



ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To be held on June 25, 2020

And

MANAGEMENT INFORMATION CIRCULAR



May 26, 2020

Dear Shareholders:

We are pleased to invite you to our annual and special meeting of shareholders to be held on Thursday, June 25, 2020 at 10:00 a.m. (Montréal Time) in a virtual only format.

Due to the uncertain public health impact of the coronavirus and in order to protect the health and safety of our shareholders, employees and other stakeholders who usually attend our meeting, this year Xebec Adsorption Inc. will be holding a virtual annual and special meeting of shareholders, which will be conducted via live audio webcast. We trust that this will simplify and increase participation by our shareholders from all locations.

We encourage you to attend this meeting by audio webcast as it is a great opportunity for you to understand the results of the past year and to voice your opinion on the items put to a vote.

If you cannot attend this meeting by audio webcast, we invite you to appoint a proxy to represent you by filling out the enclosed proxy form in accordance with the explanations provided in the attached management information circular.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt Sorschak".

Kurt Sorschak / Chairman
President and Chief Executive Officer

XEBEC ADSORPTION INC.
730 boulevard Industriel
Blainville, Québec J7C 3V4

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the virtual annual and special meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of Xebec Adsorption Inc. (the “**Corporation**”) will be held on Thursday, June 25, 2020, 10:00 a.m., Montréal time for the following purposes:

1. to receive the consolidated audited financial statements of the Corporation for its fiscal year ended December 31, 2019 and the report of the auditors thereon;
2. to elect the directors of the Corporation;
3. to appoint Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, as the Corporation’s independent auditors for the ensuing year and to authorize the directors to fix the auditors’ compensation;
4. to approve a special resolution for the purpose of amending the articles of the Corporation, allowing the appointment of additional directors during the year (the “**Special Resolution**”);
5. to approve an ordinary resolution approving the new Stock Incentive Compensation Plan; and
6. to transact such other business as may properly come before the Meeting, or any postponement or adjournment thereof.

Specific details with respect to the above items of business are contained in the management information circular accompanying this notice of the Meeting (the “**Information Circular**”).

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 26, 2020 (the “**Record Date**”). Only persons registered as Shareholders on the records of the Corporation as of the close of business on the Record Date are entitled to receive notice of the Meeting and, except as noted in the Information Circular, to vote at the Meeting.

Regardless of whether or not Shareholders are able to attend the Meeting or any postponement or adjournment of the virtual Meeting:

(i) Registered Shareholders may vote in real time by audio webcast or by telephone, by fax or by email according to the instructions set out on the form of proxy, or are requested to date, sign and return the accompanying form of proxy to the registrar and transfer agent for use at the Meeting or any postponement or adjournment of the Meeting. A proxy will not be valid unless the completed form of proxy is received by AST by mail: P.O. Box 721 Agincourt, Ontario M1S 0A1 (by telephone: 1-888-489-7352, by facsimile: 1-866-781-3111 (free in North America), by email: proxyvote@astfinancial.com or by internet: www.astvotemyproxy.com at the latest at 10:00 a.m. on June 23, 2020 or not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the date and time to which the Meeting has been rescheduled if it has been adjourned or postponed. Shareholders are invited to attend the Meeting as there will be an opportunity to ask questions and meet with the directors and the management of the Corporation;

(ii) Beneficial Shareholders (as this expression is defined in the Information Circular) are requested to date, sign and return the voting form in accordance with the instructions provided by their broker or intermediary.

We invite you to review the Information Circular, which provides you with background information on the matters that will be addressed at the meeting and details information on how to remotely attend the Meeting and how to vote.

If you have any questions regarding the matters to be dealt with at the Meeting, the procedures for voting or completing the form of proxy or any information contained in the Information Circular, please contact AST, the Corporation's registrar and transfer agent, toll-free at 1-800-387-0825.

DATED at Blainville, Québec, this 26th day of May 2020.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Kurt Sorschak". The signature is written in a cursive style with a horizontal line underneath.

Kurt Sorschak
Chairman & Chief Executive Officer

XEBEC ADSORPTION INC.
730 boulevard Industriel
Blainville, Québec J7C 3V4

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at May 26, 2020 unless otherwise indicated)

This management information circular (the “**Information Circular**”) covers the fiscal period of January 1, 2019 to December 31, 2019 of Xebec Adsorption Inc. (the “**Corporation**”) except as otherwise indicated herein.

SECTION 1 **VOTING INFORMATION**

This Information Circular is provided in connection with the solicitation of proxies by management of the Corporation to be used at the virtual annual and special meeting (the “Meeting”) of shareholders (the “Shareholders”) of the Corporation to be held on Thursday, June 25, 2020, 10:00 a.m., Montréal time, for the purposes set out in the accompanying notice of virtual annual and special meeting of shareholders (the “Notice of Meeting”) and this Information Circular. The Meeting will be held in a virtual only format, which will be conducted via live audio webcast at <https://web.lumiagm.com/147928220>. Shareholders will not be able to physically attend the Meeting. For a summary of how shareholders may attend the Meeting online, see “Instructions for the Virtual Meeting” below.

It is expected that solicitation of proxies will be primarily by mail; however, proxies may also be solicited personally, by telephone, or by other means of communication by the directors (the “**Directors**”) and/or officers of the Corporation. The cost of such solicitation will be borne by the Corporation.

The solicitation of proxies from Beneficial Shareholders (as defined below) will be carried out by intermediaries or by the Corporation’s registrar and transfer agent if the names and addresses of Beneficial Shareholders are provided by the intermediaries. The cost of the solicitation will be borne by the Corporation.

1.1 APPOINTMENT OF PROXIES

The persons named as proxy holder and alternate in the accompanying form of proxy are Directors and officers of the Corporation. A Registered Shareholder (as defined hereinafter) desiring to appoint some other person, who need not be a Shareholder, to attend and act on the Registered Shareholder’s behalf at the Meeting has the right to do so by inserting the desired person’s name in the blank space provided in the form of proxy.

A form of proxy must be in writing and signed by the Registered Shareholder, or by the Registered Shareholder’s attorney duly authorized in writing or, if the Registered Shareholder is a body corporate or association, by a duly authorized officer or attorney, indicating the capacity under which such officer or attorney is signing. If the form of proxy is executed by an attorney, evidence of the attorney’s authority must accompany the form of proxy. A proxy will not be valid unless the completed form of proxy is received by AST Trust Company (Canada) (“**AST**”) by mail: P.O. Box 721 Agincourt, Ontario M1S 0A1, (by telephone: 1-888-489-7352, by facsimile: 1-866-781-3111 (free in North America), by email: proxyvote@astfinancial.com or by internet: www.astvotemyproxy.com at the latest at the latest at 10:00 a.m. on June 23, 2020 or not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the date and time to which the Meeting has been rescheduled if it has been adjourned or postponed.

Beneficial Shareholders who hold their shares of the Corporation through an intermediary/broker are not entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Beneficial Shareholders should carefully follow the instructions of their intermediary/broker, including those on how and when voting instructions are to be provided, in order to have their shares voted at the Meeting. See “Beneficial Shareholders” below.

1.2 REVOCATION OF PROXIES

A Registered Shareholder who has given a form of proxy may revoke it by an instrument in writing that is signed and delivered to AST, in the manner described above, so as to arrive at any time up to and including the last business day preceding the day of the Meeting, or any postponement or adjournment thereof, at which the form of proxy is to be used, or to the Chair of the Meeting on the day of the Meeting, or any postponement or adjournment thereof, or in any other manner provided by law. A revocation of a form of proxy does not affect any matter on which a vote has been taken prior to the revocation. If a Registered Shareholder follows the process for attending and voting at the Meeting online, voting at the Meeting online will also revoke your previous proxy.

1.3 VOTING OF PROXIES

The persons named in the accompanying form of proxy will vote or withhold from voting the shares in respect of which they are appointed proxy on any ballot that may be called for, in accordance with the instructions of the Registered Shareholder as indicated on the form of proxy and, if the Registered Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. Where no choice is specified in the form of proxy, such shares will be voted “FOR” the approval of the resolutions set forth in the relevant section of this Information Circular.

There are six ways Registered Shareholders can vote their common shares of the Corporation (the “**Common Shares**”). A “Registered Shareholder” is a person registered as a Shareholder in the records of the Corporation at close of business on May 26, 2020 (the “**Record Date**”). Registered Shareholders may (i) vote in real time by audio webcast at the Meeting, (ii) complete and sign the accompanying form of proxy and appoint one of the named persons, or another person the Registered Shareholder chooses to represent them, to vote their shares at the Meeting and mail it, (iii) vote electronically on the Internet, (iv) vote by email, (v) vote by facsimile or (vi) vote by telephone. Registered Shareholders should make sure that the person appointed is aware that he or she is appointed and attends the Meeting. Completing, signing and returning the form of proxy does not preclude the Registered Shareholder from attending the virtual Meeting. If the Registered Shareholder does not wish to attend the Meeting or does not wish to vote in real time by audio webcast, the Registered Shareholder’s proxy will be voted or withheld from voting, in accordance with its instructions specified on its proxy, on any ballot that may be called at the Meeting. If the Registered Shareholder is a corporation or other legal entity, the form of proxy must be signed by an officer or attorney authorized by such corporation or other legal entity.

- **To vote by mail, P.O. Box 721, Agincourt, Ontario M1S 0A1**
- **To vote by telephone, Registered Shareholders should call 1-888-489-7352.**
- **To vote by facsimile, Registered Shareholders must fax their completed and signed form of proxy to toll free in Canada and the United States to 1-866-781-3111.**
- **To vote by email, Registered Shareholders must scan their completed and signed form of proxy, and email it to proxyvote@astfinancial.com.**
- **To vote electronically, Registered Shareholders must go to the following Internet site: www.astvotemyproxy.com and enter its personalized 13-digit e-voting control number printed on its Form of Proxy and follow the instructions on the screen.**

If Registered Shareholders wish to attend the Meeting and wishes to vote their shares in real time by audio webcast at the Meeting, it is not necessary for the Registered Shareholder to complete or return the form of proxy. Registered Shareholders’ vote will be taken and counted at the Meeting.

The accompanying form of proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the notice of Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the persons named in the accompanying form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the Directors know of no such amendment, variation or other matter which may be presented to the Meeting.

1.4 BENEFICIAL SHAREHOLDERS

The information set forth in this section is important to all Shareholders of the Corporation. Shareholders who do not hold their shares in their own name are referred to in this Information Circular as “Beneficial Shareholders”. **Beneficial Shareholders should note that only a Shareholder whose name appears on the records of the Corporation as a registered holder of shares or a person they appoint as a proxy can be recognized and vote at the Meeting. Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their shares in real time by audio webcast or by way of depositing a form of proxy.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions (“**Broadridge**”). Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Shareholders and asks for and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

There are two kinds of Beneficial Shareholders: (i) those who object to their name being made known to the Corporation (called “**OBOs**” for Objecting Beneficial Owners) and (ii) those who do not object to their name being made known to the Corporation (called “**NOBOs**” for Non-Objecting Beneficial Owners).

In accordance with the requirements of *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* (Québec), the Corporation will directly deliver proxy-related material to its NOBOs from the Corporation’s transfer agent, AST. With respect to the OBOs, the Corporation has caused to be distributed, and intends to pay the fees to deliver, the Notice of Meeting and this Information Circular to CDS & Co and the intermediaries for onward distribution. Intermediaries are required to forward such materials to OBOs unless a Beneficial Shareholder has waived the right to receive them. Usually, Intermediaries will use service companies to forward such materials to OBOs. **Management of the Corporation does not intend to pay for intermediaries to forward to OBOs the proxy-related materials and Form 54-101F7 – Request for Voting Instructions made by Intermediary. In the case of an OBO, the OBO will not receive the materials unless the OBO’s intermediary assumes the cost of delivery.**

If you are a Beneficial Shareholder and wish to vote in real time by audio webcast at the Meeting, please contact your intermediary/broker and AST well in advance of the Meeting to determine how you can do so.

Beneficial Shareholders should carefully follow the instructions of their intermediaries/brokers, including those on how and when voting instructions are to be provided, in order to have their shares voted at the Meeting.

1.5 INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

To the knowledge of the Directors and executive officers of the Corporation, except as set out herein and except insofar as they may be Shareholders of the Corporation, no Director or executive officer of the Corporation, nor any proposed nominee for election to the office of Director of the Corporation, nor any associate or affiliate of the aforementioned persons, has a material interest, directly or indirectly, by way of beneficial ownership or otherwise, in the matters to be acted on at the Meeting.

1.6 VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of preferred shares and an unlimited number of Common Shares, of which, as at May 26, 2020, 88,958,786 Common Shares were issued and outstanding. Each Common Share of the Corporation carries the right to one vote at the Meeting. Only holders of outstanding Common Shares of record on the Record Date are entitled to vote at the Meeting, except in the event that any holder of Common Shares transfers any such Common Shares after May 26, 2020, the transferee of such shares is entitled to vote such shares if such transferee produces properly endorsed share certificates or otherwise establishes that such transferee owns the shares and makes a request, not

later than ten (10) days before the Meeting, to the Corporation's transfer agent, AST, to include such transferee's name in the list of Shareholders entitled to vote at the Meeting.

Unless otherwise indicated, the matters submitted to vote at the Meeting must be approved by a majority of votes of the holders of Common Shares attending the Meeting in real time by audio webcast or by proxy.

To the knowledge of the Directors and executive officers of the Corporation, no person beneficially owns, or exercises control or direction, either directly or indirectly, over Common Shares carrying more than 10% of the voting rights attached to Common Shares of the Corporation, other than:

Name of Shareholder	Number of Shares⁽¹⁾	Percentage
Kurt Sorschak ⁽¹⁾	9,508,455	10.7%

(1) Directly and indirectly or upon which he exercises control or direction.

1.7 INSTRUCTIONS FOR THE VIRTUAL MEETING

Due to the uncertain public health impact of the coronavirus and in order to protect the health and safety of our shareholders, employees and other stakeholders who usually attend such meeting, this year there will be no physical Meeting location. The Meeting will be conducted by way of a live audio webcast through a virtual platform with integrated slides and real time balloting. We hope that hosting a virtual meeting will increase participation by our Shareholders, as it will enable Shareholders to more easily attend the Meeting, regardless of their geographic location. Shareholders will not be able to physically attend the Meeting. Even if you plan on attending the Meeting, we nonetheless recommend to vote prior to the Meeting in order to tabulate your vote in advance.

Instructions on Voting at the Meeting

Registered Shareholders and duly appointed proxy holders will be able to attend the virtual Meeting and vote in real time, provided they are connected to the internet and follow the instructions in this Information Circular. Non-registered Shareholders who have not duly appointed themselves as proxy holder will be able to attend the virtual Meeting as guests but will not be able to vote at the virtual Meeting.

Shareholders who wish to appoint a person identified in the form of proxy or voting instruction form (including a non-registered Shareholder who wishes to appoint themselves to attend the virtual Meeting) must carefully follow the instructions in this Information Circular and on their form of proxy or voting instruction form. These instructions include the additional step of registering such proxy holder with our transfer agent, AST, after submitting the form of proxy or voting instruction form. Failure to register the proxy holder with AST will result in the proxy holder not receiving a control number to participate in the virtual Meeting and only being able to attend as a guest. Guests will be able to listen to the virtual Meeting but will not be able to vote.

We encourage you to log into the Meeting at least one hour (1 hr) prior to the commencement of the Meeting. You may begin to log into the Meeting virtual platform beginning at 9:00 a.m., Montréal time, on June 25, 2020. The Meeting will begin promptly at 10:00 a.m., Montréal time, on June 25, 2020.

How to Vote

You have two ways to vote your Common Shares:

- by submitting your form of proxy or other voting instruction form as per instructions indicated; or
- during the Meeting by online ballot, when called for, through the virtual platform.

Registered Shareholders and duly appointed proxy holders (including non-registered Shareholders who have duly appointed themselves as proxy holder) that attend the Meeting online will be able to vote by completing a ballot online, when called for, during the Meeting through the virtual platform.

Guests (including non-registered Shareholders who have not duly appointed themselves as proxy holder) can log into the Meeting as set out below. Guests will be able to listen to the Meeting but will not be able to vote during the Meeting.

To Access and Vote at the Virtual Meeting:

Step 1: Log into the Virtual Platform online at <https://web.lumiagm.com/147928220>

Step 2: Follow these instructions:

Registered Shareholders: Click “I have a control number” and then enter your unique 13-digit control number and password “xebec2020” (case-sensitive). The 13-digit number located on the form of proxy received from AST is your control number. If you use your control number to log into the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote during the Meeting.

Duly appointed proxy holders: Click “I have a control number” and then enter your unique 13-digit control number and password “xebec2020” (case-sensitive). The 13-digit number will have been provided by email from AST following your registration at 1-866-751-6315 (within North America) or 1 (212) 235-5754 (outside of North America) by no later than 10:00 a.m., Montréal time, on June 23, 2020. **Failing to register will result in the proxy holder not receiving a control number, which is required to vote at the Meeting.**

SECTION 2 BUSINESS OF THE MEETING

2.1 Presentation of Financial Statements

The consolidated audited financial statements of the Corporation and related management’s discussion and analysis for the year ended December 31, 2019, will be presented to Shareholders during the Meeting. These documents are available on SEDAR at www.sedar.com. The financial statements and the auditors’ report on those financial statements do not require a vote at the Meeting.

2.2 Election of Directors

The Articles of Arrangement of the Corporation dated June 12, 2009, as amended, provide that the Corporation must have a minimum of three and a maximum of 10 Directors, and the Corporation’s By-laws provide that the Directors of the Corporation are empowered to determine the number of Directors to sit on the board of Directors of the Corporation (the “**Board**”). The Board fixed the number of Directors for the coming year at six.

All Directors hold office until the close of the next annual meeting of Shareholders or until their successor is elected or appointed.

The Board, upon recommendation of the Governance Committee, has adopted a majority voting policy (the “**Majority Voting Policy**”) in connection with the election of Directors of the Corporation by the Shareholders. For more details concerning this matter, please refer to the majority voting policy which is described in section 3 of this Information Circular. The Majority Voting Policy is also available on the Corporation’s website at www.xebecinc.com.

The six persons named below are the nominees for election as Directors to continue in office until the next annual meeting of Shareholders, or until their successors are elected or appointed.

The following table sets forth the name of each person proposed to be nominated for election as Director, the position such person holds within the Corporation if applicable, or the present principal occupation or employment of each such person for the five preceding years, the date on which such person was first elected a Director of the Corporation, and the number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each person.

Name, Province/State and Country of Residence	Director Since	Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the Director and %	Principal Occupation
Kurt Sorschak ⁽²⁾ Québec, Canada	June 2009	9,508,455 (or 10.7%)	President and Chief Executive Officer of the Corporation
William Beckett ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Québec, Canada	June 2010	205,337 (or 0.23%)	William Beckett, Executive Consulting Company
Peter Bowie Ontario, Canada	New nominee	99,700 (or 0.11%)	Corporate Director
Joseph H. Petrowski ⁽¹⁾⁽³⁾ Massachusetts, USA	March 2017	-	President and Chief Executive Officer of Mercantor Partners
Dr. Prabhu Rao ⁽²⁾⁽⁴⁾ Massachusetts, USA	April 2015	400,000 (or 0.45%)	Chief Operating Officer of the Corporation (since March 2017)
Guy Saint-Jacques ⁽¹⁾⁽³⁾⁽⁴⁾ Québec, Canada	June 2017	35,000 (or 0.04%)	Advisor at GS + J Groupe conseil Inc.

- (1) Member of the Audit Committee
(2) Member of the Governance Committee
(3) Member of the Compensation Committee
(4) Member of the Merger and Acquisition Committee

Biographies of Nominees for Election as Directors

Kurt Sorschak, President and Chief Executive Officer, Director, Chairman of the Board and Chair of Governance Committee

Mr. Sorschak is the President Chief Executive Officer (“CEO”), Director, and Chairman of the Board of the Corporation, which he co-founded and developed from a local compressed air and gas dryer manufacturer into an internationally renowned clean energy company. In 2005, he became General Manager for the Xebec division of Parker-Hannifin Corporation, a U.S. based multinational bought by Domnick Hunter Ltd. In 2007, he bought the Xebec division through a management buy-out transaction with two other partners. In 2008, he became a director of Xebec China. He obtained an Associate Degree from the American University in Paris, France, in 1982, and a Masters of Law Degree from the Ludwig-Maximillians University of Munich, Germany, in 1988.

William Beckett, Lead Director, member of the Audit Committee, the Governance Committee, Chair of the Merger and Acquisition Committee and of the Compensation Committee

Mr. Beckett has his own Executive Consulting Company “William Beckett”. He was the former President and CEO of Dart Aerospace Ltd. with extensive operations and executive management experience in the industrial and aerospace sectors. He started his career with Canadian General Electric and continued his professional development with other industry leaders including Pratt & Whitney Canada, gaining strong management and technical skills, including an expertise in Lean Manufacturing. He is a Professional Engineer (Mechanical) and a member of the Order of Engineers of Quebec. Mr. Beckett also serves as director of Eagle Copters a privately owned company leader in the leasing, maintenance, repair and overhaul and upgrades of rotary wing aircraft.

Peter Bowie, New nominee

Mr. Bowie is a corporate director who previously served as the Chief Executive of Deloitte China from 2003 to 2008, as well as senior partner and a member of the board and the management committee of Deloitte China until his retirement from the firm in 2010. Mr. Bowie was also previously Chairman of Deloitte Canada (1998-2000), a member of the firm’s management committee and a member of the board and governance committees of Deloitte International. He is a past

member of the board of the Asian Corporate Governance Association and has served on a variety of boards in the private and non-governmental organization sectors. Mr. Bowie has a B.Comm (St. Mary's), as well as an MBA (Ottawa) and has received an honorary doctorate (Ottawa). Mr. Bowie completed the Advanced Management Program (Harvard) and is a Fellow of the Institute of Chartered Accountants of Ontario, as well as the Australian Institute of Corporate Directors. Mr. Bowie brings to the Board financial expertise, a dedication to Audit Committee excellence, a strong understanding of strategy and risk, as well as detailed insight of political and economic dynamics within China. Mr. Bowie is also member of the Board of Directors of Magna International Inc. (TSX, NYSE)

Joseph H. Petrowski, Director, member of the Audit Committee and member of the Compensation Committee

Mr. Petrowski is the President and the CEO of Mercantor Partners, a private equity group focused on downstream energy investments. Mr. Petrowski is the former CEO of Cumberland Farms Gulf Oil Group, a diversified petroleum and retail convenience store holding company with \$16 billion in annual revenues in 2013. Mr. Petrowski is a member of the Board and non-executive Chairman of Gulf Oil, and advisor to the Chairman of Brookwood Financial in Beverly, Ma., a \$3 billion private equity firm investing in downstream fueling, real estate, and convenience retail.

Dr. Prabhu Rao, Chief Operating Officer, Director, member of the Governance Committee and the Merger and Acquisition Committee

Dr. Rao is the Chief Operating Officer (“COO”) of the Corporation since March 3, 2017. Before that date, he was acting as CEO of McPhy Energy North America, a leading manufacturer of equipment that optimizes electricity resources based on a unique technology - hydrogen storage in solid form, in association with technology for hydrogen production by water electrolysis. Dr. Rao holds a Master's and PhD degree in Mechanical Engineering from Drexel University in Philadelphia, PA.

Guy Saint-Jacques, Director, Chair of the Audit Committee and member of the Compensation Committee and the Merger and Acquisition Committee

Guy Saint-Jacques works as an adviser through his company GS+J Groupe-conseil Inc. and is a Senior Fellow at the China Institute of the University of Alberta as well as at the *Institut d'études internationales de Montréal* (IEIM). He also serves as director of the Montreal Clinical Research Institute Foundation. Mr. Saint-Jacques joined the Department of External Affairs in 1977, holding office in New York, Mexico City, Kinshasa, Hong Kong as well as twice in Washington, D.C., the last time as Minister and Deputy Head of Mission. He has been Deputy High Commissioner at the High Commission of Canada in London, UK and has been posted three times in Beijing. He also served as Deputy Director of the Energy and Environment division. Before his last posting in China, he was Chief Negotiator and Ambassador for Climate Change. His last Public Service posting was as Ambassador Extraordinary and Plenipotentiary for Canada to the People's Republic of China through to October 2016. He holds a B. Sc. (Geology), University of Montreal, and a M.A. (Land Planning and Regional Development), Laval University.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election, as Directors, of each of the six nominees whose names appear in the table above. Management does not expect that any of the nominees will be unable to serve as Directors of the Corporation.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation and based on the information provided by the nominees for election as Director, none of the nominees:

(a) is, as of the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any corporation (including the Corporation) that, while that person was acting in such capacity:

(i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(ii) was subject to an event that resulted, after the proposed Director ceased to be a director, chief executive officer, or chief financial officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to the 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.

To the knowledge of the Corporation, none of the nominees for election as Director have 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) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed Director.

2.3 Appointment of Auditors

Management proposes to nominate Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, as independent auditor of the Corporation at a remuneration and term of engagement to be fixed by the Directors of the Corporation. Raymond Chabot Grant Thornton LLP has been appointed auditors of the Corporation on November 28, 2016.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Raymond Chabot Grant Thornton LLP, as auditors of the Corporation for the ensuing year, until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the Directors.

2.4 Amendment to Articles

Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution (the “**Special Resolution**”), in the form set forth below, subject to such amendments, variations or additions as may be approved at the Meeting amending the articles of the Corporation:

“BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS:

THAT the articles of the Corporation be amended to include provisions to the effect that the Board may, at its discretion, appoint one or more Directors, who shall hold office for a term expiring no later than the close of the annual meeting of Shareholders following their appointment, provided that the total number of Directors so appointed may not exceed one-third of the number of Directors elected at the annual meeting of Shareholders preceding their appointment; and

THAT any Director or officer of the Corporation be, and each of them is hereby, authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered Articles of Amendment under the *Canada Business Corporations Act* and to execute and deliver or cause to be executed and delivered all documents, and to take any action, which, in the opinion of that person, is necessary or desirable to give effect to this special resolution.”

To be effective, the Special Resolution must be approved by not less than two-thirds of the votes cast by the Shareholders present in real time by audio webcast or represented by proxy, at the Meeting.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Special Resolution.

2.5 Approval of the Stock Incentive Compensation Plan

On April 14, 2020, the Board has approved a new long term incentive plan, the Stock Incentive Compensation Plan (the “**LTIP**”), a copy of which is attached as Appendix A to this Circular.

Introduction

The Board has approved the LTIP subject to approval by the Shareholders of the Corporation at the Meeting. Shareholders will be asked to consider and, if deemed advisable, to approve the adoption by the Corporation of the LTIP and approve a resolution of the Corporation approving the LTIP.

The LTIP has been drafted to comply with the policies of the TSX Venture Exchange (the “**TSXV**”) as they exist at the date of this Circular. The following information is intended as a summary of the LTIP. The LTIP is intended to furnish an incentive to any employee, officer or non-employee Director and certain non-U.S. consultants of the Corporation or any Affiliate (as defined in the *Securities Act* (Québec)) of the Corporation (the “**Eligible Participants**”), and when such Eligible Participants are granted Awards (as defined below), the “**Participants**”) to continue their services for the Corporation and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Corporation are necessary to its success.

The LTIP will permit the granting of options (“**LTIP Options**”), Restricted Stock Units (“**RSU**”) and Deferred Share Unit (“**DSU**”) (and together with LTIP Options and RSUs, the “**Awards**”) to Eligible Participants of the Corporation. The LTIP will be administered by the Compensation Committee.

The LTIP also includes specific provisions applicable to Participants resident of the United States and provisions for the compliance of the LTIP with requirements of United States laws the application of the Securities Exchange Act of 1934 and the Internal Revenue Code of 1986. For a more detailed description of these provisions, see the LTIP attached as Appendix A to this Circular.

The TSXV requires that the resolution adopting the LTIP be approved by a majority of the votes cast, by proxy or in real time by audio webcast of the “disinterested shareholders” (i.e., approval by a majority of Shareholders excluding votes attaching to Common Shares beneficially owned by insiders to whom Awards may be granted under the LTIP and their associates, representing a total of 10,248,492 Common Shares). In addition to the disinterested shareholder approval, the LTIP is subject to regulatory approval.

General Terms Applicable to Awards

If approved, the total number of Common Shares reserved and available for grant and issuance pursuant to Awards (including the Common Shares issuable upon exercise of the outstanding options previously granted under the existing Stock Option Plan of the Corporation, which, as at the date hereof, is equal to 4,081,860 Common Shares, representing approximately 4.6% of the total issued and outstanding Common Shares (the “**Existing Options**”) shall not exceed a number of Common Shares equal to 17,791,757 (representing 20% of the total issued and outstanding Common Shares). If the LTIP is approved, options will no longer be granted under the current Stock Option Plan (as defined below in section 4.3 of this Information Circular), and all future grants of Awards will be made under the LTIP. All Existing Options granted under the current Stock Option Plan will remain outstanding and subject to the current Stock Option Plan.

The LTIP provides that the aggregate number of Common Shares (a) issued to insiders and associates of such insiders under the LTIP or any other proposed or established share compensation arrangement within any one-year period and (b) issuable to insiders and associates of such insider at any time under the LTIP or any other proposed or established share compensation arrangement, shall not in each case exceed 10% of the issued and outstanding Common Shares.

Moreover, the aggregate number of Common Shares issuable to any one consultant, within any one-year period, under the LTIP, or when combined with any other proposed or established share compensation arrangement, shall not exceed 2% of the issued and outstanding Common Shares and the aggregate number of Common Shares issuable to all Participants retained to provide Investor Relations Activities (as such term is defined in the TSXV policies), within any one-year period, under the LTIP, or when combined with any other proposed or established share compensation arrangement, shall not exceed 2% of the issued and outstanding Common Shares.

Except as otherwise provided by the Compensation Committee, Awards granted or awarded under the LTIP may not be assigned or transferred with the exception of an assignment made to a personal representative of a deceased Participant. The Board will not provide financial assistance to Participants to assist them in exercising their Awards, provided, however, that the Board may, in its discretion, amend the LTIP to authorize the administrator under the LTIP to make arrangements to provide a form of financial assistance to the Participants.

Specific Terms Related to the Options

The Compensation Committee will (i) set the term of the Options granted under the LTIP which term cannot exceed 10 years and (ii) fix the vesting terms of Options as it deems appropriate at the time of the grant of such Options. Should the expiration date for an Option fall within a period during which designated persons cannot trade in any securities of the Corporation pursuant to the Corporation's policy respecting restrictions on insider trading which is in effect at that time (a "Black-Out Period") or within nine business days following the expiration of a Black-Out Period, the expiry date of the Option (other than an Incentive Stock Option intended to meet the requirement of Section 422 of the Internal Revenue Code of 1986 of the United States) shall be extended until that date which is the tenth business day following the end of the Black-Out Period.

The exercise price of any Options granted pursuant to the LTIP will be determined by the Compensation Committee at the time of the grant, provided that the exercise price shall not be less than the market value of the Common Shares at the time of the grant. The market value of the Common Shares shall be the closing price of the Common Shares on the TSXV the day before the determination is made.

Specific Terms Related to RSUs

The Compensation Committee, as the case may be, will fix the period during which RSUs may vest (the "Restriction Period"). Each RSU grant will be subject to certain vesting conditions (which may include performance criteria) such conditions to be determined by the Compensation Committee, as the case may be, and to be provided to the Participant under a separate agreement.

The Participant will be entitled to receive, after the vesting determination date, which is the date on which, the Compensation Committee, as the case may be, determines that the vesting conditions are met, but no later than the last day of the Restriction Period, payment for each awarded RSU. The RSUs to be granted under the LTIP will evidence the right to receive a Common Share or a cash payment equal to the fair market value of a Common Share as determined under the LTIP.

Specific Terms Related to the DSUs

The Compensation Committee will authorized to grant DSUs to Eligible Persons subject to the terms of the LTIP and any applicable Award Agreement. A DSU granted under the LTIP shall confer on the holder thereof a right to receive on the termination date the market value of one Common Share at such time (which will be payable by the Corporation in such form or forms as the Compensation Committee may determine including, without limitation, cash, Common Shares, other securities, other Awards or other property or any combination thereof). The Award market value of a DSU at the date of grant shall not be less than the market value of the Common Shares at the time of the grant. The market value of the Common Shares shall be the closing price of the Common Shares on the TSXV the day before the determination is made.

Forms of Payment under Awards

Payments or transfers to be made by the Corporation upon the grant, exercise or payment of an Award may be made in such form or forms as the Compensation Committee shall determine (including, without limitation, cash, Common Shares, other securities (but excluding promissory notes), other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Compensation Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments with respect to installment or deferred payments.

Termination of Awards

When a Participant ceases to be eligible, each Award held by such Participant will be exercisable only up to the number of Common Shares under such Awards that the Compensation Committee decides to be exercisable and only during a period starting on the date such Participant ceases to be eligible and ending on the date the Compensation Committee so decides but in any event, not later than the initial expiration date of such Awards, as the case may be, whichever occurs first.

Impact of a Change in Control

Subject to the provisions contained in any employment agreement between a holder of Awards and the Corporation, if (i) any person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Common Shares or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally; (ii) any person acquires, directly or indirectly, securities to which is attached the right to elect the majority of the Directors; or (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets, the Board may make such provision for the protection of the rights of the Participants as the Board, in its discretion, considers appropriate in the circumstances, including, without limitation, changing the performance criteria and/or the vesting

conditions for the Awards and/or the date on which any Award expires or the restricted period, the performance criteria and/or the vesting conditions for the Awards provided that an acceleration of vesting conditions will only be possible upon the consummation of such change in control.

Income Tax Withholding

In order to comply with all applicable federal, provincial, state, local or foreign income tax laws or regulations, the Corporation may take such action under the LTIP as it deems appropriate and the Compensation Committee will have complete discretion to permit a Participant to satisfy such tax obligation, to ensure that all applicable federal, provincial, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

Amendment and Termination

The Board may from time to time amend, suspend or terminate the LTIP, and the Compensation Committee may amend the terms of any previously granted Award, provided that no amendment to the terms of any previously granted Award may, (except as expressly provided in the LTIP) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under the LTIP without the written consent of the Participant or holder thereof.

Any amendment to the LTIP, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the LTIP, and the Compensation Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of Shareholders of the Corporation in order to:

- a) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A of the Internal Revenue Code of 1986 of the United States), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or
- b) amend any terms relating to the administration of the LTIP, including the terms of any administrative guidelines or other rules related to the LTIP.

For greater certainty, prior approval of the disinterested shareholders of the Corporation shall be required for any amendment to the LTIP or an Award that would:

- a) require Shareholder approval under the rules or regulations of the TSXV or any other securities exchange that are applicable to the Corporation;
- b) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Corporation under any outstanding Award, prospectively or retroactively;
- c) amend the LTIP for the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the LTIP reserve;
- d) increase the number of Common Shares authorized under the LTIP;
- e) increase the number of Common Shares or value subject to the limitations or remove such limitations in the LTIP;
- f) permit repricing of Options;
- g) permit the award of Options at a price less than 100% of the market value of a Common Share on the date of grant of such Option except as permitted under the LTIP;
- h) increase the maximum term permitted for an Award; or
- i) amend the amendment provisions of the LTIP.

Term of the LTIP

No Award shall be granted under the LTIP, and the LTIP shall terminate, on April 14, 2030 or any earlier date of discontinuation or termination established by the Board; however, any Award granted under the LTIP may extend beyond such dates, and the authority of the Compensation Committee provided for under the LTIP with respect to the LTIP and any Awards, and the authority of the Board to amend the LTIP, shall extend beyond the termination of the LTIP.

Shareholder Approval

Certain Shareholders will be asked to consider, and if deemed advisable, to approve at the Meeting the adoption by the Corporation of the LTIP and to approve the following resolution (the "**LTIP Resolution**"). To be effective, the LTIP Resolution must be approved by a simple majority of the votes cast by the Shareholders excluding votes attaching to

10,248,492 Common Shares beneficially owned by insiders to whom Awards may be granted under the LTIP and their associates, voting in real time by audio webcast or by proxy at the Meeting.

BE IT RESOLVED:

1. THAT the LTIP be and is hereby approved;
2. THAT the LTIP may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders;
3. THAT a maximum number of 17,791,757 Common shares be reserved and available for grant and issuable pursuant to the LTIP; and
4. THAT any one of the Directors or officers of the Corporation is hereby authorized to take all such actions and execute and deliver all such documents as are necessary or desirable for the implementation of this resolution.

The Board and management believe that the LTIP is in the best interests of the Corporation and, accordingly, the Board and management are recommending that the relevant Shareholders vote FOR the approval of the LTIP Resolution.

Unless the Shareholder having signed the proxy has decided otherwise or specifically instructed on the form of proxy to vote against this resolution, the persons named in the form of proxy intend to vote FOR the approval of the LTIP Resolution.

SECTION 3 STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The information contained below is provided as required under Form 58-101F2 and Form 52-110F2 for Venture Issuers, as such term is defined in *Regulation 51-102 respecting Continuous Disclosure Obligations* (“**Regulation 51-102**”). Where applicable, the following information refers to the governance practices and structure of the Board and its committees.

The corporate governance practices described below are subject to change as the Corporation evolves. The Board shall remain sensitive to corporate governance issues and shall continuously seek to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating undue additional overhead costs or reducing the return on Shareholders' equity.

Board of Directors Composition and independence

The Board is currently composed of five Directors, namely Kurt Sorschak, William Beckett, Prabhu Rao, Joseph H. Petrowski and Guy Saint-Jacques. Mr. Peter Bowie is a new nominee for election.

An independent Director is defined as a director who has no direct or indirect relationship with the Corporation which could, in the view of the Board, reasonably be expected to interfere with the exercise of independent judgment.

Three Directors are independent, namely Mr. William Beckett, Mr. Joseph H. Petrowski and Mr. Guy Saint-Jacques. Mr. Kurt Sorschak, Chairman of the Board and Mr. Prabhu Rao, Director, are not considered to be independent for the following reasons:

- (i) Mr. Kurt Sorschak, a Director of the Corporation, is also the CEO of the Corporation. Mr. Sorschak is also an important shareholder of the Corporation.
- (ii) Mr. Prabhu Rao, a Director of the Corporation, is also the COO of the Corporation.

Mr. Peter Bowie, if elected, will be an independent director.

The independent Directors hold scheduled meetings at which non-independent Directors and members of management are not in attendance. These usually take place at least quarterly, in the form of an in-camera session as part of the in-person or teleconference Board meetings.

Due to the fact that Mr. Sorschak is not considered to be independent for the reason set forth above, the Board of the Corporation appointed Mr. William Beckett, an independent Director, as lead director (the “**Lead Director**”).

The Lead Director assumes the responsibilities of the Chair during meetings of the Board when Directors who are not independent declare a conflict or otherwise excuse themselves from discussion on an agenda item and do not participate in a

vote. The Lead Director is responsible to take reasonable measures to ensure that the meetings of independent Directors (or agenda items during which Directors who are not independent excuse themselves) are conducted in such a way as to promote discussion and allow for the efficient and effective review and discussion of the issues submitted to the independent Directors.

Directorships

Currently no Directors serve on the board of reporting issuers other than the Corporation. Mr. Bowie, new nominee for election, is also a member of Magna International Ltd. a company listed on the Toronto Stock Exchange and New York Stock Exchange.

Orientation and Continuing Education

The Corporation has a formal process to orient and educate new recruits to the Board regarding the role of the Board, its committees, and its Directors, as well as the nature and operations of the Corporation's business.

With respect to the role of the Board, its committees, and its Directors, this process provides for an orientation day, and the Corporation also provides new Directors with the Terms of Reference for Directors, the Terms of Reference for the Chairman of the Board, the Terms of Reference for the CEO, the Statement of General Business Principals and Code of Ethics, and the charters for each committee of the Board, each of which have been approved by the Board.

With respect to the nature and operation of the Corporation's business, this process provides for an orientation day with key members of the management staff, and further provides key reference and background materials, such as the current Board approved business and strategic plan, the most recent Board approved budget, the most recent annual information form, the most recent audited financial statements, and copies of the interim quarterly financial statements together with the management discussion & analysis related thereto.

All Directors are also provided with organizational charts for the Corporation, a summary of key responsibilities of each of the executives, the vision statement for the Corporation, and the corporate milestones.

Presentations are made to the Board from time to time to educate and keep Directors informed of changes within the Corporation, and in regulatory and industry requirements and standards. In addition, the Corporation supports Directors' attendance at professionally presented continuing education programs for Directors.

During fiscal 2019, the following topics (among others) were addressed during Board meetings: internal controls over financial reporting; mergers & acquisitions; insurance and risk management; corporate governance matters including disclosure requirements; customer management; sales and marketing; the biogas market; health, safety, and environmental issues; and human resources management. In addition, Directors participated in a strategic planning meeting, which provided a comprehensive overview of the Corporation and its operating environment.

Ethical Business Conduct

The Board has adopted a written Statement of General Business Principles and Code of Ethics (the "**Code**").

The Code has been filed on SEDAR and can be found at www.sedar.com and, upon request, the Corporation will promptly provide a copy of it free of charge to a Shareholder. The Code is also available on the Corporation's website at www.xebecinc.com.

The Board may conduct annual assessments of its performance, including the extent to which the Board and each Director comply with the Code. Such assessments were not performed during fiscal 2019.

To the Board's knowledge, there has been no conduct of any Director or officer that would constitute a departure from the Code, and therefore, no material change reports have been filed in this regard.

Pursuant to the written Terms of Reference for Directors adopted by the Board, Directors are instructed to declare any conflicts of interest in matters to be acted on by the Board, to ensure that such conflicts are handled in an appropriate manner, and to disclose any contracts or arrangements with the Corporation in which the Director has an interest. Any

Director expressing a conflict or interest in a matter to be considered by the Board is asked to leave the meeting for the duration of the discussion related to the matter at hand, and to abstain from voting with respect to such matter.

The Board encourages and promotes a culture of ethical business conduct through the adoption and monitoring of the Code, the whistle blower policy, and the corporate disclosure and stock trading policy (insider trading policy), and regularly reviews compliance with management.

Nomination of Directors

The Board has appointed a committee which is responsible for assisting the Board in identifying new director nominees. The responsible committee is the Governance Committee. In identifying candidates for membership on the Board, the Governance Committee takes into account all factors it considers appropriate, which may include competencies, expertise, skills, background and other qualities the Corporation identifies from time to time as being important.

As part of the process, the Governance Committee is responsible for conducting background searches, and is empowered to retain search firms to assist in the nominations process. Once candidates have gone through a screening process and met with a number of the existing Directors, they are formally put forward as nominees for approval by the Board.

Messrs. Kurt Sorschak, William Beckett and Prabhu Rao are the members of the Governance Committee. The responsibilities, powers, and operation of the Governance Committee are detailed in its Charter. The Charter of the Governance Committee is available on the Corporation's website at www.xebecinc.com.

Diversity

The Corporation has a long-standing view that Directors and members of management are best identified, nominated and/or appointed based on merit, which includes consideration of competencies, expertise, skills, background and other qualities the Corporation identifies from time to time as being important, regardless of whether or not the candidate is a member of a designated group. The *Canada Business Corporations Act* defines "designated groups" to include women, Aboriginal peoples, persons with disabilities and members of visible minorities. While the Corporation respects the value of diversity, this view ensures that the Corporation consistently selects from the best possible candidates.

In light of the foregoing, the Corporation does not have a written diversity policy relating to the identification and nomination of Directors who are part of designated groups and the Corporation has not adopted a target number or percentage (or range) for members of the designated groups to hold positions on the Board or to be members of management by a specific date.

There is currently one Director on the Board who is a member of visible minorities (representing 20% of the Board) and who is also a member of management (representing 16,67% of management). There are currently no other members of the designated groups who hold positions on the Board or who are members of management.

Compensation

The Board has appointed a Compensation Committee which is responsible for, among other things, developing the Corporation's approach to executive compensation and periodically reviewing the compensation of the Directors.

Messrs. William Beckett, Guy Saint-Jacques and Joseph H. Petrowski are the members of the Compensation Committee.

The Compensation Committee assists the Board in determining compensation of the senior management as well as reviewing the adequacy and form of Directors' compensation. It also reviews annually the CEO's goals and objectives for the upcoming year and performs, annually, an appraisal of the CEO's performance. In addition, the Compensation Committee administers and makes recommendations regarding the operation of the long term and other incentive plans. In assessing compensation, the Compensation Committee looks at data obtained from relevant salary and Director compensation surveys, which takes into account the size and stage of the Corporation's development, its industry, and location, to ensure that compensation of the Corporation's Directors and officers is in line with industry practices. The Compensation Committee also takes into account the performance of the officers and the Corporation as a whole in determining appropriate compensation levels for the officers. Performance and compensation of senior management including the CEO is then reviewed at least annually with the Board during an in-camera session of Directors.

Merger and Acquisition Committee

The Board has appointed a Merger and Acquisition Committee which is responsible for, among other things, to review and assess, recommend and approve mergers, acquisitions, dispositions, investments, joint ventures, collaborations, partnerships, licensing arrangements or similar transactions.

Messrs. William Beckett, Guy Saint-Jacques and Prabhu Rao are the members of the Merger and Acquisition Committee.

Audit Committee

Charter of the Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to monitoring the Corporation's accounting and financial reporting and practices and procedures; the adequacy of the Corporation's internal accounting controls and procedures; the quality and integrity of financial statements and other financial information provided by the Corporation to Shareholders, and others; and for liaising with the external auditors of the Corporation. The Audit Committee Charter of the Corporation, which sets out the Audit Committee's responsibilities and duties, is attached as Appendix B.

Composition of the Audit Committee

The Audit Committee of the Corporation currently consists of Guy Saint-Jacques (Chair), William Beckett and Joseph H. Petrowski. Mr. Saint-Jacques and Mr. Petrowski are the only independent members of the audit committee. All members are financially literate, as such term is defined in *Regulation 52-110*.

Audit Committee Oversight

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

Relevant Education and Experience

The education and experience of each Audit Committee's member of the Corporation that is relevant to the performance of his or her responsibilities as an Audit Committee's member is described in section 2.2 of this Information Circular.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of Regulation 52-110 (*De Minimis Non-Audit Services*) or an exemption from Regulation 52-110, in whole or in part, granted under Parts 6 and 8 of Regulation 52-110, other than the exemption granted under Section 6.1 of Regulation 52-110, which exempts issuers whose shares are listed only on the TSXV from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

Pre-Approval Policies and Procedures

The Corporation's Audit Committee annually reviews and approves the terms and scope of the external auditors' engagement. The Audit Committee oversees the procedures and the conditions pursuant to which permissible services proposed to be performed by Raymond Chabot Grant Thornton LLP, the Corporation's external auditors, are pre-approved.

All non-audit service engagements of Raymond Chabot Grant Thornton LLP, regardless of the cost estimate, are required to be coordinated and approved by the Audit Committee to further ensure that adherence to this policy is monitored.

External Auditor Service Fees (By Category)

The following table sets forth, by category, the fees paid to the Corporation's auditors, in each of the fiscal years ended December 31, 2019, and 2018.

Fee Category	2019	2018
Audit fees	\$123,000	\$75,000
Audit-related fees	\$50,087	\$19,250
Tax fees	\$37,064	\$70,189
All other fees	\$102,330	\$53,650
Total	\$312,481	\$218,089

The nature of each category of fees is described below:

Audit Fees: Audit fees were for professional services rendered by Raymond Chabot Grant Thornton LLP in 2019 and 2018 for the audit of the annual consolidated financial statements of the Corporation.

Audit-Related Fees: Audit-related fees were for assurance and related services reasonably related to the performance of the audit or review of the annual statements and are not reported under the heading audit fees above. These services consisted of consultations related to accounting matters and amounts incurred in respect of interim reviews of the Corporation's quarterly financial statements.

Tax Fees: Tax fees were for tax compliance and tax advice. These services consisted of tax compliance related to the preparation of tax returns and tax advice related to various agreements the Corporation entered into.

All Other Fees: Fees to be disclosed under this category would be for products and services other than those described under the headings audit fees, audit-related fees and tax fees above. These fees are mainly related to the issuance of the two short form prospectus offerings in 2019 and the acquisition of CDA Systems Inc., in 2019.

Assessments

The Board, its Committees, and individual Directors may be assessed with respect to their effectiveness and contribution. Such assessments were not performed during fiscal 2019.

Directors may be asked to complete a series of questionnaires relating to the Board, its Committees, and individual Directors.

The Board performance evaluation questionnaires assess matters such as:

- Current performance, effectiveness, and composition of the Board; and
- Recommendations on focus for the coming fiscal year.

The Committee performance evaluation questionnaires assess matters such as:

- Conformity between the Committee's charter and activities;
- Performance and areas for improvement;
- Recommendations on focus for the coming fiscal year; and
- Appropriateness of information provided by management in advance of Committee meetings.

Peer evaluation questionnaires evaluate the effectiveness of behaviors demonstrated by Board members. Directors also complete self-evaluation questionnaires, considering their own fulfillment as a Director of matters such as preparation and participation; behavior; value added; committee work; and knowledge of the Corporation and industry.

The Board intends that appropriate questionnaires will continue to be completed on an annual basis to ensure that assessments are performed on a regular basis.

SECTION 4 NAMED EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

The information contained below is provided as required under Form 51-102F6V for Venture Issuers, as such term is defined in Regulation 51-102.

For purposes of this Information Circular, Named Executive Officer (“NEOs”) of the Corporation means, at any time during the most recently completed financial year:

- (i) the CEO;
- (ii) the chief financial officer (“CFO”);
- (iii) the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (iv) each individual who would be a named executive officer under paragraph (iii) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the most recently completed financial year.

During the Corporation’s financial year ended December 31, 2019, the following individuals were NEOs of the Corporation:

- Kurt Sorschak, CEO
- Louis Dufour, CFO
- Prabhu Rao, COO

4.1 Director and Named Executive Officer Compensation, Excluding Compensation Securities

The table below sets forth the compensation paid to the Corporation’s NEOs and Directors during the fiscal years ended December 31, 2019 and December 31, 2018.

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$) ⁽⁵⁾	Total Compensation (\$)
Kurt Sorschak CEO and Director ⁽¹⁾	2019	436,523	74,500	—	—	15,000	526,023
	2018	428,285	84,000	—	—	15,000	527,285
Louis Dufour CFO	2019	190,229	20,087	—	—	—	210,316
	2018	154,285	—	—	—	—	154,285
Prabhu Rao COO and Director ⁽²⁾	2019	329,318	—	—	—	—	329,319
	2018	265,139	—	—	—	—	265,139
William Beckett Director ⁽³⁾	2019	71,104	—	—	—	—	71,104
	2018	149,757	—	—	—	—	149,757
Joseph H. Petrowski Director	2019	18,750	—	—	—	—	18,750
	2018	15,500	—	—	—	—	15,500
Guy Saint-Jacques Director ⁽⁴⁾	2019	18,750	—	—	—	—	18,750
	2018	24,350	—	—	—	—	24,350

- (1) Kurt Sorschak received no additional compensation in his capacity as Director of the Corporation during fiscal years 2019 and 2018. In 2018, Kurt Sorschak received an amount of \$48,332 in regards to accrued vacation, with a balance of \$23,120 payable over the next year. In 2019, Kurt Sorschak received an amount of \$46,178 in regards to accrued but untaken vacation, with a balance of \$39,711 payable over the next year.
- (2) Dr. Prabhu Rao was appointed COO of the Corporation in March 2017. Since that date, Mr. Rao, only received compensation in his capacity of COO. No additional compensation in his capacity as Director of the Corporation was paid after March 2017.
- (3) \$52,354 of the compensation paid to William Beckett in 2019 (\$34,257 in 2018) represent consultant fees relating mainly to services rendered to the Corporation in connection with strategy and Merger and Acquisition activities. The compensation paid to Mr. William Beckett in 2018 also includes a one-time fee of \$100,000 for his past service as Director.
- (4) \$8,850 of the compensation paid to Guy Saint-Jacques in 2018 represent consultant fees relating mainly to attending meetings in China on behalf of the Corporation.
- (5) A Deferred Profit Sharing Plan (“DPSP”) contribution totaling \$15,000 was paid to Kurt Sorschak for fiscal 2019 (2018: \$15,000).

4.2 Stock Options

No compensation securities were granted or issued to the Corporation’s NEOs and Directors during the fiscal year ended December 31, 2019.

As of December 31, 2019, the following NEOs and Directors held the number of Options set opposing their names. The number of Common Shares underlying such Options is equivalent to the number of Options. Each Option grants its optionee the right to acquire one Common Share.

Name	Number of Options
Kurt Sorschak	Nil
Louis Dufour	100,000
Prabhu Rao	2,708,193
William Beckett	637,000
Joseph H. Petrowski	37,000
Guy Saint-Jacques	24,667

The table below sets forth all compensation securities exercised by the Corporation's NEOs and Directors during the fiscal year ended December 31, 2019.

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price per Security (\$)	Date of Exercise	Closing Price per Security on Date of Exercise (\$)	Difference between Exercise Price and Closing Price on Date of Exercise (\$)	Total Value on Exercise Date (\$)
Kurt Sorschak CEO and Director	Options	1,399,500	0.10	2019-06-28	1.57	1.47	2,057,265
Prabhu Rao COO and Director	Options	200,000	0.05	2019-12-02	2.18	2.13	567,650
	Options	200,000	0.18	2019-12-02	2.18	2.00	400,000
William Beckett Director	Options	258,065	0.16	2019-11-18	2.05	1.89	487,743
Guy Saint-Jacques	Options	12,333	0.55	2019-08-22	1.56	1.01	12,456

4.3 Stock Option Plan

The Corporation currently has a Stock Option Plan (as hereinafter defined). At the Meeting, Shareholders will be invited to vote in favor of the approval of the LTIP as more fully described in section 2.5 of this Information Circular. Should the Shareholders approve the LTIP, the Stock Option Plan will be superseded and replaced by the LTIP but all Options outstanding at the time of the Meeting will continue to be subject to the Stock Option Plan.

The Compensation Committee can, from time to time, grant options to purchase Common Shares (the "Options"), pursuant to "Xebec Adsorption Stock Option Plan" (the "Stock Option Plan"), to any Director, officer, employee, consultant or any individual, company or other person engaged to provide ongoing valuable services to the Corporation or its affiliates (the "Eligible Person").

For the purposes of the Stock Option Plan, the following definitions shall apply:

"Discounted Market Price" means a "Discounted Market Price" as defined in the policies of the TSXV.

"Market Price" of Common Shares at any grant date means the last closing price per Common Share on the trading day immediately preceding the day on which the Corporation announces the grant of the option or, if the grant is not announced, on the grant date.

“Merger and Acquisition Transaction” means (i) any merger; (ii) any acquisition; (iii) any amalgamation; (iv) any offer for shares of the Corporation which if successful would entitle the offer or to acquire all of the voting securities of the Corporation; or (v) any arrangement or other scheme of reorganization.

“Options” means stock options granted under the Stock Option Plan to purchase Common Shares from treasury pursuant to the terms and conditions thereof and as evidenced by an option agreement.

“Participant” means an Eligible Person designated to be granted an Option under the Stock Option Plan.

The following is a description of the material terms of the Stock Option Plan:

Exercise Price. The exercise price per Common Share for the Options is fixed by the Compensation Committee but under no circumstances can the exercise price at the time of grant be lower than the Discounted Market Price of the Common Shares.

Term. The term of the Options granted will be determined by the Compensation Committee and specified in the option agreement pursuant to which such Option is granted, provided that the expiry date not be later than the date which is the seventh anniversary of the date on which such Option is granted. In addition, the term of the Options will be extended ten business days following the end of a blackout period, if the expiry date occurs during a blackout period (the interval of time during which the Corporation determines that one or more Participants cannot trade any securities because they may be in possession of undisclosed material information). See paragraph below entitled “*Causes of Cessation*” for the other expiration delays of the Options.

Vesting. Vesting is at the discretion of the Compensation Committee. Except as determined from time to time by the Compensation Committee, all Options will cease to vest as at the date upon which the Participant ceases to be an Eligible Person (which, in the case of an employee or consultant, will be the date on which active employment or engagement, as applicable, terminates, specifically without regard to any period of reasonable notice or any salary continuance).

Maximum Grant to Insiders. The number of Common Shares that may be purchased under Options granted pursuant to the Stock Option Plan (or when combined with all of the Corporation’s other security-based compensation arrangements that provide for the issuance from treasury or potential issuance from treasury of Common Shares):

- i) to Participants that are insiders (as a group), at any point in time, shall not exceed 10% of the total number of issued and outstanding Common Shares; and
- ii) to Participants that are insiders, within any one-year period, shall not exceed 10% of the total number of outstanding Common Shares calculated on the date an Option is granted to any insider.

The Common Shares issued pursuant to an entitlement granted prior to the Participant becoming an insider will be included in determining the number of Common Shares issuable to insiders.

Maximum Grant to Independent Directors. The number of Common Shares issuable to Participants that are independent Directors of the Corporation, pursuant to the Stock Option Plan or when combined with all other previously established and outstanding or proposed share compensation arrangements, shall not, in aggregate, exceed 1% of the total number of outstanding Common Shares, excluding Common Shares reserved for issuance to such Participant at a time when such Participant was not an independent Director of the Corporation.

Maximum Grant to Any One Participant. The aggregate number of Common Shares issuable to any one Participant, pursuant to the Stock Option Plan, within any one-year period cannot exceed 5% of the total number of outstanding Common Shares, calculated on the date the Option is granted to the Participant.

Maximum Grant to a Consultant. The aggregate number of Common Shares issuable to a Participant that is a consultant, pursuant to the Stock Option Plan, within any one-year period cannot exceed 2% of the total number of outstanding Common Shares, calculated on the date the Option is granted to the consultant.

Maximum Grant to all Participants Retained to Provide Investor Relations Activities. The aggregate number of Common Shares issuable to all Participants retained to provide Investor Relations activities, pursuant to the Stock Option Plan, within any one-year period cannot exceed 2% of the total number of outstanding Common Shares, calculated on the date the

Option is granted to the Participant, and Options granted to Participants retained to provide Investor Relations activities must vest in stages over a period of not less than one year with no more than $\frac{1}{4}$ of the Options vesting in any three-month period.

Causes of Cessation. In the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for cause, the Options will expire on the date which is 90 days after the date of termination (specifically without regard to any period of reasonable notice or any salary continuance) of the Participant's directorship, active employment or active engagement, as applicable, with the Corporation or its subsidiaries, or such earlier or later date as the Compensation Committee may determine.

In the event of the termination of the Participant as a Director, officer, employee or consultant for cause, all Options will expire or be forfeited on the date of notice of such termination, specifically without regard to any period of reasonable notice or any salary continuance.

In the event of the death of a Participant prior to: (i) the Participant ceasing to be an Eligible Person (which, in the case of an employee or consultant, will be the date on which active employment or engagement, as applicable, terminates, specifically without regard to any period of reasonable notice or any salary continuance); or (ii) the date on which the Option, but for (i), would have expired pursuant to the above paragraph, the date which is one year after the date of death of such Participant or such earlier or later date as the Compensation Committee may determine.

Assignability. Options granted under the Stock Option Plan are non-transferable and non-assignable.

Procedure for Amending. The Compensation Committee has the right at any time to amend the Stock Option Plan or any Option agreement under the Stock Option Plan provided that Shareholder approval has been obtained by ordinary resolution, including any amendment that would: (i) increase the number of Common Shares, or rolling maximum percentage, reserved for issuance under the Stock Option Plan; (ii) reduce the exercise price per Common Share under any Option or cancel any Option and replace such Option with an Option with a lower Exercise Price per Common Share, it being understood that any reduction in the Exercise Price of Options held by insiders shall require disinterested shareholder approval, as required under the policies of the TSXV; (iii) extend the term of an Option beyond its original expiry time; (iv) increase the limit on the participation by independent Directors in the Stock Option Plan; or (v) permit an Option to be transferable or assignable to any person other than in accordance with the Stock Option Plan. Notwithstanding the foregoing, Shareholder approval is not required for amendments of a clerical nature, amendments to reflect any regulatory authority requirements (including those of the TSXV), and acceleration of or other amendments to any vesting provisions of option agreements, amendments to the expiry date of Options so long as such amendments do not extend Options past the original date of expiration.

Financial Assistance. The Corporation does not provide financial assistance to Participants to facilitate the purchase of Common Shares upon the exercise of Options granted under the Stock Option Plan.

Other Material Information. Appropriate adjustments to the Stock Option Plan and to Options granted there under will be made by the Compensation Committee to give effect to adjustments in the number and type of Common Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of stock dividends (other than dividends in the ordinary course) or other changes in the Corporation's capital or from a Merger and Acquisition Transaction. In the event of a Merger and Acquisition Transaction that results in a change of control, (a) the Board will, in an appropriate and equitable manner, determine the purchase price or exercise price with respect to any Option, provided, however, that the number of Common Shares covered by any Option or to which such Option relates is always a whole number; or (b) the Board will, in an appropriate and equitable manner, determine the manner in which all unexercised Option rights granted under the Stock Option Plan will be treated; or (c) the Board will offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares under Option and the exercise price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant); or (d) the Board will, in an appropriate and equitable manner, determine any adjustment to the number and type of Common Shares (or other securities or other property) that thereafter shall be made the subject of Options; or (e) the Board will, in an appropriate and equitable manner, determine the number and type of Common Shares (or other securities or other property) subject to outstanding Options; (f) the Compensation Committee may commute for or into any other security or any other property or cash, any Option that is still capable of being exercised, upon giving to the Participant to whom the Option has been granted at least 30 days written notice of its intention to commute the Option, and during such period of notice, the Option, to the extent it has not been exercised, can be exercised by the Participant without regard to any vesting conditions

attached thereto, and on the expiry of such period of notice, the unexercised portion of the Option will lapse and be cancelled.

4.4 Employment, consulting and management agreements

Each of the NEOs has a written employment agreement with the Corporation that provides for standard contractual covenants in favour of the Corporation, such as one-year non-competition and non-solicitation agreements, confidentiality agreements, and the continuation of their employment for an indeterminate term.

In addition, each employment agreement provides that certain amounts are payable to the NEO in the event of termination without cause or in the context of a change of control as described as follows.

Kurt Sorschak

Kurt Sorschak entered into an employment agreement effective June 12, 2009. Under the terms of this agreement, Mr. Sorschak is entitled to receive a minimum annual base salary of \$280,000 subject to annual review. This salary was reviewed 2019, effective January 1st, 2019 for an indefinite period of time. In addition, Mr. Sorschak is entitled to receive an annual bonus of up to 50% of his then current base salary, subject to the achievement of certain milestones related to personal and corporate goals. The Corporation may terminate the employment of Mr. Sorschak without cause, by providing Mr. Sorschak with one year's notice in writing; or in lieu of written notice, by paying Mr. Sorschak a lump sum equal to one year of the then current base salary. The severance value in such a case that would apply, as if the event had occurred on December 31, 2019, is estimated at approximately \$280,000. Mr. Sorschak may terminate at any time his employment with the Corporation by giving six months' notice in writing. The Corporation may in its sole discretion, reduce the notice period. If so reduced, the Corporation would provide payment to Mr. Sorschak for the balance of the six-month period. The severance value in such a case that would apply, as if the event had occurred on December 31, 2019, is estimated at approximately \$140,000.

In addition, if the Corporation terminates Mr. Sorschak's employment contract in connection with a change of control resulting in a material change in such executive officer's position, a reduction in his remuneration, the failure by the Corporation to obtain an assumption of the obligations of the agreement or a breach of the agreement by the Corporation, Mr. Sorschak is entitled to receive an amount equal to two years of his then current base salary, and an amount equal to the cash bonuses earned in the immediately preceding year. The severance value in such a case that would apply, as if the event had occurred on December 31, 2018, is estimated at approximately \$560,000. After such termination, all options held by Mr. Sorschak would become immediately exercisable and his employee benefits (other than long term disability) would continue for 12 months.

Louis Dufour

Louis Dufour entered into an employment agreement dated as of October 31, 2016. Mr. Dufour is entitled to receive a minimum annual base salary of \$180,000, subject to annual review. Mr. Dufour is entitled to receive an annual bonus of up to 20% at the discretion of the Board after reviewing the achievement of certain targets. Mr. Dufour has the right to terminate at any time his employment with the Corporation by giving six weeks' notice in writing.

Prabhu Rao

Prabhu Rao entered into an employment agreement effective March 3rd, 2017. Under the terms of this agreement, Mr. Rao is entitled to receive a minimum annual base salary of 155,000 USD in 2017, 180,000 USD in 2018 and 210,000 USD in 2019. In addition, Mr. Rao has been granted incentive stock options to purchase 1,000,000 shares of the Corporation at an exercise price of CDN 0.18 per share, representing the fair market value of such Common Stock on the Employment date. The vesting period will be as follows: 600,000 options vested at the first day of employment, 350,000 options will vest at the first anniversary date and 50,000 options will vest at the first anniversary date. Mr Rao was also entitled to receive a three year bonus plan of up to 3,000,000 options to purchase shares of the Corporation. These options are vesting in three equal installments based on the achievement by Mr Rao and the Corporation of certain annual targets for personal and corporate performance for the years ending December 31, 2017, 2018 and 2019. Fifty percent (50%) of the bonus amount to be vested will be based on the achievement of personal goals, and fifty percent (50%) will be based on the achievement of performance objectives of Xebec. The determination of whether the specified personal and performance goals have been achieved, and whether all or a portion of the options will vest, is at the discretion of the Board. If the Board determines that a bonus is to be awarded, then the appropriate number of options representing such bonus will vest as per the Xebec Stock Option Plan.

The Corporation may terminate the employment of Mr. Rao without cause, by paying Mr. Rao a lump sum equal to one (1.5) years of the then current base salary. The severance value in such a case that would apply, as if the event had occurred between December 31, 2017 and March 2, 2019, is estimated between 270,000 USD and 315,000 USD. Mr. Rao may terminate at any time his employment with the Corporation by giving ninety (90) days' notice in writing.

4.5 Oversight and Description of Directors and Named Executive Officers Compensation

Compensation of the Named Executive Officers

Objectives

The Corporation's executive compensation plan is administered by the Compensation Committee of the Board. The Compensation Committee's responsibilities include reviewing annually the performance of the CEO and recommending the overall compensation for the CEO to the Board for approval, and reviewing the recommendations of the CEO with respect to compensation of other executive officers including the NEOs.

The Corporation designs its compensation plans in order to attract and retain highly qualified executives, motivate performance and align the interests of its management team with those of its Shareholders. Compensation for management, including the NEOs, is currently comprised of (1) a base salary, (2) a short term incentive plan in the form of annual bonus, (3) a long term incentive plan in the form of the Stock Option Plan, (4) benefits, and (5) perquisites. The Corporation has a voluntary group registered retirement savings plan for all employees and most of the NEOs participated in the plan during the year. The elements of compensation are described in detail below.

Base Salary

NEOs salaries are normally set taking into account salaries paid in similar corporations of comparable size and with the intent of attracting and retaining individuals with the appropriate skill sets and experience. The Compensation Committee also considers individual circumstances, which may include the scope and the geographic location of a NEO's position, the NEO's relevant competencies or experience and retention risk. The Compensation Committee also takes into account the financial performance of the Corporation as well as the individual performance of the NEO.

Short Term Incentive Plan

In order to reward both superior individual and corporate performance, executive compensation is supplemented by performance bonuses. Vice presidents may be entitled to earn up to approximately 30% of their base salary subject to the achievement of corporate milestones. A varying percentage of a NEO's bonus will depend on the Corporation's success at achieving certain fixed and objective goals. These goals include attaining fixed revenue and earnings goals, and the achievement of certain operational objectives. These corporate goals are determined annually, and apply to the corporate performance element of every executive's bonus calculation. The balance of each NEO's bonus is determined on the basis of that individual's success at achieving fixed, personal objectives or standards of performance after discussion and communication with the NEO. By balancing personal and corporate performance, the bonus plan seeks to reward both individual achievement as well as corporate success and to achieve alignment with Shareholder interests. Performance against corporate milestones is determined on an annual basis and the percentage payout for such performance is approved by the Compensation Committee.

For the 2019 fiscal year, the Compensation Committee determined that a bonus payment of (i) \$74,500 (2018: \$84,000) was to be awarded to Kurt Sorschak; and (ii) \$20,087 was to be awarded to Louis Dufour.

Deferred Profit Sharing Plan ("DPSP")

The amount paid relates to payment made to an insurance company for individual Long Term Disability Insurance coverage.

Long Term Incentive Plan

The strategic use of incentive stock options is a cornerstone of the Corporation's compensation plan. The purpose of the Corporation's Plan is to advance the interests of the Corporation and its affiliates by encouraging the Directors, officers, employees, and consultants of the Corporation to acquire Common Shares, thereby increasing their proprietary interest in

the Corporation, encouraging them to remain associated with the Corporation, rewarding significant performance achievements and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of their affairs. The Stock Option Plan continues to be one of the Corporation's primary tools for attracting, motivating and retaining qualified employees, which is critical to the Corporation's success. For more information regarding the Corporation's Stock Option Plan, please see the section 4.3 of this Information Circular entitled "*Stock Option Plan*".

Subject to relevant Shareholders approval at the Meeting, the Corporation will implement the LTIP (as defined in section 2.5 of this Information Circular). If the LTIP is approved, options will no longer be granted under the current Stock Option Plan, and all future grants of Awards will be made under the LTIP. All Existing Options granted under the current Stock Option Plan will remain outstanding and subject to the current Stock Option Plan. For more information, please see the section 2.5 entitled "Adoption of the Stock Incentive Compensation Plan" and Appendix A.

Compensation of the CEO

The CEO's compensation is assessed annually by the Compensation Committee based on a quantitative assessment of performance against corporate and individual milestones, as well as a series of qualitative measures designed to reflect key characteristics important for successful leadership. A report on overall performance and compensation is then presented by the Compensation Committee to the Board for approval.

The CEO's compensation currently consists of a base salary, an annual performance bonus, and participation in the Corporation's stock option plan. In order to align the CEO's compensation with Shareholder interest, total compensation is heavily weighted towards a performance bonus and stock-based compensation. The CEO is eligible to earn a performance bonus of up to 50% of his base salary based on the achievement of corporate milestones related to revenue, cash burn, and market development, with such milestones supporting the long-term growth and performance of the Corporation. The Compensation Committee is responsible for determining overall performance against these milestones and, if applicable, recommending the percentage bonus payout to the Board for approval. The Compensation Committee believes that this provides a clear relationship between total compensation of the CEO and overall corporate performance.

Benefits

The NEOs participate in a corporate benefits program, including medical, dental, disability, and life insurance in line with similar programs of organizations of a similar size.

Perquisites

The Corporation provides a limited number of perquisites to some of its NEOs which vary by title but do not account for a material portion of the overall compensation of the NEOs.

The Compensation Committee awards perquisites as tools for attraction, retention and motivation. Perquisites are reviewed each year and may be adjusted as required based on any change in the NEO's role within the Corporation, performance of the NEOs, performance of the Corporation or general change in market salary levels.

Given the Corporation's current size, the Board, or a committee of the Board, did not formally consider the implications of the risks associated with the Corporation's compensation policies and practices.

A NEO or Director is not permitted to engage, directly or indirectly, in any kind of transaction or purchase any kind of financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed or would have the effect of hedging the value of equity securities granted to, or held by such NEO or Director or that could reduce or limit such NEO'S or Director's economic risk with respect to the holdings, ownership or interest in or to Common Shares or other securities of the Corporation, including without limitation outstanding stock options, stock appreciation rights, restricted share units or other compensation awards the value of which are derived from, referenced to or based on the value or market price of Common Shares.

Compensation of Directors

The Board has adopted formal policies for compensation of non-executive Directors. In order to align the interests of Directors with the long-term interests of Shareholders, the Directors have determined that the most appropriate form of payment for their services as Directors is through participation in the Corporation's Plan as well as annual cash retainers for

serving on the Board and committees of the Board. The Compensation Committee is responsible for making recommendations as to Director’s compensation for the Board’s consideration and ultimate approval.

Each of the non-executive Directors will receive the following compensation:

Cash Retainer (based on a full year)	\$25,000
Options (value at grant)	\$nil
Total Annual Director Compensation	\$25,000

Directors are entitled to participate in security-based compensation arrangements or other plans adopted by the Corporation from time to time with the approval of the Board.

NEOs who also act as Directors of the Corporation do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such NEOs in their capacity as executive officers.

In addition to the above-noted compensation, the Corporation reimbursed some of these Directors for expenses incurred to attend Board meetings or for Consulting services during the most recently completed financial year.

Incentive Compensation Clawback Policy

On April 14, 2020, the Board, upon recommendation of the Governance Committee, adopted a policy on Incentive Compensation Clawback Policy (the “**Clawback Policy**”) which will apply to the CEO, President, COO, CFO, and any person holding the position of Executive Vice-President or Vice-President (the “**Affected Officers**”) of the Corporation. This Clawback Policy will allow the Board, in its discretion, to establish and reserve the right to recover all or portion of any incentive or deferred compensation granted to the Affected Officers in circumstances where (i) there has been a material misrepresentation or material error resulting in the restatement of the Corporation’s financial statements for any reason other than a restatement caused by a change in applicable accounting rules or interpretation and the Affected Officers would have received less incentive or deferred compensation based upon the restated financial statements or (ii) the Board determined that the Affected Officer engaged in misconduct (a “**Trigger Event**”).

For the purposes of this Clawback Policy, “misconduct” means an act of fraud, dishonesty or wilful negligence or material non-compliance with legal requirements or the Corporation’s policies, any act or omission which would justify termination with cause or any failure to report or take action to stop “misconduct” of another employee that the Affected Officer knew, or ought to have known, about.

Under the Clawback Policy, the following elements of compensation paid to the Affected Officers can be recovered or cancelled by the Board: (i) an annual performance bonus; (ii) unvested stock options, restricted share units and performance share units; (iii) vested but unexercised options and (iv) any monetary payments and Common Shares received from the exercise of options or payment of restricted share units and performance share units, net of the exercise price paid by the Executive Officer, as applicable.

The Board may lookback in the application of this policy up to three years preceding the date upon which the Board makes its determination that a Trigger Event has occurred or such longer period required by applicable laws.

Shares Ownership Guideline

A shares ownership requirement policy (the “**Ownership Policy**”) for all non-executive Directors and NEOs was adopted by the Board, upon recommendation of the Governance Committee, on April 14, 2020, in order to further align the long-term interests of the Shareholders and that of its Directors and NEOs. The Ownership Policy provides direction as to the level and amounts of ownership considered satisfactory in meeting the ownership requirements. The shares ownership requirements under the Ownership Policy are as follows:

- non-executive Directors: three times their annual cash retainer
- CEO: three times his annual base salary
- COO: 1.5 times his annual base salary
- CFO: one time his annual base salary.

The applicable method of calculation for the purpose of determining the value of the Common Shares held, is based on the higher of (i) cost of the acquisition or (ii) market value at time of determination. Each non-executive Director and NEO shall have five years to comply with the Ownership Policy starting from the date of approval or from the date of election or appointment whichever comes last.

4.6 Pension Plan Contributions

The Corporation does not offer a defined contribution pension plan, defined benefits pension plan or other deferred compensation plan to its employees or NEOs.

SECTION 5 SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at December 31, 2019.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issue Under Equity Compensation Plans ⁽¹⁾
Equity compensation plans approved by security holders	4,081,860	\$0.27	7,423,487
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	4,081,860	\$0.27	7,423,487

(1) Based on the total number of shares authorized for issuance under the Stock Option Plan, less the number of stock options outstanding as at December 31, 2019.

SECTION 6 SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* (the “CBCA”) provides that a registered holder or beneficial owner of shares that is entitled to vote at annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (a “Proposal”), and discuss at the meeting any matter in respect of which the person would have been entitled to submit as a Proposal. The CBCA further provides that the Corporation must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the Shareholders in connection with the previous annual meeting of Shareholders of the Corporation. As such, Proposals intended to be presented at the next annual meeting of Shareholders of the Corporation must be received by the Corporation c/o AST Trust Company (Canada), if by deposit or mail, to 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, by facsimile transmission to 1-866-781-3111, or by email at proxyvote@astfinancial.com, no later than February 25, 2021, for inclusion in the Corporation’s management proxy circular relating to that meeting. It is recommended that Proposals be delivered to the Corporation by registered mail.

SECTION 7 INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at May 26, 2020, there was no indebtedness owing to the Corporation by a present executive officer and Director.

SECTION 8 INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth above under the headings “Statement of Executive Compensation” and “Compensation of Non-Executive Directors”, no informed person or proposed Director, or associate or affiliate of an informed person or proposed

Director, had any material interest, direct or indirect, in any proposed material transaction or material transaction entered into by the Corporation during the fiscal year ended December 31, 2019.

SECTION 9 PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Management knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting and in this Information Circular. **However, should any other matters properly come before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the proxies.**

SECTION 10 ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com or on the Corporation's website at www.xebecinc.com. In particular, additional information regarding the audit committee of the Corporation is available in the Corporation's 2019 financial statements and the related management's discussion and analysis. Security holders may obtain, free of charge, copies of the Corporation's 2019 financial statements, management's discussion and analysis, or additional public information by addressing their request to the Investor Relations department at Xebec Adsorption Inc., 730 boulevard Industriel, Blainville, Québec, J7C 3V4, or by telephone at (450) 979-8700, or fax at (450) 979-7869.

SECTION 11 APPROVAL OF CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the Directors of the Corporation.

DATED in Blainville, Québec, this 26th day of May 2020.



Kurt Sorschak,
President and Chief Executive Officer

APPENDIX A

STOCK INCENTIVE COMPENSATION PLAN



STOCK INCENTIVE COMPENSATION PLAN ADOPTED ON APRIL 14, 2020

Section 1. Purpose

The purpose of the Plan is to promote the interests of the Xebec Adsorption Inc. (the “**Corporation**”) and its shareholders by aiding the Corporation in attracting and retaining employees, officers and non-employee Directors capable of assuring the future success of the Corporation, to offer such persons incentives to put forth maximum efforts for the success of the Corporation’s business and to compensate such persons through various stock-based arrangements and provide them with opportunities for stock ownership in the Corporation, thereby aligning the interests of such persons with the Corporation’s shareholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “**Affiliate**” shall have the meaning given to this term in the Securities Act (Québec), as such legislation may be amended, supplemented or replaced from time to time.
- (b) “**Associate**”, where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant's children, as well as that Participant's relatives and that Participant's spouse's relatives, if they share that Participant's residence.
- (c) “**Award**” shall mean any Option, Deferred Share Unit or Restricted Stock Unit granted under the Plan.
- (d) “**Award Agreement**” shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 8(b).
- (e) “**Award Market Value**” shall mean the Fair Market Value with respect to any particular award date.
- (f) “**Black-Out Period**” shall mean a period during which designated Persons cannot trade in any securities of the Corporation pursuant to the Corporation's policy respecting restrictions on Insider trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation, or in respect of an Insider, that Insider, is subject).

- (g) **“Board”** shall mean the Board of Directors of the Corporation.
- (h) **“Business Day”** shall mean a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Montréal, in the Province of Québec, for the transaction of banking business.
- (i) **“Change in Control”** shall mean an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally; (ii) any Person acquires, directly or indirectly, securities of the Corporation to which is attached the right to elect the majority of the directors of the Corporation; or (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets; provided however, that the definition of Change in Control is limited by the provisions of Section 6(k) for Awards subject to Section 409A.
- (j) **“Code”** shall mean the Internal Revenue Code of 1986 of the United States, as amended from time to time, and any regulations promulgated thereunder.
- (k) **“Committee”** shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. Where required by law, the Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3.
- (l) **“Consultant”** means a “Consultant” as defined in the policies of the TSXV;
- (m) **“Corporation”** shall mean Xebec Adsorption Inc. and any successor corporation.
- (n) **“Director”** shall mean a member of the Board.
- (o) **“Deferred Share Unit”** shall mean a unit equivalent in value to a share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Section 6(c).
- (p) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Corporation's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Shares beneficially owned by Insiders to whom Awards may be granted under the Plan and their Associates and Affiliates;
- (q) **“Eligible Person”** shall mean any employee, officer or non-employee Director of the Corporation or any Affiliate and selected by the Committee as well as non U.S. Consultants, or any such person to whom an offer of employment or engagement with the Corporation or any Affiliate is extended.
- (r) **“Exchange Act”** shall mean the Securities Exchange Act of 1934 of the United States, as amended.
- (s) **“Fair Market Value”** shall mean, with respect to any property (including, without limitation, any Shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing, unless otherwise determined by the Committee, the Fair Market Value of a Share as of a given date shall be closing price of one Share the day before the determination is made as reported on the TSXV or any other stock exchange where the Shares are then listed on such date or, if the applicable stock exchange is not open for trading on such date, on the most recent preceding date when such exchange is open for trading.
- (t) **“Incentive Stock Option”** shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.
- (u) **“Insider”** has the meaning given to this term in applicable Canadian securities laws, as such definition may be amended, supplemented or replaced from time to time.

(v) **“Investor Relations Activities”** means “Investor Relations Activities” as defined in the policies of the TSXV;

(w) **“Non-Qualified Stock Option”** shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(x) **“Option”** shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase shares of the Corporation.

(y) **“Participant”** shall mean an Eligible Person designated to be granted an Award under the Plan.

(z) **“Person”** shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(aa) **“Plan”** shall mean this Stock Incentive Compensation Plan, as amended from time to time.

(bb) **“Prior Stock Plan”** shall mean the Xebec Adsorption Stock Option Plan effective June 30, 2016, as amended from time to time.

(cc) **“Restricted Stock Unit”** shall mean any unit granted under Section 6(b) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

(dd) **“Rule 16b-3”** shall mean Rule 16b-3 promulgated by the SEC under the Exchange Act, or any successor rule or regulation.

(ee) **“SEC”** shall mean the Securities and Exchange Commission.

(ff) **“Section 409A”** shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(gg) **“Share”** or **“Shares”** shall mean common shares without par value in the capital of the Corporation (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(hh) **“Specified Employee”** shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Corporation and applied uniformly with respect to all plans maintained by the Corporation that are subject to Section 409A.

(ii) **“TSXV”** shall mean the TSX Venture Exchange.

Section 3. Administration

(a) **Power and Authority of the Committee.** The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable stock exchange rules and law, the Committee shall have full power and authority to:

- (i) designate Participants;
- (ii) determine the type or types of Awards to be granted to each Participant under the Plan;
- (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award;

- (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to vesting conditions, termination and forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award;
- (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7 and Section 409A;
- (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 6(l) and Section 409A;
- (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7;
- (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A;
- (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan;
- (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan;
- (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and
- (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of Canada and other jurisdictions in which the Corporation or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such jurisdictions.

Unless otherwise expressly provided in the Plan and subject to applicable stock exchange rules and the law, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Corporation or any Affiliate.

(b) **Power and Authority of the Board.** Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of Rule 16b-3 or Section 162(m), or Canadian securities laws, as applicable.

(c) **Indemnification.** To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board and the Committee shall be entitled to indemnification by the Corporation with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Corporation.

Section 4. Shares Available for Awards

(a) **Shares Available.** Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be a number of Shares equal to up to a maximum of 17,791,757 Shares (including all outstanding awards previously granted under the Prior Stock Plan as at the date of adoption of this Plan). On and after shareholder approval of this Plan as provided in Section 10, no awards shall be granted under the Prior Stock Plan and all outstanding awards previously granted under the Prior Stock Plan shall remain outstanding and subject to the terms of the Prior Stock Plan. **Counting Shares.** For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Corporation (including any Shares withheld by the Corporation or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Corporation, termination or cancellation, shall again be available for granting Awards under the Plan. For greater certainty, any Share that is issued to a Participant under the Plan do not become available for further grant unless approved by the TSXV.

(b) **Substitute Awards Relating to Acquired Entities.** Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Corporation or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) **Adjustments.** In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Corporation or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards and (iii) the purchase price or exercise price with respect to any Award; provided, however, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) **Award Limitations Under the Plan.** The limitation contained in this Section 4(d) shall apply only with respect to any Award or Awards granted under this Plan, and limitations on awards granted under any other shareholder-approved incentive plan maintained by the Corporation will be governed solely by the terms of such other plan.

- (i) the number of Shares issued to Insiders and Associates of such Insiders of the Corporation, within any one-year period, and issuable to Insiders and Associates of such Insiders of the Corporation, at any time, under the Plan, or when combined with all of the Corporation's other security-based compensation arrangements, shall not exceed 10% of the Corporation's total issued and outstanding securities, respectively;
- (ii) the aggregate number of Shares issuable to any one Consultant, within any one-year period, under the Plan, or when combined with all of the Corporation's other security-based compensation arrangements, shall not exceed 2% of the Corporation's total issued and outstanding securities, calculated on the date the Award is granted to the Consultant;
- (iii) the aggregate number of Shares issuable to all Participants retained to provide Investor Relations Activities, within any one-year period, under the Plan, or when combined with all of the Corporation's other security-based compensation arrangements, shall not exceed 2% of the Corporation's total issued and outstanding securities, calculated on the date the Award is granted to the Participant, and Options granted to such Participants retained to provide Investor Relations

Activities must vest in stages over a period of not less than one year with no more than ¼ of the Options vesting in any three month period.

Section 5. Eligibility

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Corporation or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term as used herein includes, without limitation, officers and Directors who are also employees) of the Corporation or any Affiliate, save and except that an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a “subsidiary corporation” of the Corporation within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards

(a) **Options.** The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

- (i) **Exercise Price.** The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; provided, however, that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Corporation or an Affiliate and such Option satisfies the provisions of Code Section 424(a).
- (ii) **Option Term.** The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant.
- (iii) **Time and Method of Exercise.** The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made. Notwithstanding the foregoing, the Committee may not accept a promissory note as consideration.
- (iv) **Incentive Stock Options.** Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:
 - (A) The aggregate number of Shares that may be issued under all Incentive Stock Options under the Plan shall be 5 million Shares.
 - (B) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Corporation and its Affiliates) shall exceed US\$100,000.
 - (C) All Incentive Stock Options must be granted within 10 years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Corporation.
 - (D) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; provided, however, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such

Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of its Affiliates, such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.

- (E) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.
- (F) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) **Restricted Stock Units.** The Committee is hereby authorized to grant an Award of Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

- (i) **Restrictions.** Shares of Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to receive any dividend or other right or property with respect thereto), which restrictions shall be designated in the Award Agreements and may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.
- (ii) **Issuance and Delivery of Shares.** No Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares (or a cash payment equal to the Fair Market Value of a Share) shall be issued and delivered to the holder of the Restricted Stock Units within the time period set forth in the applicable Award Agreements.
- (iii) **Forfeiture.** Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Corporation; *provided, however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Restricted Stock Units.

(c) **Deferred Share Units.** The Committee is hereby authorized to grant Deferred Share Units to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Deferred Share Units granted under the Plan shall confer on the holder thereof a right to receive on the termination date the Fair Market Value of one Share at such time (which will be payable in such form or forms as the Committee may determine including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof). The Award Market Value of a Deferred Share Unit at the date of grant shall not be less than 100% of the Fair Market Value of one Share on such date; provided, however, that the Committee may designate an Award Market Value below Fair Market Value on the date of grant if the Deferred Share Unit is granted in substitution for a deferred share unit previously granted by an entity that is acquired by or merged with the Corporation or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the Award Market Value, term, termination date, methods of settlement and any other terms and conditions of any Deferred Share Unit shall be as determined by the Committee. The Committee may impose such conditions or restrictions on any award of Deferred Share Units as it may deem appropriate.

(d) **Consideration for Awards.** Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(e) **Awards May Be Granted Separately or Together** Subject to Section 409A, Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Corporation or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any other plan of the Corporation or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(f) **Forms of Payment under Awards.** Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Corporation or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, other securities (but excluding promissory notes), other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments with respect to installment or deferred payments.

(g) **Limits on Transfer of Awards.** Except as subject to Code Section 422 for Incentive Stock Options and as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable or assignable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Corporation or any Affiliate. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(h) **Restrictions; Stock Exchange Listing.** All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal, provincial or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Corporation shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal, provincial or state securities or other laws, rules or regulations (including the rules of any stock exchange) as may be determined by the Corporation to be applicable are satisfied.

(i) **Black-Out Period.** Should the expiration date for an Award fall within a Black-Out Period or within 9 Business Days following the expiration of a Black-Out Period, such expiration date for the Award, except for Incentive Stock Options, shall be automatically extended without any further act or formality to that date which is the 10th Business Day after the end of the Black-Out Period, such 10th Business Day to be considered the expiration date for such Award for all purposes under the Plan. Notwithstanding Section 7 hereof, the 10 Business Day-period referred to in this Section 6(i) may not be extended by the Board or the Committee. Prior to its expiration or earlier termination in accordance with the Plan, each Award shall be exercisable and at such time or times and/or pursuant to other vesting conditions as the Board or the Committee, as the case may be, at the time of granting the particular Award, may determine in its sole discretion.

(j) **Prohibition on Option Repricing.** Except as provided in Section 4(c) hereof and subject to Section 409A, the Committee may not, without prior Disinterested Shareholders Approval, seek to effect any re-pricing of any previously granted, "underwater" Option by: (i) amending or modifying the terms of the Option to lower the exercise price; (ii) canceling the underwater Option and granting either (A) replacement Options having a lower exercise price; or (B) Restricted Stock Units in exchange; or (iii) cancelling or repurchasing the underwater Option for cash or other securities. An Option will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(k) **Section 409A Provisions.** Awards under the Plan are intended to be exempt from Section 409A or to comply with Section 409A, and the Plan and Award Agreements are to be construed accordingly.

Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes “deferred compensation” to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant’s disability or “separation from service” (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee’s separation from service (or if earlier, upon the Specified Employee’s death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(l) **Acceleration of Vesting or Exercisability.** No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a Change in Control event unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, provided that the consummation subsequently occurs) such Change in Control event.

Section 7. Amendment and Termination; Corrections

(a) **Amendments to the Plan and Awards.** Subject to Section 409A, the Board may, from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, provided that no amendment to the terms of any previously granted Award may, except as expressly provided in the Plan, materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange, including receipt of any required approval from the governmental entity or stock exchange.

For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Corporation in order to:

- (i) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or
- (ii) make amendments of a “housekeeping” or administrative nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan.

For greater certainty, prior Disinterested Shareholders Approval shall be required for any amendment to the Plan or an Award that would:

- (iii) require shareholder approval under the rules or regulations of the TSXV or any other stock exchange that is applicable to the Corporation;
- (iv) amend the early termination provisions of the Plan or any Award, whether or not such Award is held by an Insider of the Corporation, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Corporation under any outstanding Award, prospectively or retroactively, provided that such amendment does not entail an extension beyond the original expiry date;

- (v) amend the Plan for the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
- (vi) increase the number of shares authorized under the Plan as specified in Section 4(a) of the Plan;
- (vii) increase the number of shares or value subject to the limitations or remove such limitations contained in Section 4(d) of the Plan or otherwise, where required by law, cause the Section 162(m) exemption for qualified performance-based compensation to become unavailable with respect to the Plan;
- (viii) permit repricing of Options, which is currently prohibited by Section 6(j) of the Plan;
- (ix) permit the award of Options and Deferred Share Units at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Deferred Share Unit except as permitted under this Plan;
- (x) increase the maximum term permitted for an Award, including, for greater certainty, the increase of the length of black-out extension period specified in Section 6(i) and the extension of the term of an Award held by an Insider beyond its original term except as otherwise permitted by the Plan; or
- (xi) amend Section 7(a) of the Plan.

(b) **Corporate Transactions.** In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Corporation or any other similar corporate transaction or event involving the Corporation (or the Corporation shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof: *either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Corporation without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;*

- (i) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
- (ii) that, subject to Section 6(l), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or
- (iii) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) **Correction of Defects, Omissions and Inconsistencies.** The Committee may, without prior approval of the shareholders of the Corporation, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan. **Income Tax Withholding**

In order to comply with all applicable federal, provincial, state, local or foreign income tax laws or regulations, the Corporation may take such action as it deems appropriate to ensure that all applicable federal, provincial, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Corporation withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes or (b) any other mechanism as may be required or appropriate to confirm with local tax and other rules.

Section 8. General Provisions

(a) **No Rights to Awards.** No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) **Award Agreements.** No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Corporation), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Corporation. An Award Agreement need not be signed by a representative of the Corporation unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) **Plan Provisions Control.** In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) **No Rights of Shareholders.** Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to the Plan), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Corporation with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(e) **No Limit on Other Compensation Arrangements.** Nothing contained in the Plan shall prevent the Corporation or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(f) **No Right to Employment.** The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Corporation or any Affiliate, nor will it affect in any way the right of the Corporation or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Corporation or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Corporation or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Corporation or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Corporation or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby. For all Awards granted to employees and Consultants, the Corporation is representing herein and in the applicable Award Agreement that the Participant is a bona fide employee or Consultant, as the case may be, of the Corporation or its Affiliates.

(g) **Termination of Awards.** When a Participant ceases to be eligible, each Award held by such Participant will be exercisable only up to the number of Shares under such Awards that the Committee decides to be exercisable and only during a period starting on the date such Participant ceases to be eligible and ending on the date the Committee so decides but in any event, not later than the initial expiration date of such Awards, as the case may be, whichever occurs first. The number of exercisable Shares and the applicable exercise period will be set forth in the Award Agreement. In addition, in the case of death, an Option then held by a Participant shall be exercisable by such Participant's heirs or administrators at any time up to but not after the earlier of (i) 365 days after the date of death; and (ii) the initial expiration date.

(h) **Governing Law.** This Plan shall be governed by and interpreted in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

(i) **Severability.** If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(j) **No Trust or Fund Created.** Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Corporation or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation or any Affiliate.

(k) **Other Benefits.** No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Corporation, unless required by law or otherwise provided by such other plan.

(l) **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(m) **Headings.** Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 9. Clawback or Recoupment

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Corporation clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

Section 10. Effective Date of the Plan

The Plan was adopted by the Board on April 14, 2020 and approved by the shareholders of the Corporation at the annual meeting of shareholders of the Corporation held on June ●, 2020.

Section 11. Term of the Plan

No Award shall be granted under the Plan, and the Plan shall terminate, on June [25], 2030 or any earlier date of discontinuation or termination established pursuant to Section 7(a) hereof; unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan

APPENDIX B

AUDIT COMMITTEE CHARTER

The following Audit Committee Charter was updated in May 2020 following an annual review of all Board committee charters.

I. PURPOSE

The Audit Committee (the “**Committee**”) is a standing committee of the Board of Directors. The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to monitoring the Corporation’s accounting and financial reporting and practices and procedures; the adequacy of the Corporation’s internal accounting controls and procedures; the quality and integrity of financial statements and other financial information provided by the Corporation to shareholders, and others; and for liaising with the external auditors of the Corporation.

II. STRUCTURE AND OPERATIONS

The Committee shall be comprised of three or more members of the Board of Directors, a majority of whom shall satisfy the “independence” requirement of Regulation 52-110 – Audit Committees (“**52-110**”) and who shall all satisfy the “financial literacy” requirement of 52-110. No member of the Committee shall be an officer or employee of the Corporation, or any affiliate of the Corporation.

For the purposes of this Charter, a member of the Committee is “independent” if the member has no direct or indirect material relationship with the Corporation, as more fully defined in 52-110, and a member of the Committee is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the financial statements of the Corporation.

The members of the Committee shall be annually appointed by the Board of Directors and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority of the Board of Directors.

The Chair shall be annually appointed by the Board of Directors. The Chair shall not be entitled to a casting vote, and instead will refer any matter which results in a tie vote to the full Board of Directors for consideration and resolution. The Chair will set the agendas for Committee meetings and chair all meetings of the Committee unless the Chair is not present at such meeting in which case the members present shall elect a chair for the conduct of the meeting.

III. MEETINGS

The Committee shall meet at least quarterly or more frequently as circumstances dictate. As part of its goal to foster open communication, the Committee shall periodically meet with management and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Committee may meet privately with outside counsel of its choosing and the Corporate Controller acting as a Chief Financial Officer, as necessary. In addition, the Committee shall meet with the external auditors and management quarterly to review the Corporation’s financial statements in a manner consistent with that outlined in Section IV of this Charter.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any directors, management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by

telephone or videoconference and may take action by unanimous written consent with respect to matters that may be acted upon without a formal meeting.

The Chair of the Committee shall designate a person, who need not be a member thereof, to act as Secretary, who shall record the proceedings of the meetings. The agenda of each meeting will be prepared by the Secretary, upon consultation with the Chair, and, whenever reasonably practicable, circulated to each member prior to each meeting. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

IV. RESPONSIBILITIES, DUTIES, AUTHORITY

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal and other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of this Committee outlined in Section I of this Charter.

In discharging its oversight role, the Committee is empowered to investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside counsel, accounting, or other advisors for this purpose, including authority to approve the fees payable to such advisors and other terms of retention.

The Committee shall be given full access to the Board of Directors, management, employees of the Corporation, directly and indirectly responsible for financial reporting, and independent accountants, as necessary, to carry out these responsibilities. While acting within the scope of this stated purpose, the Committee shall have all the authority of the Board of Directors.

Notwithstanding the foregoing, the Committee is not responsible for certifying the financial statements of the Corporation or guaranteeing the external auditors' report. The fundamental responsibility for the financial statements and disclosures rests with management and the external auditors.

Document Reports/Reviews

Annual Financial Statements

1. The Committee shall review with management and the external auditors, both together and separately, prior to public dissemination:
 - (a) the annual audited consolidated financial statements;
 - (b) the external auditor's review of the annual consolidated financial statements and their report;
 - (c) any significant changes that were required in the external audit plan;
 - (d) any significant issues raised with management during the course of the audit, including any restrictions on the scope of activities or access to information; and
 - (e) those matters related to the conduct of the audit that are required to be discussed under generally accepted auditing standards applicable to the Corporation.

Following completion of the matters contemplated above, the Committee shall make a recommendation to the Board of Directors with respect to the approval of the annual financial statements with such changes contemplated and further recommended as the Committee considers necessary.

Interim Financial Statements

2. The Committee shall review with management and the external auditors, both together and separately, prior to public dissemination, the interim unaudited consolidated financial statements of the Corporation, including a discussion with the external auditors of those matters required to be discussed under generally accepted auditing standards applicable to the Corporation.

The Committee shall make a recommendation to the Board of Directors with respect to the approval of the interim financial statements with such changes contemplated and further recommended as the Committee considers necessary.

Management's Discussion and Analysis

3. The Committee shall review with management and the external auditors, both together and separately, prior to public dissemination, the annual and interim Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

The Committee shall make a recommendation to the Board of Directors with respect to the approval of the MD&A with such changes contemplated and further recommended as the Committee considers necessary.

Press Releases

4. The Committee shall review with management, prior to public dissemination, the annual and interim earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted non-GAAP" information) as well as financial information and earnings guidance provided to analysts and rating agencies.

Reports and Regulatory Returns

5. The Committee shall review and discuss with management, and the external auditors to the extent the Committee deems appropriate, such reports and regulatory returns of the Corporation as may be specified by law.

Other Financial Information

6. The Committee shall review the financial information included in any prospectus, annual information form or information circular with management and the external auditors, together and separately, prior to public dissemination, and shall make a recommendation to the Board of Directors with respect to the approval of such prospectus, annual information form or information circular with such changes contemplated and further recommended as the Committee considers necessary.

Financial Reporting Processes

Establishment and Assessment of Procedures

7. The Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements of the Corporation and assess the adequacy of these procedures annually.

Application of IFRS

8. The Committee shall assure itself that the external auditors are satisfied that the accounting estimates and judgements made by management, and management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.

Practices and Policies

9. The Committee shall review with management and the external auditors, together and separately, the principal accounting practices and policies of the Corporation.

External Auditors

Oversight and Responsibility

10. The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting

Reporting

11. The external auditors shall report directly to the Committee and are ultimately accountable to the Committee.

Performance and Review

12. The Committee shall annually review the performance of the external auditors and recommend to the Board of Directors the appointment of the external auditors or approve any discharge of the external auditors when circumstances warrant, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.

Annual Audit Plan

13. The Committee shall review with the external auditors and management, together and separately, the overall scope of the annual audit plan and the resources the external auditors will devote to the audit. The Committee shall annually review and approve the fees to be paid to the external auditors with respect to the annual audit.

Non-Audit Services

14. "Non-audit services" means all services performed by the external auditors other than audit services. All "non-audit" services to be provided to the Corporation by the external auditors must either be approved explicitly in advance by the Committee, or pursuant to certain pre-approval policies and procedures established by the Committee that are detailed as to the particular services that may be pre-approved, do not permit the delegation of approval authority to the Corporation's management, and require management to inform the Committee of each service approved and performed under the policies and procedures.
15. The Committee may delegate to one or more members of the Committee the authority to grant such pre-approvals. The decisions of such member(s) regarding approval of "non audit" services shall be reported by such member(s) to the full Committee at its first scheduled meeting following such pre-approval. Notwithstanding the foregoing, pre-approval is not necessary for certain *de minimis* non-audit services performed by the external auditors, as specified in Section 2.4 of 52-110.

Independence Review

16. The Committee shall review and assess the qualifications, performance and independence of the external auditors, including the requirements relating to such independence of the law governing the Corporation. At least annually, the Committee shall receive from and review with the external auditors, their written statement delineating all relationships with the Corporation and, if necessary, recommend that the Board of Directors take appropriate action to satisfy itself of the external auditors' independence and accountability to the Committee.

Reports to Board of Directors

Reports

17. In addition, to such specific reports contemplated elsewhere in this Charter, the Committee shall report regularly to the full Board of Directors regarding such matters, including:

- (a) with respect to any issues that arise with respect to the quality or integrity of the financial statements of the Corporation, compliance with legal or regulatory requirements by the Corporation, the performance and independence of the external auditors of the Corporation;
- (b) following meetings of the Committee; and
- (c) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

Recommendations

18. In addition, to such specific recommendations contemplated elsewhere in this Charter, the Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

Whistle-Blowing

Procedures

19. The Committee shall establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the Corporation regarding questionable accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation and of concerns regarding questionable accounting or auditing matters.

Notice to Employees

20. To comply with the above, the Committee shall ensure the Corporation advises all employees of the Corporation, by way of a written code of business conduct and ethics (the "**Code**"), or if such Code has not yet been adopted by the Board of Directors, by way of a written or electronic notice, that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by the Corporation or its external auditors is strongly encouraged to report such concerns by way of written communication directly to the Chair or any other member of the Audit Committee. Matters referred to a member of the Audit Committee, may be done so anonymously and in confidence.

The Corporation shall not take or allow any reprisal against any employee for, in good faith, reporting questionable accounting, internal accounting, or auditing matters. Any such reprisal shall itself be considered a very serious breach of this policy.

All reported violations shall be investigated by the Audit Committee following rules of procedure and process as shall be recommended by outside counsel.

General

Access to Counsel

21. The Committee shall review, periodically, with outside counsel of its choosing, any legal matter that could have a significant impact on the financial statements of the Corporation.

Hiring of Partners and Employees of External Auditors

22. The Committee shall annually review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

General

23. The Committee shall perform such other duties and exercise such powers as may, from time to time, be assigned or vested in the Committee by the Board of Directors, and such other functions as may be required of an audit committee by law, regulations or applicable stock exchange rules.

V. ANNUAL PERFORMANCE REVIEW

Annual Review

The Committee shall perform a review and evaluation, annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall evaluate the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors.

VI. DISCLOSURE OF CHARTER

This Charter will be made available on the Corporation's website at www.xebecinc.com