon a subdivision of the Common Shares into a greater number of Common Shares, a consolidation of the Common Shares into a lesser number of Common Shares or the issue of a stock dividend to holders of the Common Shares (other than dividends in the ordinary course), the number of Common Shares authorized to be issued under the Plan, the number of Common Shares receivable on the exercise of an Option and the Exercise Price thereof will be increased or reduced proportionately and the Corporation will deliver upon the exercise of an Option, in addition to or in lieu of the number of Optioned Shares in respect of which the right to purchase is being exercised and without the Optionholder making any additional payment, such greater or lesser number of Common Shares as results from the subdivision, consolidation or stock dividend;
- (b) upon the distribution by the Corporation to holders of the Common Shares of shares of any class (whether of the Corporation or another corporation, but other than Common Shares), rights, options or warrants, evidences of indebtedness or cash (other than dividends in the ordinary course), other securities or other assets, either the Exercise Price of the Optioned Shares will be reduced proportionately or the Corporation will deliver upon exercise of an Option, in addition to the number of Optioned Shares in respect of which the right to purchase is being exercised and without the Optionholder making any additional payment, such other securities, evidence of indebtedness or assets as result from such distribution; and
- (c) upon a capital reorganization, reclassification or change of the Common Shares, a consolidation, merger, amalgamation, arrangement or other form of corporate reorganization or combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the assets of the Corporation, the Corporation will deliver upon exercise of an Option, in lieu of the Optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or assets as result from such event.

The purpose of such adjustments is to ensure that any Optionholder exercising an Option after any such event will be in substantially the same position as such Optionholder would have been in if he or she had exercised the Option prior to such event.

(2) Subject to Section 4.03(2), and notwithstanding any other provision herein, in the event of a proposed Change of Control, the Board may, as deemed necessary or equitable by the Board in its sole discretion, determine the manner in which all unexercised Options granted under the Plan will be treated including, for example, requiring the acceleration of the time for the

fulfillment of any conditions or restrictions on such exercise. All determinations of the Board under this Section will be binding for all purposes of the Plan. If the Board elects to accelerate the timing the exercise of rights under any or all outstanding Options immediately prior to the completion of any such transaction, it may also determine that all such outstanding Options will be purchased by the Corporation or a Related Entity for an amount per Option equal to the “Transaction Price” (as defined below), less the applicable Exercise Price (except that where the Exercise Price exceeds the Transaction Price, the amount per Option for such Options will be \$0.01), as of the date such transaction is determined to have occurred or as of such other date prior to the transaction closing date as the Board may determine. For purposes of this paragraph, “Transaction Price” means the fair market value of a Common Share based on the consideration payable in the applicable transaction as determined by the Board.

(3) If, at any time when an Option granted under the Plan remains unexercised, an offer to purchase all of the Common Shares of the Corporation is made by a third party, the Corporation will use its best efforts to bring such offer to the attention of the Optionholder as soon as practicable.

(4) An adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative.

(5) The Corporation will not be required to issue fractional Common Shares or other securities under the Plan and any fractional interest in a Common Share or other security that would otherwise be delivered upon the exercise of an Option will be cancelled.

(6) Except as expressly provided in this Section 4.08 or as determined by the Board, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to, the number of Common Shares that may be acquired on the exercise of any outstanding Option or the Exercise Price of any outstanding Option.

## **ARTICLE 5 - EXERCISE OF OPTIONS**

### **5.01 Manner of Exercise**

An Optionholder (or the personal representatives of a deceased Optionholder) who wishes to exercise an Option may do so by delivering the following to the Corporation before the expiry of the Option

- (a) a completed Notice of Exercise and
- (b) subject to the provisions of Section 5.04, a cheque (which need not be a certified cheque) or bank draft payable to the Corporation for the aggregate Exercise Price for the Optioned Shares being acquired.

If the Optionholder is deceased, the personal representatives of the Optionholder must also deliver to the Corporation evidence of their status. An Option may not be exercised for less than 100 Optioned Shares at any one time, except where a smaller number of Optioned Shares remains

exercisable pursuant to an Option, in which case the Option may be exercised for such smaller number at one time.

#### 5.02 **Cashless Exercise**

In lieu of paying the Exercise Price for the Optioned Shares to be issued pursuant to such exercise, the Optionholder may elect to acquire the number of Optioned Shares determined by subtracting the Exercise Price from the Market Price of the Common Shares as of the date of exercise, multiplying the difference by the number of Common Shares in respect of which the Option was otherwise being exercised and then dividing that product by the Market Price of the Common Shares as of the date of exercise. For the purpose of the foregoing calculation, if no trades are reported on any one of the five trading days immediately preceding the date of exercise, the Market Price will be determined by reference to the closing trading price on the last trading day preceding such five trading day period. Upon an Optionholder electing to exercise an Option in the foregoing manner, the Corporation will deliver to the Optionholder a certificate representing the appropriate number of fully paid and non-assessable Common Shares.

#### 5.03 **Delivery of Share Certificate**

Not later than three business days after receipt of the Notice of Exercise and payment in full for the Optioned Shares being acquired as provided in Section 5.01, the Corporation will direct its transfer agent to issue a certificate in the name of the Optionholder (or, if deceased, the Optionholder's estate) for the number of Optioned Shares purchased by the Optionholder (or the Optionholder's estate), which will be issued as fully paid and non-assessable Common Shares.

#### 5.04 **Withholding**

The Corporation will withhold taxes to the extent required by applicable law in respect of any amounts under this Plan.

### **ARTICLE 6 - ADMINISTRATION**

#### 6.01 **Administration**

(1) The Plan will be administered by the Board with the assistance of the Committee.

(2) The Board has the authority to interpret the Plan, to adapt, amend, rescind and waive rules and regulations to govern the administration of the Plan (all subject to limits and requirements under applicable regulatory authority or stock exchange rules) and to determine all questions arising out of the Plan (and the Committee will assist the Board with regards to the foregoing) and any Option granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Corporation and all other affected persons.

#### 6.02 **Amendment and Termination**

(1) The Board may, at any time and from time to time, make non-material and/or minor amendments to the terms of the Plan that are of a "housekeeping nature", suspend or terminate the Plan at any time, provided that no such amendment, suspension or termination may be made

without obtaining any required approval of any regulatory authority or stock exchange or materially prejudice the rights of any Optionholder under any Option previously granted to the Optionholder without the consent or deemed consent of the Optionholder.

(2) Notwithstanding the provisions of Section 6.02(1), the Board may not, without the approval of the security holders of the Corporation, make amendments to the Plan for any of the following purposes:

- (a) to increase the maximum number of Common Shares that may be issued pursuant to Options granted under the Plan as set out in Section 3.03, subject to adjustment pursuant to Section 4.08;
- (b) to reduce the Exercise Price of Options to less than the Market Price;
- (c) to reduce the Exercise Price of Options for the benefit of an Insider;
- (d) to extend the Expiry Date of Options for the benefit of an Insider;
- (e) any amendment to remove or to exceed the Insider Participation Limit; and
- (f) to amend the provisions of this Section 6.02(2).

(3) In addition to the changes that may be made pursuant to Section 6.02(1), the Board may, at any time and from time to time, without the approval of the security holders of the Corporation, amend any term of any outstanding Option (including, without limitation, the Exercise Price, vesting and expiry of the Option), provided that:

- (a) any required approval of any regulatory authority or stock exchange is obtained;
- (b) if the amendments would reduce the Exercise Price or extend the Expiry Date of Options granted to Insiders other than as authorized pursuant to Section 4.08, approval of the holders of the outstanding Common Shares must be obtained;
- (c) the Board would have had the authority to initially grant the Option under the terms as so amended; and
- (d) the consent or deemed consent of the Optionholder is obtained if the amendment would materially prejudice the rights of the Optionholder under the Option.

### 6.03 **Compliance with Laws and Exchange Rules**

The Plan, the grant and exercise of Options under the Plan and the Corporation's obligation to issue Common Shares on exercise of Options will be subject to all applicable federal, provincial and foreign laws, rules and regulations and the rules of any regulatory authority or stock exchange on which the securities of the Corporation are listed. No Option will be granted and no Common Shares will be issued under the Plan where such grant or issue would require registration of the Plan or of such Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue of Common Shares in violation of this provision will be

void. Common Shares issued to Optionholders pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

**FORM OF OPTION AGREEMENT**

**TERAGO INC.**

**SHARE OPTION PLAN**

**OPTION AGREEMENT**

This Option Agreement is entered into between TeraGo Inc. (the "Corporation") and the Optionholder named below pursuant to the TeraGo Inc. Share Option Plan (the "Plan") and confirms that:

- (a) on \_\_\_\_\_ (the "Grant Date");
- (b) \_\_\_\_\_ (the "Optionholder");
- (c) was granted an option to purchase \_\_\_\_\_ Common Shares (the "Optioned Shares") of the Corporation, exercisable on an annual basis in three equal amounts over three years from the Grant Date or as otherwise may be determined by the Board;
- (d) at a price (the "Exercise Price") of \$ \_\_\_\_\_ per Common Share; and
- (e) for a term expiring at 5:00 p.m., Toronto time, on \_\_\_\_\_ (the "Expiry Date");

all on the terms set out in the Plan. By signing this agreement, the Optionholder acknowledges that he or she has read and understands the Plan and accepts the Options in accordance with the terms of the Plan.

IN WITNESS WHEREOF the Corporation and the Optionholder have executed this Option Agreement as of ●, 20●.

**TERAGO INC.**

By: \_\_\_\_\_

\_\_\_\_\_  
Name of Optionholder

\_\_\_\_\_  
Signature of Optionholder

**FORM OF NOTICE OF EXERCISE**

**TERAGO INC.**

**STOCK OPTION PLAN**

**NOTICE OF EXERCISE**

TO: TeraGo Inc.  
55 Commerce Valley Drive West, Suite 800  
Thornhill, Ontario  
L3T 7V9

Attention: Legal Department

Reference is made to the Option Agreement made as of \_\_\_\_\_ 20●, between TeraGo Inc. (the “Corporation”) and the Optionholder named below. The Optionholder hereby exercises the Option to purchase Common Shares of the Corporation as follows:

Number of Optioned Shares for which Option being exercised: ●

Exercise Price per Common Share: \$●

Total Exercise Price (in the form of a cheque which need not be a certified cheque or bank draft tendered with this Notice of Exercise): \$●

Name of Optionholder as it is to appear on share certificate: ●

Address of Optionholder as it is to appear on the register of Common Shares of the Corporation (and to which a certificate representing the Common Shares being purchased is to be delivered):

Dated \_\_\_\_\_

\_\_\_\_\_  
Name of Optionholder

\_\_\_\_\_  
Signature of Optionholder



**TeraGo**