



**MANAGEMENT PROXY INFORMATION CIRCULAR**

**DATED JUNE 2, 2021**

**FOR**

**THE ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**TOTAL TELCOM INC.**

**TO BE HELD ON  
WEDNESDAY JUNE 30, 2021**





## NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General & Special Meeting (the “Meeting”) of the Shareholders of **TOTAL TELCOM INC.** (the “Corporation”) will be held at 540, 1632 Dickson Avenue, Kelowna, British Columbia V1Y 7T2 on Wednesday, June 30, 2021 at the hour of 10:00 o’clock in the forenoon (Kelowna Time) for the following purposes:

1. to receive the consolidated financial statements for the year ending June 30, 2020 and the auditor’s report thereon;
2. to fix the number of directors to be elected for the ensuing year at 4;
3. to elect directors;
4. to appoint auditors and authorize the Board of Directors to fix their remuneration;
5. to approve a Stock Option Plan;
6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed May 26, 2021 as the Record Date for the determination of shareholders entitled to receive notice of, and vote at, the Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS**

A handwritten signature in cursive script, appearing to read "Lawrence Cunningham", is written over a light blue rectangular background.

**LAWRENCE CUNNINGHAM** Secretary

DATED at Kelowna, British Columbia, this 2nd day of June 2021.

**SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING ARE REQUESTED TO READ THE FOLLOWING INFORMATION CIRCULAR AND TO COMPLETE, SIGN AND DATE THE ACCOMPANYING PROXY AND TO DEPOSIT THE PROXY WITH AST TRUST COMPANY (CANADA) - P.O. Box 721 Agincourt, Ontario M1S 0A1, Attention: Proxy Department NOT LATER THAN 10:00 AM (AGINCOURT TIME) AT LEAST FORTY-EIGHT HOURS, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS, BEFORE THE MEETING AND ANY ADJOURNMENT THEREOF.**





## MANAGEMENT PROXY INFORMATION CIRCULAR

---

### SOLICITATION OF PROXIES

This Management Proxy Information Circular, (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management (the “Management”) of Total Telcom Inc. (“Total” or the “Corporation”) for use at the Annual General and Special Meeting (the “Meeting”) of the shareholders (the “Shareholders”) of the Corporation to be held at 540, 1632 Dickson Avenue, Kelowna, British Columbia V1Y 7T2 on June 30, 2021, at the hour of 10:00 o'clock in the forenoon, for the purposes set forth in the Notice of Annual General and Special Meeting accompanying this Information Circular. The cost of this solicitation will be borne by the Corporation.

The solicitation of proxies will be made primarily by mail, but also may be made in writing or by telephone or other means of telecommunication by officers, directors or employees of the Corporation. The cost of the solicitation will be borne by the Corporation.

### WHO CAN VOTE

The Corporation has only one class of securities entitled to vote at the Meeting, namely, common shares (“Common Shares”). Each holder of common shares of the Corporation is entitled to one vote for each Common Share that is registered in his or her name as at the Record Date in respect of all matters to be voted upon at the Meeting.

The Record Date for the determination of shareholders entitled to receive notice of the Meeting is the close of business May 26, 2021. Shareholders as of record date are entitled to vote their common shares except to the extent that they have transferred the ownership of any of their shares after the record date. The transferees of those shares must produce properly endorsed share certificates or otherwise establish that they own the shares, and demand, not later than 10 days before the meeting, that their name be included in the shareholder list before the meeting, in which case the transferees are entitled to vote their shares at the meeting.

### HOW TO VOTE

#### **Registered Shareholders**

Registered shareholders may vote in person at the Meeting, or may give another person authority to vote at the Meeting on their behalf by appointing a proxyholder, as described in “Voting by Proxy” and “Appointing a Proxyholder”.

#### **Non-Registered Shareholders (“Beneficial Shareholders”)**

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of the Shareholders hold Common Shares through brokers and their nominees and not in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of the Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered under the name of the Shareholder on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. Shares held by brokers or their nominees can only be voted for, or withheld from voting, or voted against any resolution upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and nominees are prohibited from voting shares for their clients. The brokers and intermediaries are obliged to forward materials pertaining to the Meeting to a Beneficial Shareholder, unless otherwise instructed by the Beneficial Shareholder. Beneficial shareholders should follow the directions of their brokers with respect to the procedures to be followed for voting.

Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Each broker has its own mailing procedures and provides its own return instruction, which you should carefully follow in order to ensure that your shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada ("BICS") BCIS mails a Voting Information Form ("VIF") instead of the form of proxy. You are asked to complete and return the VIF to them by mail or facsimile. Alternately, you can call their toll-free telephone number or use their internet voting procedure to vote your shares. If you receive a VIF from BCIS it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned to BCIS in advance of the Meeting in order to have the shares voted.

#### **VOTING BY PROXY**

Those shareholders of the Corporation who desire to be represented at the Meeting by proxy must complete and deposit their proxy **at the offices of AST Trust Company (Canada) - P.O. Box 721 Agincourt, Ontario M1S 0A1 Attention: Proxy Department, not later than 10:00 am (Agincourt time) at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the meeting or any adjournment thereof.** Shareholders may also forward their completed and signed proxy by facsimile to AST Trust Company (Canada) at 1-866-781-3111. A proxy must be executed by the shareholder or by his or her attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized.

Unless otherwise specified in this Information Circular, a simple majority of the votes cast at the Meeting, in person or by proxy, will constitute approval of any matter submitted to a vote.

#### **APPOINTING A PROXYHOLDER**

A proxyholder is the person appointed by a shareholder to act on his or her behalf at the Meeting and to vote the Common Shares held by the shareholder. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) to attend and act on his or her behalf at the Meeting other than the persons named in the proxy.** To exercise this right, the shareholder must insert the name of his or her nominee in the space provided or complete another legal form of proxy and, in either case, deposit the proxy in the manner and within the time frame specified in "Voting by Proxy". Shareholders who name another person in the proxy to represent them at the Meeting should notify such person, obtain that person's consent to act as proxy, and provide instructions to such person as to how the shareholder's Common Shares should be voted. The form of proxy must be signed and dated by the shareholder or by an attorney of the shareholder authorized in writing in accordance with the instructions set out in the form of proxy. If a name is not inserted in the blank space provided, the persons named in the form of proxy, who are directors and/or officers of the Corporation, are appointed to act as the proxyholders.

The appointed proxyholder will vote all shares for or withhold from voting in accordance with the directions of the shareholder as specified in the proxy. In order to provide these instructions, the appropriate boxes in the enclosed form of proxy must be marked.

#### **EXERCISE OF DISCRETION BY PROXY**

The shares represented by the proxy enclosed with this Information Circular will be voted for or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted on, the shares will be voted accordingly but if no specification is made, they will be voted in favour of the matters set forth in the proxy. If any amendments or variations are proposed at the Meeting or any adjournment thereof to the matters which are set forth in the proxy and described in the accompanying Notice of Annual General and Special Meeting of the Shareholders and Information Circular, or if any other matters properly come before the Meeting or any adjournment thereof, the proxy confers discretionary authority upon the proxyholder to vote on such amendments or variations or such other matters in the sole discretion of the person who has been appointed as proxyholder. At the date of this Information Circular, the management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

#### **REVOCATION OF PROXY**

A shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy personally attends the Meeting for which the proxy has been given, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the shareholder or his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the corporation, and either delivered to **AST Trust Company (Canada) - P.O. Box 721 Agincourt, Ontario M1S 0A1, Attention: Proxy Department,**

at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting. A shareholder will be bound by any vote that may have been registered by a duly appointed proxy prior to any revocation of that proxy in the manner described above.

#### **OUTSTANDING VOTING SECURITIES**

As at the Record Date of May 26, 2021 there were 25,315,014 common shares issued and outstanding. All issued and outstanding common shares of the Corporation are entitled to be voted at the Meeting. The By-laws require that not less than 10% of all issued and outstanding shares of the Corporation be represented in person or by proxy in order to constitute a quorum for the Meeting.

To the best of the knowledge of the directors and senior officers of the Corporation, no persons, beneficially own, directly or indirectly, or exercise control or direction over, securities carrying more than 10% of the voting rights attached to all outstanding securities of the Corporation.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as set forth in this Information Circular, none of the directors or senior officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any manner to be acted upon at the Meeting except to the extent disclosed.

#### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

No director or senior officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any director or senior officer of the Corporation or proposed nominee for election as a director of the Corporation, is indebted to the Corporation as of the last day of the financial year ended June 30, 2020.

#### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

Insiders of the Corporation have no interest in any material transaction for the year ended June 30, 2020.

### **BUSINESS OF THE MEETING**

#### **FINANCIAL STATEMENTS**

The consolidated financial statements and the auditor's reports for the years ending June 30, 2020 will be placed before the Shareholders at the Meeting for their consideration.

#### **ELECTION OF DIRECTORS**

At the Meeting it is proposed that four (4) directors be elected to serve until the next annual meeting unless the director resigns or the director's office becomes vacant for any reason or until their successors are elected or appointed in accordance with the *Business Corporations Act* (Alberta) and the By-laws of the Corporation.

The Corporation is required to have a minimum of three (3) directors and a maximum of twenty (20) directors. The following table indicates the names of the nominees for directors and the date each such person first became a director, the principal occupation of each such person, and the number of shares of the Corporation beneficially owned or controlled (either directly or indirectly) by each such person. The information contained in the table as to number of shares of the Corporation beneficially owned or controlled, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees. The board of directors is required to appoint an Audit Committee, the proposed members of which are indicated in the table. Management has no reason to believe that any of the nominees named below will be unable to serve as a director, but if this should occur for any reason prior to the Meeting, proxies in favour of Management will be voted for another nominee in the discretion of the persons named in the form of proxy unless the Shareholder has specified in the proxy that his or her shares are to be withheld from voting on the election of directors.

| Name and Municipality of Residence                        | Position With the Corporation | Principal Occupation For Past Five Years             | Director Since | Number of Common Shares Beneficially Owned and Options |            |
|-----------------------------------------------------------|-------------------------------|------------------------------------------------------|----------------|--------------------------------------------------------|------------|
|                                                           |                               |                                                      |                | Common Shares *                                        | Options ** |
| <b>Neil Magrath</b><br>British Columbia, Canada           | Director & CEO                | Businessman<br>President & CEO of the Corporation    | October 2000   | 2,281,106                                              | 550,000    |
| <b>Scott Allen***</b><br>Alberta, Canada                  | Director & CFO                | Chartered Professional Accountant Allen & Associates | December 2004  | 2,317,375                                              | 375,000    |
| <b>Wayne Jamieson</b><br>Alberta, Canada                  | Director                      | Technical Consultant                                 | -              | 302,222                                                | -          |
| <b>David H. Hammermeister ***</b><br>Saskatchewan, Canada | Director                      | Chartered Professional Accountant MNP, LLP           | March 2011     | 2,295,133                                              | 100,000    |
|                                                           |                               |                                                      |                |                                                        |            |

\* The current directors and officers of the Corporation as a group will hold approximately 28% of the total issued and outstanding common shares.

\*\* The current directors and officers of the Corporation as a group hold options at approximately 72% of the total issued and outstanding options.

\*\*\* Audit Committee

Except as noted, no director or officer, or proposed director of the Corporation is, or within 10 years before the date of this Information Circular has been, a director or officer of any other issuer that, while that person was acting in that capacity;

- was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or
- became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No officer or director, or proposed director, has within the 10 years before the date of this Information Circular, become 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 the assets of the director or officer.

### **AUDIT COMMITTEE**

#### **CHARTER OF THE AUDIT COMMITTEE**

The Charter of the Audit Committee was approved by the Board of Directors and the Audit Committee on September 21, 2004 and is available on the Company's website. A copy of the charter is attached hereto as Appendix "A".

#### **COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee is currently composed of David H. Hammermeister, Scott Allen and Lawrence R. Cunningham. David Hammermeister and Scott Allen are Chartered Professional Accountants. The Board of Directors has determined that Lawrence R. Cunningham and David H. Hammermeister are independent members of the Audit Committee. The Board of Directors has determined that each of the members of the Audit Committee is "financially literate" within the meaning of Section 1.6 of National Instrument 52-110 *Audit Committees* in respect to the Corporation's financial statements.



## **EXTERNAL AUDITOR FEES**

### **(a) Audit Fees**

"Audit fees" consists of fees for professional services for the audit of the Corporation's annual consolidated financial statements. BDO Canada LLP, Chartered Professional Accountants, the Corporation's external auditors, billed the Corporation \$49,500 in audit fees during the fiscal year ended June 30, 2020.

### **(b) Audit-Related Fees**

"Audit-related fees" consists of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under "Audit Fees" above. BDO Canada LLP, Chartered Professional Accountants, the Corporation's external auditors, billed the Corporation \$nil in audit-related fees during the fiscal year ended June 30, 2020.

### **(c) Tax Fees**

"Tax Fees" consist of fees for professional services for tax compliance, tax advice and tax planning. The Corporation did not incur any "Tax Fees" during the fiscal year ending June 30, 2020.

## **Exemption**

The Corporation is relying on the exemption set out in Section 6.1 of National Instrument 52-110 *Audit Committees* with respect to certain reporting obligations.

## **APPOINTMENT OF AUDITORS**

The shareholders of the Corporation are being requested to vote for the appointment of BDO CANADA LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as auditors of the Corporation to hold office until the next Annual General Meeting of the shareholders at remuneration to be fixed by the directors of the Corporation. The offices of BDO CANADA LLP were first appointed auditors for the Corporation on August 14, 2007. **Unless instructed otherwise, the persons designated in the enclosed form of proxy intend to vote for the appointment of BDO CANADA LLP, Chartered Professional Accountants, as the auditors of the Corporation.**

## **APPROVAL OF STOCK OPTION PLAN**

The directors approved a stock option plan on November 1, 2011 (the "Plan"). The TSX-Venture Exchange requires Issuers to obtain shareholder approval annually of the Plan. Shareholders approved a stock option plan of the same form previously. The Shareholders of the Corporation will be asked by Management to approve the Plan and to authorize the directors of the Corporation to grant stock options in accordance with the Plan, along with the authority to amend any past, present or future stock options now in effect, or which may be granted pursuant to the Plan in accordance with the policies and subject to all regulatory approval. The Plan provides for up to 10% of the issued and outstanding Common Shares (at any given time) to be reserved for issuance of options pursuant to the Plan. At June 30, 2019 there were 1,430,000 stock options outstanding and at the date hereof there are 1,430,000 stock options are outstanding. The total number of common shares to be optioned shall not exceed 10% of the total number of issued and outstanding shares. The total number of shares reserved for issuance pursuant to stock options granted to insiders shall not exceed 10% of the total number of the outstanding issue. The directors of the Corporation seek the approval of the Shareholders for the Plan and to issue options for the purposes stated in the Plan, which include retaining the services of valued key employees of the Corporation, encouraging such employees to acquire a greater proprietary interest in the Corporation (thereby strengthening their incentive to acquire the objectives of the Shareholders of the Corporation) and to serve as an aid and inducement in the hiring of new employees. Management is of the opinion that the Plan is in the best interests of the Corporation and the holders of the Common Shares are being asked to consider approval of an ordinary resolution ("Stock Option Plan Resolution") on the following terms:

"IT IS RESOLVED THAT:

- (A) The stock option plan adopted by the directors of the Corporation on November 1, 2011, (the "Plan") is hereby approved and ratified; and

- (B) The directors are hereby authorized to issue stock options in accordance with the Plan, and shall have the power to amend any past, present or future stock options now in effect, or which may be granted pursuant to this resolution, in accordance with all applicable regulatory authorities.”

The Corporation has not, as of the date of this Information Circular, received approval for the Plan from the TSX Venture Exchange and accordingly, no options will be granted pursuant to the Plan until such approval is obtained. It is the intention of the persons named in the enclosed Proxy, if not expressly directed to the contrary of such Proxy, to vote such Proxy for approval of the Stock Option Plan Resolution.

#### **OTHER BUSINESS**

The Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

##### **SUMMARY COMPENSATION TABLE**

The following Summary Compensation Table sets forth the summary of the annual and long-term compensation paid by the Corporation to its executive officers for the periods ending June 30, 2020, 2019 and 2018.

| Name and Principal Position                 | Year Ended June 30 | Salary (\$) | Share-based awards (\$) | Option based awards (\$) | Non-equity Incentive Plan Compensation (\$) |                           | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|---------------------------------------------|--------------------|-------------|-------------------------|--------------------------|---------------------------------------------|---------------------------|--------------------|-----------------------------|-------------------------|
|                                             |                    |             |                         |                          | Annual Incentive Plans                      | Long-term Incentive Plans |                    |                             |                         |
| Neil Magrath<br>President – CEO<br>Director | 2020               | 120,000     | Nil                     | Nil                      | Nil                                         | Nil                       | Nil                | 10,200                      | 130,200                 |
|                                             | 2019               | 120,000     | Nil                     | Nil                      | Nil                                         | Nil                       | Nil                | 10,200                      | 130,200                 |
|                                             | 2018               | 120,000     | Nil                     | Nil                      | Nil                                         | Nil                       | Nil                | 10,200                      | 130,200                 |
| Scott Allen<br>CFO<br>Director              | 2020               | 30,000      | Nil                     | Nil                      | Nil                                         | Nil                       | Nil                | Nil                         | 30,000                  |
|                                             | 2019               | 30,000      | Nil                     | Nil                      | Nil                                         | Nil                       | Nil                | Nil                         | 30,000                  |
|                                             | 2018               | 30,000      | Nil                     | Nil                      | Nil                                         | Nil                       | Nil                | Nil                         | 39,500                  |

#### **Notes:**

- (1) SARS or “Stock Appreciation Right” means a right, granted by the Corporation, as compensation for employment services, to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Corporation.
- (2) LTIP or “Long Term Incentive Plan” means a plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or SARS plans or plans for compensation through shares or units that are subject to restrictions on resale.
- (3) If a NEO is also a director and receives compensation for services as a director, include the compensation amount in the table and explain in this note which amounts relate to the director role

#### **Narrative Discussion**

2020 “Other Compensation” relates to a car allowance

2019 “Other Compensation” relates to a car allowance

2018 “Other Compensation” relates to a car allowance

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS**

| Name                   | Option-Based Awards                            |                            |                        |                                           | Share-Based Awards                                           |                                                                        |
|------------------------|------------------------------------------------|----------------------------|------------------------|-------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|
|                        | Number of Securities, Acquired on Exercise (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised in-the-money Options | Number of Shares or Units of Shares That Have Not Vested (#) | Market or Payout Value of Share-Based Awards That Have Not Vested (\$) |
| Neil Magrath           | 550,000                                        | 0.10                       | 11/30/2021             | 77,000                                    | Nil                                                          | Nil                                                                    |
| Lawrence R. Cunningham | 100,000                                        | 0.10                       | 11/30/2021             | 14,000                                    | Nil                                                          | Nil                                                                    |
| Scott Allen            | 125,000                                        | 0.10                       | 11/30/2021             | 17,500                                    | Nil                                                          | Nil                                                                    |
| Scott Allen            | 250,000                                        | 0.15                       | 3/3/2026               | Nil                                       | Nil                                                          | Nil                                                                    |
| David Hammermeister    | 100,000                                        | 0.15                       | 5/31/2026              | Nil                                       | Nil                                                          | Nil                                                                    |

**NARRATIVE DISCUSSION**

The value of the Unexercised in-the-money Options is based on a current market trading price of Company's securities of \$0.14.

**PENSION PLAN BENEFITS**

None

**DEFERRED COMPENSATION PLANS**

None

**TERMINATION AND CHANGE OF CONTROL BENEFITS**

None

**DIRECTOR COMPENSATION TABLE**

| Name                   | Fees Earned (\$) | Share-Based Awards | Option-Based Awards | Non-equity Incentive Plan Compensation (\$) | Pension Value (\$) | All other Compensation | Total (\$) |
|------------------------|------------------|--------------------|---------------------|---------------------------------------------|--------------------|------------------------|------------|
| Lawrence R. Cunningham | 5,000            | Nil                | Nil                 | Nil                                         | Nil                | Nil                    | 5,000      |
| David Hammermeister    | 5,000            | Nil                | Nil                 | Nil                                         | Nil                | Nil                    | 5,000      |
|                        |                  |                    |                     |                                             |                    |                        |            |

**AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES**

| Name and Position               | Securities, Acquired on Exercise (#) | Aggregate Value Realized (\$) | Unexercised Options/SARs at Financial Year-End (#) Exercisable/Unexercisable | Value of Unexercised in-the-money Options/SARs at Financial Year-End (\$) Exercisable/Unexercisable |
|---------------------------------|--------------------------------------|-------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Neil Magrath<br>President – CEO | Nil                                  | Nil                           | 550,000<br>Exercisable                                                       | 77,000                                                                                              |
| Director                        |                                      |                               |                                                                              |                                                                                                     |
| Scott Allen<br>CFO<br>Director  | Nil                                  | Nil                           | 375,000<br>Exercisable                                                       | 17,500                                                                                              |

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Stock Option Plan is the only equity compensation plan. The following tables sets forth information with respect to the options outstanding under the Plan as at June 30, 2019.

| Plan Category                                                              | Number of Common Shares to be Issued Upon Exercise of Outstanding Options (a) | Weighted-Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a)) |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders (Stock Option Plan) | 1,430,000                                                                     | \$0.13                                                 | 1,091,500                                                                                                                                   |
| Equity compensation plan not approved by security holders                  | NIL                                                                           | NIL                                                    | NIL                                                                                                                                         |
| Total                                                                      | 1,430,000                                                                     | \$0.13                                                 | 1,091,500                                                                                                                                   |

**COMPENSATION PAID TO OUTSIDE DIRECTORS**

For the year ending June 30, 2020, the Corporation had \$10,000 paid or payable by way of fees to outside Directors in consideration for attendance at meetings.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Corporation's Board of Directors is committed to ensuring that the Corporation has an effective corporate governance system, which adds value and assists the Corporation in achieving its objectives. For the Corporation, corporate governance means the process and structure used to supervise the Corporation's business and affairs with the objective of enhancing shareholder value. The process and structure define the division of authority and responsibilities and establish mechanism for achieving accountability by the Board of Directors and management. The Corporation acknowledges the benefits received by it and shareholders from the disclosure of governance practices and is committed to an ongoing process of disclosure.

The following is the Corporation's required annual disclosure of its corporate governance practices.

**1. Board of Directors**

The Board of Directors is composed of four (4) directors. The independent directors are David H. Hammermeister and Lawrence R. Cunningham (effective June 30, 2020 Lawrence R. Cunningham will resign as a Director and be replaced by Wayne Jamieson as an independent Director). The Board of Directors considers Neil Magrath and Scott Allen not independent as they are currently serving as executive officers of the Corporation. The Board of Directors has assumed responsibility for the stewardship of the Corporation by overseeing the management and operations of the business and supervising management, which is responsible for the day-to-day conduct of the business of the Corporation.

2. **Directorships**  
None.
3. **Position Descriptions**  
The Board of Directors, as at June 30, 2020, does not have a written mandate but is looking to develop a mandate which will delineate its roles and responsibilities. As at June 30, 2020, the Board had not yet developed written position descriptions for the chair and the chair of each Board Committee as well as a written position description for the CEO.
4. **Orientation and Continuing Education**  
The Corporation has not prepared a formal orientation program for new directors. The remaining members of the Board of Directors have served for varying lengths of time and are familiar with all aspects of the operations of the Corporation. The Corporation provides directors with the opportunity to meet senior management both prior and subsequent to joining the Board. Most Board meetings are held at the Corporation's premises, in order to give directors additional insight into the business of the Corporation. The Chief Executive Officer, in conjunction with the Secretary, also periodically selects special educational or informational topics for presentation and discussion at Board meetings, which deal with the business and regulatory environment in which the Corporation operates, and the communications industry generally.
5. **Ethical Business Conduct**  
The Board of Directors has determined that the senior officers of the Corporation should observe and promote the following principles with respect to the business of the Corporation:
  - (a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) full, fair, accurate, timely and understandable disclosure in public communications and in reports and documents that are filed with or submitted to the securities regulatory authorities; and
  - (c) compliance with applicable laws, rules and regulations;

The Board of Directors has also determined that no senior officer of the Corporation should take any action to: (i) fraudulently influence, coerce, manipulate or mislead the auditors of the Corporation; or (ii) retaliate against "whistle blowers" (that is, employees who provide information or assist in a government or supervisory investigation of the Corporation). The Board of Directors has adopted a formal Code of Ethics for the Corporation.
6. **Nomination of Directors**  
The Corporation does not yet have a written or formal procedure for identifying new candidates for board nominations.
7. **Compensation**  
The compensation committee remained inactive this past fiscal year; however, the Board does approve the Corporate objectives as part of its annual review of management. The Compensation Committee approved payment to CEO Neil Magrath in the amount of \$120,000 as a salary during the fiscal year ending June 30, 2020.
8. **Other Board Committees**  
The Corporation currently has an Audit Committee, a Compensation Committee and a Corporate Governance Committee.
9. **Assessments**  
The Corporate Governance Committee is responsible for an annual review of the effectiveness of the Board and individual directors and for the nomination of directors. The Corporation does not yet have a written corporate mandate.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation will also provide to any person that additional financial information as provided in the Corporation's comparative financial statements and the MD&A for the fiscal year ended June 30, 2020. A copy of such documents may be obtained upon request from the Secretary of the Corporation at #540, 1632 Dickson Avenue, Kelowna, British Columbia V1Y 7T2 (250) 860-3762.

## APPENDIX "A"

# **Total Telcom Inc. (the "Company") Audit Committee Charter**

The Audit Committee is appointed by the Board of Directors ("Board") to assist the Board in monitoring:

- 1) the integrity of the financial statements of the Company, and;
- 2) the independence and performance of the Company's external auditors.

The Audit Committee shall:

- 1) meet the independence and experience requirements of the TSX Venture Exchange and shall be appointed by the Board;
- 2) have the authority to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend the meeting of the Committee or to meet with any members of, or consultants to, the Committee;
- 3) make regular reports to the Board;
- 4) review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval;
- 5) review the annual audited financial statements with management, including major issues regarding accounting and auditing principles and practices, as well as the adequacy of internal controls that could significantly affect the Company's financial statements;
- 6) review an analysis prepared by Management and the external auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
- 7) review with Management and the independent auditor if the independent auditor is so engaged, the Company's annual and interim financial statements, the MD&A, annual and interim earnings, and any press releases before the Company publicly discloses this information;
- 8) be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the public disclosure referred to in section 7, and must periodically assess the adequacy of those procedures;
- 9) establish procedures for:
  - a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 10) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- 11) meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- 12) review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor err Management.
- 13) recommend to the Board the appointment of the independent auditor, which firm is ultimately accountable to the Audit Committee and the Board
- 14) approve the fees to be paid to the external auditor.

- 15) receive periodic reports from the external auditor regarding the auditor's independence, discuss such reports with the auditor, and if so determined by the Audit Committee, take or recommend that the full Board take appropriate action to oversee the independence of the auditor.
- 16) evaluate the performance of the external auditor and, if so determined by the Audit Committee, recommend that the Board replace the external auditor.
- 17) review the appointment and replacement of senior financial executives.
- 18) meet with the external auditor and Chief Financial Officer or person acting in that capacity, to review the logistics of the audit.
- 19) at least annually, review external auditor's internal quality control procedures, any material issues raised by the most recent quality control review, or peer review, of the firm, or any inquiry or investigation by governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues.
- 20) review with the external auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
  - a. any difficulties encountered in the course of the audit work, including any restrictions of the scope of activities or access to required information.
  - b. any changes required in the planned scope of the internal audit.
- 21) prepare the report required by National Instrument 52 - 110 as amended from time to time in the Company's annual proxy statement.
- 22) review with the Company's General Counsel legal matters that may have a material impact on the financial statements.
- 23) meet at least annually with the Chief Financial Officer, or person acting in that capacity, and the external auditor in separate executive sessions.
- 24) review and assess the Committee mandate annually with an annual evaluation of the performance of the Committee in relation to the mandate shall be performed
- 25) review other financial information:
  - a. Company's annual and interim MD&A.
  - b. Company's annual and interim earnings press releases before they are publicly disclosed
  - c. all financial information and earnings guidance provided to analysts and rating agencies.
  - d. any other public disclosures containing material audited or unaudited financial information.
  - e. with respect to other public disclosure of information that is extracted or derived from the Company's financial statements, the audit committee must be satisfied that management has put appropriate procedures into place for reviewing such information, and the audit committee is required to assess the adequacy of those procedures on a periodic basis.
  - f. and prepares any reports required to be included in the proxy circular and statement or any other public disclosure document of the organization.
  - g. disclosure contained in the proxy circular and statement or any other public disclosure document of the organization of the services performed and the fees paid to the external auditor.

National Instrument 52 - 110 is incorporated by reference herein. If this charter conflicts with or creates any ambiguity in the interpretation or application of NI 52 - 110, the provisions of NI 52 - 110 will have precedence. While the Audit Committee has the responsibility and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the external auditor or to assure compliance with laws and regulations and the Company's Business Ethics and Corporate Policy.

## **APPENDIX "B"**

### **TOTAL TELCOM INC.** **("Total" or the "Corporation")** **STOCK OPTION PLAN**

This stock option plan (the "**Plan**") provides for the grant of options to acquire common shares of the Corporation. Stock options granted under this Plan are referred to in this Plan as "**Incentive Stock Options**" or "**Options**".

#### **1. Purpose**

The purposes of the Plan are:

- (a) to attract and retain persons of outstanding competence who are or will be responsible for the management, growth and success of the Corporation;
- (b) to provide incentives to develop and promote the growth and success of the Corporation.

#### **2. Administration**

This Plan shall have a committee composed of a minimum of three members of the Board of Directors of the Corporation (the "**Committee**").

Any member of the Committee who is a proposed participant under the Plan shall abstain from voting on the granting of Options to him. Any action may be taken by a written instrument signed by all of the members of the Committee and any action so taken shall be fully effective as if it had been taken at a meeting.

Subject to the provisions of this Plan, and with a view to affecting its purpose, the Committee shall have sole authority, in its absolute discretion, to:

- (a) issue rules for administering the Plan, change, alter, amend or rescind such rules, and make all other determinations necessary or appropriate for the administration of the Plan. All determinations, interpretations and constructions made by the Committee with respect to the Plan shall be final and conclusive. No member of the Board of Directors or the Committee shall be liable for any action, determination or omission taken or made in good faith with respect to the Plan or any right granted hereunder.
- (b) delegate ministerial functions to management of the Corporation.

#### **3. Eligibility**

Options may be granted to any individual who, at the time the Option is granted, is a bona fide Employee, Director, Officer, Consultant or a Management Company Employee of the Corporation or any Related Corporation (as defined below). The Corporation is obliged and represents that Options shall be granted only to bona fide Employees, Consultants or Management Company Employees.

Options may be granted in substitution for outstanding options of other corporations in connection with the merger, consolidation, acquisition of property or stock or other reorganization between such other corporation and the Corporation or any subsidiary of the Corporation. Options also may be granted in exchange for outstanding options. Any person to whom an Option is granted under this Plan is referred to as an "**Optionee**".

As used in this Plan, the term "**Related Corporation**" when referring to a subsidiary corporation, shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation if, at the time of the granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty (50%) Percent or more of the total combined voting power of all classes of stock of one of the other corporations in such chain. When referring to a parent corporation, the term "**Related Corporation**" shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation if, at the time of granting of the Option, each of the corporations other than the Corporation's owns



stock possessing fifty (50%) Percent or more of the total combined voting power of all classes of stock of the other corporations in such chain.

#### 4. **Stock**

Subject to adjustment as provided in Section 5 hereof, the Corporation will implement a rolling 10% Stock Option Plan consisting of the then issued and outstanding Common Shares. If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall be available for the purpose of this Plan.

#### 5. **Terms and Conditions of Options**

Each Option granted under this Plan shall be evidenced by a written agreement approved by the Committee (the "**Agreement**"), which may contain such additional provisions, not inconsistent with this Plan, as the Committee in its discretion may deem advisable.

All Options shall also comply with the following requirements:

##### (a) **Number of Shares and Type of Option**

- (i) the total number of Common Shares to be optioned shall not exceed 10% of the issued and outstanding on a rolling basis;
- (ii) the number of shares reserved for issuance pursuant to stock options granted to insiders shall not exceed ten (10%) Percent of the outstanding issue;
- (iii) the issuance to insiders, within a one-year period, shall not exceed ten (10%) Percent of the outstanding issue;
- (iv) the issuance to any one insider and such insider's associates, within a one-year period, shall not exceed five (5%) Percent of the outstanding issue;
- (v) each Agreement shall state the number of shares of common stock to which it pertains;
- (vi) the aggregate number of outstanding Options issued to any individual Optionee at any one time shall not exceed five (5%) Percent of the outstanding Common Shares of the Corporation;
- (vii) no more than 2% of the issued shares of the Corporation may be granted to any one Consultant in any 12 month period; and
- (viii) no more than an aggregate of 2% of the issued shares of the Corporation may be granted to and Employee conducting Investor Relations activities in any 12 month period.

##### (b) **Date of Grant**

Each Agreement shall state the date the Committee has deemed to be the effective date of the Option for purposes of this Plan (the "**Date of Grant**"). A subsequent Option may not be granted to an individual Optionee until one (1) year from the date of granting of the last Option to such Optionee.

##### (c) **Option Price – Minimum Exercise Price**

- (i) The exercise price of the shares covered by each Option shall be determined by the Committee. However, the exercise price shall be not less than the market price of the shares on The TSX Venture Exchange at the time of grant and shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction.

- (ii) If stock options are granted within 90 days of a Distribution by a Prospectus, the minimum exercise price of those options will be the greater of the Market Price and the per share price paid by the public investors for Listed Shares acquired under the Distribution. The 90 day period begins:
  - i. on the date a final receipt is issued for the Prospectus; in the case of an IPO, on the date of listing; or
  - ii. in the case of a Prospectus that qualifies special warrants, on the closing date of the special warrant Private Placement.
- (iii) Provided further, that Options granted in substitution for outstanding Options of another corporation in connection with the merger, consolidation, acquisition of property or stock or other reorganization involving such other corporation and Total or any subsidiary of Total may be granted with an exercise price equal to the exercise price for the substituted Option of the other corporation, subject to any adjustment consistent with the terms of the transaction pursuant to which the substitution is to occur.

(d) Duration of Options

At the time of the grant of the Option, the Committee shall designate, subject to paragraph 5(g) below, the expiration date of the Option, which date shall not be later than five (5) years from the Date of Grant. In the absence of action to the contrary by the Committee in connection with the grant of a particular Option, all Options granted under this Plan shall expire five (5) years from the Date of Grant.

(e) Vesting Schedule

No Option shall be exercisable until it is vested. The vesting schedule for each Option shall be specified by the Committee at the time of grant of the Option.

(f) Acceleration of Vesting

The vesting of one (1) or more outstanding Options may be accelerated by the Committee at such time and in such amounts as it shall determine in its sole discretion. The vesting of Options shall also be accelerated under the circumstances described in Sections 5(m) and 5(n) below, as well as provided for herein.

If, in the case of an Optionee who is an Employee, that Optionee's employment terminates by reason of death or disability (as defined in Section 5(g)) any Option held by such Employee who has been continuously employed by the Corporation or Related Corporation for a minimum of three (3) years shall become fully vested and exercisable and may thereafter be exercised during the term of the Option set forth in Section 5(g). **"Continuously Employed"** shall mean the absence of any interruption or termination of service. Continuous Employment with the Corporation or Related Corporation shall not be considered interrupted in the case of the sick leave, military leave or any other leave of absence approved by the Corporation or Related Corporation or in the case of transfers between location of the Corporation or between the Corporation, Related Corporations or their successors; provided, that the Optionee continues to be an Employee of the Corporation or any Related Corporation.

The vesting of all Options shall also be accelerated in the event of an Optionee's retirement in accordance with current retirement policies of the Corporation or any Related Corporation, provided that the Optionee has been Continuously Employed by or has served the Corporation or a Related Corporation for a minimum of three (3) years.

The vesting of Options shall also be accelerated under the circumstances described in Section 5(m) and 5(n) below.

Further, if the Optionee's employment is terminated, except for termination by reason of fraud, theft or gross misconduct, then provided that the Optionee has been Continuously Employed by the Corporation or a Related Corporation for a minimum of three (3) years then all Options shall become fully vested and exercisable and may thereafter be exercised during the term of the Option set forth in Section 5(g).

(g) Term of Option

Vested Options shall terminate, to the extent not previously exercised, upon the occurrence of the first of the following events:

- (i) the expiration of the Option, as designated by the Committee in accordance with Section 5(d);
- (ii) the expiration of ninety (90) days from the date of the Optionee's termination of employment (or contractual relationship or other office) with the Corporation or any Related Corporation for any reason whatsoever other than death or disability (as defined below) or termination without cause; or
- (iii) the expiration of one (1) year from the date of death of the Optionee or cessation of the Optionee's employment or other office by reason of death or disability (as defined below).

If an Optionee's employment or other position is terminated by death, any Option held by the Optionee shall be exercisable only by such person or persons to whom such Optionee's rights under such Option shall pass by the Optionee's Will or by the laws of descent and distribution of the state or country of Optionee's domicile at the time of death.

For purposes of this Plan, unless otherwise defined in the Agreement, "**Disability**" shall mean any physical, mental or other health condition which substantially impairs the Optionee's ability to perform his or her assigned duties for 90 days or more in one calendar year period or that can be expected to result in death. The Committee shall determine whether an Optionee has incurred a Disability on the basis of medical evidence acceptable to the Committee. Upon making a determination of Disability, the Committee shall, for purposes of the Plan, determine the date of the Optionee's termination of employment.

Unless accelerated in accordance with the provisions of the Plan, unvested Options shall terminate immediately upon termination of employment or other office of the Optionee by the Corporation for any reason whatsoever, including death or Disability.

(h) Exercise of Options

Options shall be exercisable, either all or in part, at any time after vesting, until termination. If less than all of the shares included in the vested portion of any Option are purchased, the remainder may be purchased at any subsequent time prior to the expiration of the Option term. No portion of any option for less than one hundred (100) shares may be exercised; provided that if the vested portion of any option has less than 100 shares, it may be exercised with respect to all shares for which it is vested. Only whole shares may be issued pursuant to an Option, and to the extent that an Option covers less than one (1) share, it is unexercisable. Options or portions thereof may be exercised by giving written notice to the Corporation, which notice shall specify the number of shares to be purchased, and be accompanied by payment in the amount of the aggregate exercise price for the common shares so purchased, which payment shall be in the form specified in Section 5(i) below.

The Corporation shall not be obligated to issue, transfer or deliver a certificate of common shares to any Optionee, or to his or her personal representative, until the aggregate exercise price has been paid for all shares for which the Option shall have been exercised and adequate provision has been made by the Optionee for satisfaction of any tax withholding obligations associated with such exercise.

(i) Payment Upon Exercise of Option

Upon the exercise of any Option, the aggregate exercise price shall be paid to the Corporation in cash or by certified or cashier's cheque.

(j) Rights as a Shareholder

An Optionee shall have no rights as a shareholder with respect to any shares covered by an Option until such Optionee becomes a registered holder of such shares, irrespective of whether such Optionee has given notice of exercise. Subject to the provisions of Sections 5(m) and 5(n) hereof, no rights shall accrue to an Optionee and no adjustments shall be made on account of dividends (ordinary or extra-ordinary), whether in cash, securities or other property, or distributions or other rights declared on, or created in, the common stock for which the record date is prior to the date the Optionee becomes a record holder of the shares of common stock covered by the Option, irrespective of whether such Optionee has given notice of exercise.

(k) Non- Transferable/Non Assignable

Options granted under this Plan and the rights and privileges confirmed by this Plan may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by applicable laws of descent and distribution, and shall not be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any Option or of any right or privilege confirmed by this Plan contrary to the provisions hereof, or upon the sale, levy or any attachment or similar process upon the rights and privileges confirmed by this Plan, such Option shall thereupon terminate and become null and void.

(l) Compliance with Securities and Other Laws

An Option and shares issued on the exercise of an Option shall not be issued unless the granting of the Option and the exercise of such Option and the issuance and delivery of such shares shall comply with all relevant provisions of law, including, without limitation, any applicable securities laws and the rules and regulations and requirements of any Stock Exchange upon which such shares may then be listed, and such issuance shall be further subject to the approval of counsel for the Corporation with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of such shares.

The inability of the Corporation to obtain from any regulatory body the authority deemed by the Corporation to be necessary for the lawful issuance and sale of any shares under this Plan, or the unavailability of an exemption from registration for the issuance and sale of any shares or Options under this Plan, shall relieve the Corporation of any liability with respect to the non-issuance or sale of such shares.

The Committee may require such documentation as may from time to time be necessary to comply with federal and state securities laws.

The Corporation has no obligation to undertake registration of Options or the shares of stock issuable upon the exercise of Options.

(m) Stock Dividend, Reorganization or Liquidation

If:

- (i) the Corporation shall at any time be involved in a corporate reorganization, arrangement or similar corporate transaction;
- (ii) the Corporation shall declare a stock dividend payable, or otherwise shall subdivide or combine, its common shares; or

(iii) any other event with substantially the same effect shall occur,

the Committee shall, with respect to each outstanding Option, proportionately adjust the number of shares of common stock and/or the exercise price per share so as to preserve the rights of the Optionee substantially proportionate to the rights of the Optionee prior to such event, and to the extent that such action shall include an increase or decrease in the number of shares of common shares subject to outstanding Options, the number of shares available under Section 4 of this Plan shall automatically be increased or decreased, as the case may be, proportionately, without further action on the part of the Committee, the Corporation or Corporation's shareholders.

If the Corporation is liquidated or dissolved, the Committee shall allow the holders of any outstanding Options to exercise all or any part of the unvested portion of the Option held by them; provided, however, that such Options must be exercised prior to the effective date of such liquidation or dissolution. If the Option holders do not exercise their Options prior to such effective date, each outstanding Option shall terminate as the effective date of the liquidation or dissolution.

(n) Change in Control

Any and all Options that are outstanding at the time of occurrence of any of the events (defined herein as a **"Change in Control"**) described in paragraphs (i), (ii) and (iii) below (an **"Eligible Option"**) shall become immediately vested and fully exercisable for the periods indicated (each such exercised period referred to as an **"Acceleration Window"**):

- (i) for a period of forty-five (45) days beginning on the date which any person together with all affiliates and associates of such person, becomes, after the date of this Plan, the beneficial owner of twenty-five (25%) Percent or more of the common voting shares of the Corporation then outstanding;
- (ii) beginning on the date that a tender or exchange offer for common shares by any person is first published or sent or given within the meaning of the takeover bid rules under Alberta Securities Legislation, and continue so long as such offer remains open (including any extensions or renewals of such offer), unless by the terms of such offer the Offeror, upon consummation thereof, would be the beneficial owner of less than twenty-five (25%) Percent of the common shares of the Corporation then outstanding; or
- (iii) for a period of 45 days beginning on the date on which the shareholders of the Corporation duly approve any merger, consolidation, reorganization or other transaction providing for the conversion or exchange of more than twenty-five (25%) Percent of the outstanding common shares of the Corporation into securities of any entity, or cash, or property, or a combination of any of the foregoing, provided that the holder has agreed in writing to waive his or her rights, if any, arising under the second paragraph of Section 5(m) above in connection with the completion of any of the transactions described in this clause;

The exercisability of any Eligible Option which remains unexercised following the expiration of an Acceleration Window shall be governed by the vesting schedule and all other terms of the agreement respecting such Option.

(o) Disinterested Shareholder Approval

Disinterested shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Corporation at the time of the proposed amendment.

**6. Effective Date; Term**

This Plan shall be effective upon the Corporation receiving all required regulatory and shareholder approval. Stock Options may be granted by the Committee under this Plan from the time thereafter until termination of this Plan by the Board of Directors of the Corporation. Termination of this Plan shall not terminate any Option granted prior to such termination.

**7. No Obligations To Exercise Option**

The grant of an Option shall impose no obligation upon the Optionee to exercise such Option.

**8. No Right to Options or to Employment**

Whether or not any Options are to be granted under this Plan shall be exclusively within the discretion of the Committee, and nothing contained in this Plan shall be construed as giving any person any right to participate under this Plan. The grant of an Option shall in no way constitute any form of agreement or understanding binding on the Corporation or any Related Corporation, expressed or implied, that the Corporation or any Related Corporation will employ or contract with an Optionee for any length of time, nor shall it interfere in any way with the Corporation, or where applicable, a Related Corporation's right to terminate an Optionee's employment at any time, which right is hereby reserved.

**9. Application of Funds**

The proceeds received by the Corporation from the sale of common shares issued upon the exercise of Options shall be used for general corporate purposes, unless otherwise directed by the Committee.

**10. Indemnification of Committee**

In addition to all other rights of indemnification they may have as members of the Committee, members of the Committee shall be indemnified by the Corporation for all reasonable expenses and liabilities of any type or nature, including legal fees, incurred with connection with any action, suit or proceeding to which they or any of them are party by reason of, or in connection with, this Plan or any Option granted under this Plan, and against all amounts paid by them in settlement thereof, provided that such settlement is approved by independent legal counsel selected by the Corporation, except to the extent that such expense relates to matters for which it is adjudged that such Committee member is liable for willful misconduct; provided, that within fifteen (15) days after the institution of any such action, suit or proceeding, the Committee member involved therein shall, in writing, notify the Corporation of such action, suit or proceeding, so that the Corporation may have the opportunity to make appropriate arrangements to prosecute or defend the same.

**11. Amendment of Plan**

The Committee may, at any time, amend, revise, suspend or terminate the Plan, PROVIDED that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan.

Date approved by the Board of Directors of the Corporation: November 1, 2011.



