



ANNUAL INFORMATION FORM

for the

YEAR ENDED OCTOBER 31, 2021

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CURRENCY AND PRESENTATION

In this Annual Information Form (the “AIF”), unless the context otherwise dictates, references to the “Company”, “Solution”, “us”, “we”, or “our” means Solution Financial Inc. and/or its wholly owned subsidiary.

All information contained in this AIF is presented as at and for the year ended October 31, 2021, unless otherwise indicated. Except as otherwise stated, the information in this AIF is given as of January 25, 2022.

All references to dollars (\$) in this AIF are expressed in Canadian dollars, unless otherwise indicated.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this AIF from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference are available under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) which can be accessed at www.sedar.com.

The Company’s management information circular dated February 17, 2021 (the “**Management Information Circular**”) and filed on SEDAR on February 25, 2021 is specifically incorporated by reference in this AIF.

USE OF MARKET AND INDUSTRY DATA

This AIF includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by the Company’s management on the basis of its knowledge of and experience in the industry in which the Company operates (including management’s estimates and assumptions relating to the industry based on that knowledge). Management’s knowledge of the industry has been developed through its experience and lengthy participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, the Company’s management has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This AIF contains forward-looking information and forward-looking statements (collectively, “**forward-looking statements**”) within the meaning of applicable securities laws that relate to the Company’s future expectations and views of future events. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. In particular and without limitation, this AIF contains forward-looking statements pertaining to the following:

- the Company's intentions with respects to its business and operations;
- the Company's expected business objectives;
- the Company's expectations with respect to its working capital requirements and financial obligations;
- the Company's expectations regarding its ability to raise capital and grow its business;
- the Company's growth strategy and opportunities;
- the Company's expectations with regard to its marketing expenditure programs; and
- anticipated trends and challenges in the Company's business and the industry in which it operates.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of the Company's management made in light of its experience and its perception of trends, current conditions, expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Key assumptions upon which the Company's forward-looking information is based include:

- those related to general economic conditions;
- those related to consumer demand and changes in consumer preferences;
- those related to conditions, including competitive conditions, in the market in which the Company operates;
- those related to the Company's use of promotional materials;
- the Company's ability to obtain necessary regulatory approvals and the associated costs;
- the Company's ability to attract and retain key personnel; and
- the impact of COVID-19 outbreak on the Company's operations.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Forward-looking statements are also subject to risks and uncertainties facing the Company's business, any of which could have a material impact on its outlook.

Some of the risks the Company faces and the uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include:

- COVID-19 and its effect on the Company's business;
- the Company may require additional financing, which may be dilutive to existing shareholders;
- there is no assurance the Company will maintain profitability;
- the Company's dependence on management and key personnel;
- the Company's results depend on the impact of its pricing, promotional and marketing plans;
- the Company's directors may have conflicts of interest;

- the Company currently has, and will continue to have, a significant amount of indebtedness and must make interest payments to avoid default;
- the degree to which the Company is leveraged could have important consequences to shareholders;
- the Company's receivables consist mainly of loans made to "non-prime" borrowers;
- the automobile finance business has historically been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects;
- there is significant competition in the Company's industry
- the Company depends on the successful and uninterrupted functioning of its and dealers' computer and data processing systems;
- the Company depends on its management information systems in each stage of its operations;
- in situations where customers fail to maintain proper automobile insurance, the Company may face contingent liability;
- new laws governing the Company's business could be enacted and changes to existing laws could have a significant impact on the Company's business;
- the Company's failure to perfect a security interest may result in a loss of the Company's priority position and its ability to realize on collateral;
- not all risks faced by the Company are secured; and
- price volatility of publicly traded securities, including the Company's Common Shares (as defined herein).

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

All of the forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statements.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on February 27, 2007, under the name “Shelby Ventures Inc.” On June 22, 2018, the Company changed its name to “Solution Financial Inc.” in connection with the Qualifying Transaction (as defined herein). Prior to completing its Qualifying Transaction (as defined herein) on June 22, 2018, the Company was a “capital pool company” as defined in Policy 2.4 of the TSX Venture Exchange’s (the “**TSXV**”) Corporate Finance Manual.

Solution Financial (Canada) Inc. (“**Solution Canada**”) was incorporated under the BCBCA on August 8, 2003, under the name “Professional Fire Safety Educational Center Inc.” On September 1, 2004, Solution Canada changed its name to “Solution Auto Lease & Sales Ltd.” and subsequently, on March 20, 2018 Solution Canada changed its name to its current name, “Solution Financial (Canada) Inc.”

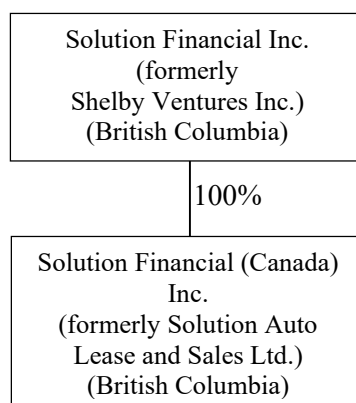
The Company acquired Solution Canada on June 22, 2018, pursuant to the terms of a share exchange agreement (the “**Definitive Agreement**”) whereby the Company acquired all of the issued and outstanding common shares in the capital stock of Solution Canada, which qualified as the Company’s qualifying transaction (the “**Qualifying Transaction**”). As a result of the Qualifying Transaction, Solution Canada became a wholly-owned subsidiary of the Company.

The Company’s registered and head office is located at Unit 137 - 8680 Cambie Road, Richmond, British Columbia V6X 4K1.

The common shares of the Company (the “**Common Shares**”) are listed for trading under the symbol “SFI” on the Toronto Stock Exchange (the “**TSX**”). The Company is a reporting issuer in Canada in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland.

Intercorporate Relationships

As at the date of this AIF, the Company has one wholly-owned subsidiary, Solution Canada, a corporation formed pursuant to the BCBCA. The organizational chart for the Company is as follows:



GENERAL DEVELOPMENTS OF THE BUSINESS

Three Year History

Set out below are certain significant events in the development of the Company's business over the last three years and up to the date of this AIF.

Year-ended October 31, 2019

- On January 4, 2019, the Company closed a non-brokered private placement of unsecured convertible debentures in the principal amount of \$2,000,000 (the "**January Debentures**"). The January Debentures bear interest at a rate of 5% per annum, calculated and paid semi-annually, and mature on January 4, 2021 (the "**January Debenture Maturity Date**"). The principal amount and any accrued and unpaid interest on the January Debentures may be converted into Common Shares, in whole or in part, at any time before or on the January Debenture Maturity Date at a conversion price of \$0.50 per Common Share. The proceeds of the financing were used to expand the Company's portfolio of In-House Leases (as defined herein). \$2,000,000 of the January Debentures were reinvested in the Debentures on March 8, 2021.
- On April 15, 2019, the Company closed a non-brokered private placement of unsecured convertible debentures in the principal amount of \$705,000 (the "**April Debentures**"). The April Debentures bear interest at a rate of 5% per annum, calculated and paid semi-annually, and mature on April 15, 2021 (the "**April Debenture Maturity Date**"). The principal amount and any accrued and unpaid interest on the April Debentures may be converted into Common Shares, in whole or in part, at any time before or on the April Debenture Maturity Date at a conversion price of \$0.50 per Common Share. The proceeds of the financing were used to expand the Company's portfolio of In-House Leases (as defined herein). \$615,400 of the January Debentures were reinvested in the Debentures on March 8, 2021.
- On April 30, 2019, the Company obtained a credit loan facility in the amount of \$7,500,000 with a major Schedule 1 Canadian Financial Institution (the "**Loan Facility**"). The Loan Facility bears interest at a rate of prime plus 1.2% per annum.
- On September 16, 2019, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on August 30, 2019.

Year-ended October 31, 2020

- On November 7, 2019, the Company appointed John Gowans to the Company's board of directors (the "**Board of Directors**").
- On November 14, 2019, the Company announced that it received a license from the Alberta Motor Vehicle Industry Council and opened its new lease administration office in Calgary, Alberta.
- On December 13, 2019, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record on the close of business on November 29, 2019.
- On December 13, 2019, the Company announced that the TSXV accepted the Company's Notice of Intention to Make a Normal Course Issuer Bid (the "**NCIB**"). Under the NCIB, the Company may purchase up to 3,966,202 Common Shares through the facilities of the TSXV, representing

5% of the issued and outstanding Common Shares. Any such purchases must be made at market prices.

- On January 13, 2020, the Company increased its Loan Facility by \$2,500,000 to a total of \$10,000,000. The Loan Facility bears interest at a rate of prime plus 1.2% per annum.
- On March 20, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on March 6, 2020.
- On June 15, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on May 29, 2020.
- On September 15, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on August 31, 2020.
- On September 21, 2020, the Company amended its Loan Facility with a \$2,500,000 increase to \$12,500,000. The Loan Facility bears interest at prime plus 1.0% per annum.

Year-ended October 31, 2021

- On November 16, 2020, the Company appointed Randy Smyth to the Company's Board of Directors. The Company also granted an aggregate of 350,000 fully vested stock options.
- On December 15, 2020, the Company renewed its NCIB. Under the renewed NCIB, a total of up to 4,068,111 Common Shares may be purchased through the facilities of the TSXV, representing 5% of the issued and outstanding Common Shares of the Company, and any such purchases will be at market prices.
- On March 8, 2021, the Company issued unsecured convertible debentures (the "**5% Debentures**") in the principal amount of \$3,225,400. The 5% Debentures bear interest at a rate of 5% per annum, calculated and paid semi-annually, and mature on the second anniversary of the date of issuance. The 5% Debentures consist of a reinvestment of \$2,615,400 of maturing debentures and interest and \$610,000 of new investments.
- On May 7, 2021, the Company engaged Hybrid Financial Ltd. for investor relationship services.
- On June 4, 2021, the Company announced it closed its previously announced commercially reasonable best efforts public offering pursuant to which the Company issued 5,936,042 units of the Company (each, a "**Unit**") at a price of \$0.40 per Unit for gross proceeds of \$2,374,417. Each Unit consisted of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.50 until June 4, 2022. In connection with the offering, the Company paid iA Private Wealth Management Inc. ("**iA**") cash commission of \$89,080 and issued iA 167,025 Warrants (the "**Agents' Warrants**"). Each Agent's Warrant entitles iA to acquire one Common Share at an exercise price of \$0.40 until June 4, 2022.
- On June 25, 2021, 2,520,000 stock options were exercised for gross proceeds of \$630,000.
- On September 7, 2021, the Company received final approval to list its Common Shares on the TSX. The Common Shares commenced trading on the TSX on September 8, 2021, under the trading

symbol “SFI”. In conjunction with the Company’s graduation to the TSX, the Company is applying to qualify the NCIB under the provisions of the TSX.

Recent developments from November 1, 2021 to the date of this AIF

- On November 22, 2021, the Company’s Common Shares began trading on OTCQX under the symbol “SLNFF”.

Significant Acquisitions

The Company has not completed any significant acquisitions during its most recently completed financial year.

DESCRIPTION OF THE BUSINESS

General

The Company provides innovative purchase financing and lease alternatives for luxury and exotic vehicles, yachts, and other high value assets throughout Western Canada and Ontario. The Company works with a select group of automotive and marine dealerships providing lending solutions to customers who cannot obtain leasing terms with traditional Canadian financial institutions or other lenders. The Company provides a unique leasing experience whereby it works with its customers to help them navigate the challenges of acquiring, insuring, maintaining and upgrading vehicles and other luxury assets in Western Canada and Ontario. When leasing opportunities are not available, the Company, which is a registered auto dealer, sells vehicles in the wholesale market.

Principal Products and Services

Luxury and Exotic Car Leasing

The Company offers consumers a unique method to lease luxury and exotic vehicles and other high value assets. Customers are typically affluent new immigrants, international students or business owners who enjoy luxury and exotic vehicles. There are limited options for owning these assets without either purchasing the assets outright or committing to a long-term financial obligation. The Company provides an alternative that provides more flexibility than traditional lease or financing alternatives. The Company’s average lease term is only eighteen (18) months with many customers electing to upgrade their vehicle prior to the expiry of their lease. The Company’s Leaseclub program (the “**Leaseclub**”) connects car enthusiasts and provides customers with priority upgrades and leasing opportunities. The Leaseclub includes a monthly online car magazine and holds regular social, charity and community building events for members and partners.

New Immigrants and International Students

New immigrants and international students typically have limited or no credit history in Canada and often have difficulty leasing a vehicle. These customers rarely meet the credit standards imposed by traditional lending sources in Canada. Additionally, these customers are typically lumped in as sub-prime and charged higher interest rate by traditional sub-prime lenders. The Company charges its customers a premium interest rate but typically not as high as traditional sub-prime lenders, whose customers are more inclined to have credit default problems.

Luxury Automobile Financing

According to figures presented by Desrosiers Automotive Consultants, that luxury automobile brand sales represented approximately 10-11% of the total auto sales in Canada in 2020 and 2021. With total luxury brand vehicle sales in 2021 increasing to 175,230 units compared to 155,078 units in 2020. For luxury and exotic car owners, leasing presents a very practical solution to an otherwise significant financial risk. Many luxury automobile owners like to have a relatively new vehicle, however, selling a purchased luxury vehicle within 3 to 5 years can be expensive. In addition, sales taxes can be expensive if paid on the gross value of the vehicle as opposed to simply paying sales taxes on the monthly lease payment.

Dealer and Customer Networks

The Company markets its automobile finance program to specific luxury auto dealers and customers retained throughout the past 15 years. The Company's team consists of veteran luxury and exotic car salespeople who maintain a very good perspective on vehicle brands, valuations and susceptibility to depreciation and market conditions. As at October 31, 2021, the Company had approximately 85 luxury and exotic dealer relationships and over 3,400 retained retail customers in British Columbia, Alberta and Ontario. A large volume of business is generated through the dealer network and referrals from other existing leasing customers.

The Company strives to maintain its competitiveness by meeting dealer needs with predictable terms and conditions for leases. Dealers receive a credit decision very quickly in the form of a quote by email for review by the dealer's customer.

Application Process

For customers that are referred to the Company, the application process consists of preparing a quote based on the terms of the prospective dealer sale. Each application includes a review of the customer's credit history and driving record. The Company's leasing team will assess the application and will compile a proposed lease quote. In addition to the customer's credit check, the Company will consider the vehicle being leased, the proposed term, the residual value, the down payment and the interest rate before making a final decision. The Company will also assess the suitability of the lease for brokering to a third-party financier, or whether the terms will require the Company to fund the lease directly (an "**In-House Lease**"). The Company focuses on providing a quick turn-around so that the business managers at dealerships can provide their customers with a quick option for consideration. The Company's track record of formulating a workable quote is very good and typically funds 80% of the applications.

When a quote is accepted by the customer, the Company's leasing department will email or courier a lease agreement to the dealer where the contract is completed and it is then returned to the Company.

Lease Brokerage and Commissions

Each lease application may or may not meet the criteria for third-party leasing based on pre-set lending criteria. The leasing criteria may relate to the customer's credit history, terms of the proposed lease or insurance premium restrictions. When the Company obtains a lease that meets a third-party lender's criteria, the Company will broker the lease, giving up 6-8% on the lease in favour of not having to commit the capital to finance the lease. The brokerage process effectively results in the Company purchasing the vehicle directly and immediately selling the vehicle to the end customer by way of a lease funded through a third-party leasing company.

In-House Leasing and Lending

Some lease applications do not meet third-party leasing criteria and the Company will fund the leases directly. These In-House Leases are identical to brokered leases, but the Company enters into the leasing agreement directly with the lessee. The majority of the Company's leases are operating leases which are vehicles owned by the Company and leased to customers.

Customer Services and Collections

The Company has a history with limited payment defaults and no credit losses. The lease agreements include security deposits and the Company has a history of re-leasing or selling vehicles repossessed without taking any losses. As such, the Company has no provisions for credit losses.

The Company utilizes preauthorized payments for all In-House Leases and is automatically notified if there are not enough funds in the customer's account to make a scheduled payment. For delinquent accounts, collection activity on contracts is performed by a lease administrator who follows standardized policies and procedures to ensure the funds are collected as soon as possible.

Each vehicle lease contract includes a requirement that the customer(s) maintain an insurance policy that includes fire, theft and collision protection on the leased vehicle and that the Company is named as a loss payee.

Typically, the Company contacts delinquent customers by telephone immediately after a payment is returned. The Company's policy is to work out suitable payment arrangements with a customer to bring the account up to date. In rare circumstances, if a customer persists in their delinquency, the Company will take prompt action to escalate the collection activity, which may include repossession of the leased vehicle. Repossessions are handled by independent licensed recovery firms engaged by the Company.

Upon repossession and after any prescribed legal waiting period, the vehicle would be remarketed through wholesale or retail channels. In the event there is a shortfall in the sale proceeds, the Company will pursue the collection of any deficiencies.

Annual Revenues by Category

	For the Year Ended October 31, 2021	For the Year Ended October 31, 2020
Sales	\$11,918,111	\$6,093,714
Leasing income	\$7,836,541	\$7,781,447
Brokerage commissions	\$697,481	\$423,909
Total	\$20,452,133	\$14,299,070

Specialized Skills and Knowledge

The Company's employees have a high level of specialized skills and extensive networks of contacts obtained from years of experience. The Company's directors and officers include business professionals who possess specialized education and experience leasing and selling luxury vehicles.

Competitive Conditions

The leasing industry in Western Canada and Ontario has several competitors, including major banks and financial institutions, automobile dealer financing and other independent lending and leasing organizations. The Company differentiates itself from its competitors by focusing on a particular market segment. The Company specializes in asset backed financing rather than strictly credit based lending and focuses on vehicles that maintain a high resale value and high demand within its network of customers.

Cycles

The Company's business is subject to a small degree of seasonality due to weather conditions and the timing of international student enrollment and immigration.

Employees

As at the date of this AIF, the Company has 15 full-time employees.

Key Governance and Anti-Money Laundering Policies

The Company is dedicated to operating its business in a responsible and ethical manner. The Company has implemented key policies and standards that are constantly monitored and maintained by the Company's management and Board of Directors. In addition, the Company maintains a strict Anti-Money Laundering Policy that is independently audited annually. The Company is committed to working with reputable automobile and marine dealerships and does not transact any business in cash or with non-Canadian financial institutions.

RISK FACTORS

The following are certain risk factors relating to the Company's business, financial position, results of operations and cash flows. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

Ongoing Impact of COVID-19

The development and operation of the Company's business is dependent on labour inputs which could be adversely disrupted by the ongoing impact of COVID-19. The outbreak has resulted in governments implementing numerous measures to contain COVID-19, such as travel bans and restrictions, particularly quarantines, shelter-in-place or total lock-down orders and business limitations and shutdowns. These containment measures are subject to change and the respective government authorities may tighten the restrictions at any time. The Company continues to be operational and management is working closely with local regulatory bodies to ensure that the Company continues to meet and exceed the standards in markets in which the Company operates. While it is difficult to predict the impact of the COVID-19 outbreak on the Company's business, measures taken by the Canadian governments and voluntary measures undertaken by the Company with a view to the safety of the Company's employees, may adversely impact the Company's business. Shelter-in-place orders and social distancing practices designed to limit the spread of COVID-19 may affect the Company's business. The Company continues to dynamically monitor

developments in order to adapt and respond in order to protect the health and safety of the Company's employees and the best interests of the Company. As a result of further health guidelines or order, the Company may take actions that alter its business operations or take other steps as management determines are in the best interests of the Company's employees, customers, partners, shareholder and other stakeholders. Any such alterations or actions could cause substantial interruption to the Company's business and could have a material adverse effect on its business, operating results, financial condition and the trading price of the Company's securities and could include, among other things, the potential or increased network vulnerability and risk of data loss resulting from increased use of remote access and removal of data from the Company's offices. The COVID-19 pandemic poses a risk that the Company or its employees, contractors and other partners may be prevented from conducting business activities for an indefinite period of time.

Additional Financing

The Company requires ongoing additional financing in order to expand and grow its lease portfolio and business, as well as take advantage of future opportunities. The Company's ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, or that such financing will be available on terms satisfactory to the Company. If additional financing is raised by the issuance of Common Shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Profitability

There is no assurance that the Company will be able to sustain profitability. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Dependence on Management and Key Personnel

The Company depends on the business and technical expertise of its management team and it is unlikely that this dependence will decrease in the near term. The Company's success largely depends on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Contributions made by the existing management team and additions made to the management team are of central importance to the Company's immediate and near-term operations. In addition, the competition for qualified personnel in the Company's industry is significant and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Advertising, Marketing and Promotion

The Company's results depend on the impact of its pricing, promotional and marketing plans and its ability to adjust these plans to respond quickly to economic and competitive conditions while remaining compliant with relevant legislation and regulations. The Company's existing or future pricing strategies and the value proposition they represent will continue to be important components of its overall plan, but may not be successful and could negatively impact sales and margins. The promotion of its offerings may yield results below desired levels. If the Company's pricing, promotional and marketing plans are not successful, or are not as successful as those of its competitors, the Company's sales, market share, and financial results could

be adversely affected. Some of the Company's competitors are much larger than the Company, and expend more resources on their advertising and marketing programs, or use different approaches, which may provide them with a competitive advantage. The Company's marketing, advertising and promotional programs may not be effective or could require increased expenditures, which could have a material adverse effect on its revenue, profitability, and results of operations. The Company may need to adjust its marketing, advertising and promotional programs effectively and more quickly as Internet-based and other digital or mobile communication channels and other social media rapidly evolve, and it may not successfully do so. In addition, the Company must comply with regulatory restrictions on advertising and marketing. Non-compliance could result in penalties and/or increased costs.

Litigation

The Company may become subject to litigation from time to time in the ordinary course of business, some of which may adversely affect its business. Should any claims be determined against the Company, such a decision could adversely affect the Company's ability to continue operating, the value or market price for the Common Shares and could require the use of significant resources. Even if the Company is involved in litigation and is ultimately successful, litigation can require the redirection of significant resources. Litigation may also create a negative perception of the Company's brand

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, development, exploration, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. Any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in generating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. A public trading market in the Common Shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Common Shares at any given time, which presence is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in Common Shares will be established and sustained. The market price for Common Shares could be subject to wide fluctuations, which could have an adverse effect on the market price the Common Shares. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for Common Shares does not develop or is not maintained, the liquidity of a shareholder's investment may be limited and the Common Share price may decline.

Conflicts of Interest

Certain of the Company's directors are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.

Debt Levels

The Company currently has, and will continue to have, indebtedness. The Company's ability to make payments of principal and interest on the debt or to refinance its indebtedness will depend on the Company's future operating performance and its ability to enter into additional debt and equity financings, which to a certain extent is subject to economic, financial, competitive and other factors beyond the Company's control.

If the Company is unable to generate sufficient cash flow in the future to service its debt, it may be required to refinance all or a portion of its existing debt or obtain additional financing. There can be no assurance that any such refinancing would be possible or that any additional financing could be obtained on terms acceptable to the Company. The inability to obtain additional financing could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. Any additional equity financing would result in the dilution of shareholders.

The Company's substantial indebtedness could have important consequences to shareholders including, but not limited to, the Company being unable to satisfy its obligations under its credit facilities and being vulnerable to adverse general economic and industry conditions. The Company may find it more difficult to fund future working capital, capital expenditures, general corporate purposes or other purposes, and the Company could have to dedicate a substantial portion of its cash resources to the payment of its indebtedness, thereby reducing the funds available for operations and for distribution to shareholders.

Leverage

The degree to which the Company is leveraged could have important consequences on shareholders, including: (i) the Company's ability to obtain additional financing for working capital, capital expenditures or acquisitions may be limited; (ii) a significant portion of the Company's cash flow from operations may be dedicated to the payment of the principal of, and interest on, its indebtedness, thereby reducing funds available for future operations; and (iii) the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitor pressures. These factors may increase the sensitivity of distributable cash to interest rate variations.

Receivables Consist Mainly of Loans made to "Non-Prime" Borrowers

The Company's receivables consist primarily of "non-prime" automobile loan receivables originated under lending programs the Company has designed to serve customers who have limited access to traditional financing. There is a high degree of risk associated with non-prime borrowers. Non-prime borrowers are characterized by higher-than-average delinquency and default rates. The typical non-prime borrower may have had previous financial difficulties or may not yet have sufficient credit history. Non-prime loan receivables therefore entail relatively higher risk and are expected to experience higher levels of delinquencies and credit losses than receivables originated by traditional prime financing sources.

The Company cannot guarantee delinquency and loss levels of receivables will correspond to the historical levels the Company has experienced in its portfolio. The Company reviews static pool origination, historical industry ratios of write-offs, current write-offs and recovery experience, estimates of the underlying collateral value and the economic conditions and trends to make the necessary judgments as to the

appropriateness of the allowance for loan losses. There is a risk that delinquencies and losses could increase significantly for various reasons including, without limitation, fluctuations of the underlying collateral value, changes in the local, regional or national economies, and changes in federal income tax laws.

General Economic Conditions

The luxury vehicle finance business has historically been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. Delinquencies, defaults, repossessions and losses increase during periods of economic recession. These periods also are accompanied by decreased consumer demand for automobiles and declining values of automobiles securing outstanding loans, which weakens collateral coverage and increases the amount of a loss in the event of default. Significant increases in the inventory of used automobiles during periods of economic recession will depress the prices at which repossessed automobiles may be sold or delay the time of these sales.

The Company's financial results are sensitive to fluctuations in general interest rates, gross domestic product growth, the impact of pandemics and epidemics, such as COVID-19, the level of consumer confidence, and the level of unemployment, among other factors. As the Company focuses on non-prime borrowers, the actual rates of delinquencies, defaults, repossessions and losses on these loans are higher than those experienced in the general automobile finance industry and are more dramatically affected by a general economic downturn. In addition, during an economic slowdown or recession, the Company's servicing costs are expected to increase without a corresponding increase in servicing fee income. While the Company believes that the underwriting criteria and collection methods it employs enables it to manage the higher risks inherent in loans made to non-prime borrowers, there can be no assurance that these criteria or methods will afford adequate protection against these risks. Any sustained period of increased delinquencies, defaults, repossessions, losses or increased servicing costs would adversely affect the Company's business, financial condition, liquidity and results of operations or future prospects.

Competition

Some of the Company's competitors have longer operating histories, greater name recognition, larger customer bases, greater financial resources and a lower cost of funds than the Company. These resources may allow competitors to respond more quickly than the Company can to new or emerging technologies and to changes in customer requirements and to devote greater resources to the development, promotion and sale of their products. The market for the Company's products is highly competitive and it is very fragmented. The Company expects competition to continue to increase because the industry poses no substantial barriers to entry and if one of its competitors undertakes a consolidation program, competition would increase further.

Providers of luxury vehicle financing have traditionally competed on the basis of the interest rate charged, the quality of credit accepted, the flexibility of loan terms offered and the quality of service provided to dealers and customers. In seeking to establish itself as one of the principal financing sources of the dealers it serves, the Company competes predominately on the basis of its high level of service and strong dealer relationships. There can be no assurance that the Company will be able to compete successfully in this market or against current or future competitors or that such competition will not have a material adverse effect on the Company's business, financial condition, liquidity and results of operations or future prospects.

Failure of Computer and Data Processing Systems

The Company is dependent upon the successful and uninterrupted functioning of its and the dealers' computer and data processing systems. The failure of these systems could interrupt operations or materially

impact the Company's ability to originate and service customer accounts. If sustained or repeated, a system failure could negatively affect the Company's business, financial condition, liquidity and results of operations or future prospects.

The Company maintains confidential information regarding customers in its computer systems and cloud based third party lease management software. This infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of a relevant computer system could disrupt operations, damage the Company's reputation or result in liability.

Experienced personnel are committed to the security, maintenance and continual development of these systems.

The Company has an extensive disaster recovery plan, which includes:

- routinely backing up key software applications;
- routinely backing up data; and
- subjecting databases and hardware to strict security controls.

Dependence on Management Information Systems

The Company depends on its management information systems in each stage of its operations. These management information systems also form the basis of its financial reporting. Irreparable damage to the Company's management information systems and databases, or loss of the information contained therein, could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations or future prospects.

Inadequate Insurance on Leased Vehicles

Each lease contract requires that the customer leasing the vehicle maintain insurance covering physical damage to the vehicle with the Company named as the first loss payee. Since such customers select their own insurers to provide the required coverage, the specific terms and conditions of policies vary. If insurance coverage is not maintained, then insurance recoveries may be limited in the event of losses or casualties to vehicles financed by the Company.

Seeing as the Company maintains title to the leased vehicles, in the event that one of these vehicles is involved in an at fault accident, where the customer has no valid insurance coverage, the party that sustained property damage or bodily injury could potentially pursue the Company and the Company may be held liable. The Company maintains contingent liability insurance coverage at all times.

Consumer Protection Legislation and Related Considerations

Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosure relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions.

Courts have applied general equitable principles to secured parties pursuing repossession or litigation involving deficiency balances. These equitable principles may have the effect of relieving an obligor from some or all of the legal consequences of default.

The Company currently operates in an unregulated environment with regard to capital requirements. However, the Criminal Code of Canada imposes a restriction on the cost of borrowing in any lending transaction to 60% interest per annum. The application of capital requirements or a reduction in the limitation of the cost of borrowing could impact the Company's ability to operate profitably.

As a result of the Company's operations, it may be involved from time to time in administrative and judicial proceedings and inquiries relating to consumer protection legislation. Future proceedings or inquiries could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations or future prospects.

Changes to existing consumer protection legislation and the enforcement thereof or the adoption of new legislation in the future might, individually or in the aggregate, have a material adverse effect on the Company's financial condition or operating results. As well, laws may impose new costs on the Company, which could be material.

More Stringent Government Regulations

The Company is subject to various federal, provincial and municipal laws and regulations. Such laws, regulations and related rules and policies are administered by various federal, provincial and municipal agencies and other governmental authorities. New laws governing the Company's business could be enacted and changes to any existing laws could have a significant impact on the Company's business. The Company's failure to comply with applicable laws and regulations may subject it to civil or regulatory proceedings which may have a material adverse effect on the Company's business, financial condition, liquidity, results of operations or future prospects.

Collateral Security

Registration of a financing statement with respect to a leased vehicle associated with an automobile finance contract is contemplated in the Personal Property Security Acts, or the equivalent, in each of the provinces and territories of Canada. It is the Company's practice to register a security interest in each leased vehicle in such a manner that results in the Company obtaining priority over any claims made by general creditors.

Any failure to perfect a security interest with respect to a leased vehicle may result in a loss of priority position and restrict the Company's ability to realize on the collateral, which may impact the Company's financial position.

Insufficient Insurance Coverage

The Company maintains property, key man, contingent liability, general liability and business interruption insurance, and directors' and officers' liability insurance on such terms as it deems appropriate. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of the Company's lost investment or could delay the resumption of normal operations. Not all risks faced by the Company are insured.

DIVIDENDS AND DISTRIBUTIONS

The Company currently has a policy of paying quarterly dividends of \$0.001 per Common Share, and has made the following dividend payments:

- On September 16, 2019, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on August 30, 2019;
- On December 13, 2019, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record on the close of business on November 29, 2019;
- On March 20, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on March 6, 2020;
- On June 15, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholder of record as of the close of business on May 29, 2020;
- On September 15, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on August 31, 2020;
- On December 15, 2020, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on November 30, 2020;
- On March 15, 2021, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of record as of the close of business on March 1, 2021;
- On June 15, 2021, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of records as of the close of business on May 31, 2021;
- On September 15, 2021, the Company paid a quarterly dividend of \$0.001 per Common Share to its shareholders of records as of the close of business on August 31, 2021; and
- On December 15, 2021, the Company paid a dividend of \$0.001 per Common Share to its shareholders of records as of the close of business on November 30, 2021.

There are no restrictions in the Company's notice of articles or articles that prevent it from declaring dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, and as of the date of this AIF, 89,444,273 Common Shares were issued and outstanding as fully paid and non-assessable. The holders of Common Shares are entitled to receive notice of and to attend any meeting of shareholders of the Company and have the right to one vote per Common Share thereat. The holders of Common Shares are entitled to receive any dividend declared by the Company's Board of Directors, and have the right to receive a proportionate amount, on a per share basis of the remaining property of the Company on its dissolution, liquidation, winding up, or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs.

Preferred Shares

The Company is authorized to issue an unlimited number of non-voting preferred shares (the "**Preferred Shares**"). As of the date of this AIF, there were nil Preferred Shares issued and outstanding. The holders

of Preferred Shares are entitled to priority over Common Shares with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding-up of the Company. Except as required by law, the holders of Preferred Shares are not entitled to receive notice of, attend or vote at meetings of the shareholders of the Company.

Options

As of the date of this AIF, there were 600,000 Common Shares reserved for issuance pursuant to stock options, with a weighted average exercise price of \$0.39 per Common Share.

Warrants

As of the date of this AIF, there were 2,968,021 Common Shares reserved for issuance pursuant to Warrants, each with an exercise price of \$0.50, and 167,025 Common Shares reserved for issuance pursuant to Agent's Warrants, each with an exercise price of \$0.40.

Convertible Debentures

As of the date of this AIF, the Company had the following convertible debentures outstanding (collectively, the "Debentures"):

<u>Date of Issuance</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Conversion Price</u>	<u>Maturity Date</u>
March 8, 2021	\$3,225,400	5%	\$0.50	March 8, 2023

The Debentures are direct, unsecured obligations of the Company and are fully subordinated to the Company's Loan Facility. The Debentures rank equally with all future subordinated and unsecured debentures issued by the Company.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed under the symbol "SFI" and have traded on the TSX since September 8, 2021. Prior to September 8, 2021, the Common Shares trades on the TSXV. The following table sets out the high and low sale prices and the volume of trading of the Common Shares for the months indicated:

Period	High (\$)	Low (\$)	Volume	Exchange
November 2020	0.55	0.445	60,675	TSXV
December 2020	0.60	0.45	40,439	TSXV
January 2021	0.49	0.43	85,798	TSXV
February 2021	0.48	0.44	10,733	TSXV
March 2021	0.48	0.44	12,286	TSXV
April 2021	0.50	0.45	10,336	TSXV
May 2021	0.60	0.45	14,750	TSXV

Period	High (\$)	Low (\$)	Volume	Exchange
June 2021	0.495	0.37	1,050,518	TSXV
July 2021	0.43	0.40	109,591	TSXV
August 2021	0.45	0.32	153,089	TSXV
September 1-7, 2021	0.45	0.39	223,686	TSXV
September 8-30, 2021	0.45	0.425	37,678	TSX
October 2021	0.55	0.43	77,772	TSX

Prior Sales

During the financial year ended October 31, 2021, and in the subsequent months to the date of this AIF, the following securities of the Company, which are not listed or quoted on a marketplace, were issued:

<u>Date of Issuance</u>	<u>Type of Security</u>	<u>Number</u>	<u>Issuer or Exercise Price Per Security</u>	<u>Aggregate Issue or Exercise Price</u>
November 16, 2020	Options ⁽¹⁾	350,000	\$0.40	\$140,000
March 8, 2021	5% Debentures	-	\$0.50	\$3,225,400
June 4, 2021	Warrants	5,936,042	\$0.50	\$2,968,021
June 4, 2021	Agent's Warrants	167,025	\$0.40	\$66,810

(1) 350,000 fully vested stock options were granted to a member of the Board of Directors, each such option being exercisable into one Common Share at a price of \$0.40 per Common Share until November 16, 2022.

ESCROWED SECURITIES

During the fiscal 2021 all of the Common Shares held in escrow were released pursuant to, as applicable a:

- TSXV surplus escrow agreement dated June 22, 2018 (the “**Surplus Escrow Agreement**”) with Computershare Trust Company of Canada as escrow agent;
- CPC escrow agreement dated March 8, 2011 (the “**2011 CPC Escrow Agreement**”) with Computershare Investor Services Inc. as escrow agent; or
- CPC escrow agreement dated October 29, 2007 (the “**2007 CPC Escrow Agreement**”) with Computershare Investor Services Inc. as escrow agent.

- (1) The Common Shares held pursuant to the Surplus Escrow Agreement were and are to be released as follows: (i) 5% was released on June 22, 2018; (ii) 5% was released on December 22, 2018; (iii) 10% was released on June 22, 2019; (iv) 10% was released on December 22, 2019; (v) 15% will be released on June 22, 2020; (vi) 15% was released on December 22, 2020; and (vii) 40% will be released on June 22, 2021.
- (2) The Common Shares held pursuant to the 2011 CPC Escrow Agreement were and are to be released as follows: (i) 10% was released on June 22, 2018; (ii) 15% was released on December 22, 2018; (iii) 15% was released on June 22, 2019; (iv) 15% was released on December 22, 2019; (v) 15% will be released on June 22, 2020; (vi) 15% was released on December 22, 2020; and (vii) 15% will be released on June 22, 2021.

- (3) The Common Shares held pursuant to the 2007 CPC Escrow Agreement were and are to be released as follows: (i) 10% was released on June 22, 2018; (ii) 15% was released on December 22, 2018; (iii) 15% was released on June 22, 2019; (iv) 15% was released on December 22, 2019; (v) 15% will be released on June 22, 2020; (vi) 15% was released on December 22, 2020; and (vii) 15% will be released on June 22, 2021.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets out information regarding the Company's directors and executive officers. The term of office for the directors expires at the Company's next annual meeting of shareholders.

Name, Province and Country of Residence	Position with the Company	Principal Occupation for the Last Five Years	Served as a Director of the Company since	Number and Percentage of Common Shares Beneficially Owned or Controlled
Bryan Pang British Columbia, Canada	President, CEO and Director	President, CEO and Director of Solution Financial Inc.	June 22, 2018	52,028,000 (58.17%)
Sean Hodgins ⁽¹⁾ British Columbia, Canada	CFO, Corporate Secretary and Director	CFO, Corporate Secretary and Director of Solution Financial Inc.	June 22, 2018	610,250 (0.68%)
Vincent Lau British Columbia, Canada	Vice-President of Operations and Director	Vice-President of Operations and Director of Solution Financial Inc.	June 22, 2018	2,204,500 (2.46%)
Desmond Balakrishnan ⁽¹⁾ British Columbia, Canada	Director	Partner at McMillan LLP	December 30, 2010	438,198 (0.49%)

Name, Province and Country of Residence	Position with the Company	Principal Occupation for the Last Five Years	Served as a Director of the Company since	Number and Percentage of Common Shares Beneficially Owned or Controlled
Kerry Meier ⁽¹⁾ British Columbia, Canada	Director	Business Development Manager with Westland Insurance since December 2016; owner of Meier Insurance from 1999 to December 2016	June 22, 2018	1,185,000 (1.32%)
John Gowans, British Columbia, Canada	Director	Director, Leasing for First West Leasing Ltd.	November 6, 2019	25,000 (0.03%)
Randy Smyth, British Columbia, Canada	Director and Chairman of the Board	CEO, Geminus Acquisition & Management Inc. since September 2018. Managing Partner, Arctos Capital Management since May 2018. CEO, Stride Capital Corp. since March 2016.	November 16, 2020	666,668 (0.75%)
				57,157,615 (63.90%)

(1) Member of the Audit Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

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

No director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this AIF, 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 proposed director.

No director or executive officer of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Desmond Balakrishnan, a director of the Company, was a director of Probe Resources Ltd. (“**Probe**”) (now known as Rooster Energy Ltd.), a TSXV listed company, at the time Probe was issued a cease trade order on January 7, 2011, for failure to file its annual financial statements and management’s discussion and analysis for its financial year ended August 31, 2010 in the required time. Probe announced by press release dated November 16, 2010 that Probe’s U.S. subsidiaries filed voluntary Chapter 11 petitions in U.S. Bankruptcy Court for the Southern District of Texas in Houston, Texas. Mr. Balakrishnan resigned upon the filing of the Chapter 11 proceeding in November 2010. Probe emerged from its Chapter 11 bankruptcy filing on April 15, 2011 and then brought its filings up to date. On February 6, 2012, the cease trade order was lifted.

Desmond Balakrishnan, a director of the Company, was a director of Aroway Energy Inc. (“**Aroway**”), a TSXV listed company at the time a Cease Trade Order was issued by the British Columbia Securities Commission on January 4, 2016 for not having filed its annual financial statements for the year ended June 30, 2015, its interim financial report for the financial period ended September 30, 2015, and its management’s discussion and analysis for the periods ended June 30, 2015 and September 30, 2015. The cease trade order remains in effect.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its directors, officers or other members of management of the Company or of any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not aware of any material legal proceedings to which the Company or its subsidiary is or was party to, or that any of its property is or was the subject of, during the financial year ended October 31, 2021, or in the subsequent months to the date of this AIF. The Company does not know of any such legal proceedings which are contemplated.

Regulatory Actions

During the most recently completed financial year and during the current financial year, the Company is not and has not been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, 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, or entered into any settlement agreements before a court relating to securities legislation or which a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this AIF, there are no material interests, direct or indirect, of any of our directors or executive officers, any person beneficially owns, or controls or directs (directly or indirectly), more than 10% of the aggregate votes attached to the Common Shares, or any associate or affiliate of any of the foregoing persons, that has materially affected or is reasonably expected to materially affect us or our subsidiary.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., at its Toronto office located at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, is the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

As of the date of this AIF, there are no material contracts, other than those contracts entered into in the ordinary course of business, entered into by the Company within the most recently completed financial year, subsequent to the most recently completed financial year to the date of this AIF, or prior to the most recently completed financial year which are still in effect.

INTERESTS OF EXPERTS

The Company's auditors are Davidson & Company LLP, Chartered Professional Accountants, who have prepared an independent auditors' report dated January 25, 2022, with respect to the Company's consolidated audited financial statements for the fiscal years ended October 31, 2021 and October 31, 2020. Davidson & Company LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, the Company's principal shareholders, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Management Information Circular available on SEDAR at www.sedar.com. Additional financial information is provided in our consolidated financial statements and management's discussion and analysis for the financial years ended October 31, 2021 and October 31, 2020.