

# FLYHT Aerospace Solutions Ltd.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS

**to be held via Virtual Meeting only, accessible online at:**

<https://us02web.zoom.us/j/86195986522?pwd=RzErcHJhaFEzUDFYbVQra2hPNGxqQT09>

*or by phone:*

- Canada: +1 647 558 0588 or +1 778 907 2071 or +1 438 809 7799 or +1 587 328 1099 or +1 647 374 4685
- US: +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656 or +1 669 900 9128 or +1 253 215 8782 or +1 301 715 8592
  - Webinar ID: 861 9598 6522
  - Password: 914819
- International numbers available: <https://us02web.zoom.us/j/kdhH8O9Hy7>

**Tuesday, June 23, 2020  
9:00 AM (MT)**

## MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

May 22, 2020



**FLYHT AEROSPACE SOLUTIONS LTD.**  
**300E, 1144 – 29<sup>th</sup> Avenue NE, Calgary, Alberta T2E 7P1**

**NOTICE OF AN ANNUAL & SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** an Annual & Special Meeting of holders of common shares of FLYHT Aerospace Solutions Ltd. (the "Corporation") will be held via virtual meeting only at 9:00 a.m. (MT), on Tuesday, June 23, 2020, for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2019, together with the report of the auditors thereon;
2. to fix the number of directors at nine (9) and to elect the board of directors for the ensuing year;
3. to appoint KPMG LLP as the auditors of the Corporation for the ensuing year and to authorize the board of directors to fix the auditors' remuneration;
4. to consider and, if deemed advisable, to pass with or without variation, an ordinary resolution approving the 2020 stock option plan, as more particularly described in the accompanying Management Proxy Circular;
5. to consider and, if deemed advisable, approve an ordinary resolution, the full text of which is set forth in the accompanying Management Proxy Circular, to repeal the by-laws of the Corporation and adopt new by-laws for the Corporation; and
6. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

The virtual meeting can be accessed online at:

<https://us02web.zoom.us/j/86195986522?pwd=RzErcHJhaFEzUDFYbVQra2hPNGxqQT09>

*or by phone:*

- Canada: +1 647 558 0588 or +1 778 907 2071 or +1 438 809 7799 or +1 587 328 1099 or +1 647 374 4685
- US: +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656 or +1 669 900 9128 or +1 253 215 8782 or +1 301 715 8592
  - Webinar ID: 861 9598 6522
  - Password: 914819
- International numbers available: <https://us02web.zoom.us/j/kdhH8O9HyZ>

**DATED** at Calgary, Alberta, this 22<sup>nd</sup> day of May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS



William T. Tempany  
Chairman and Director

**IMPORTANT**

As part of our priority to protect the health and safety of the public and our team members in light of the COVID-19 situation, we will hold a virtual 2020 Annual General Shareholder meeting only, accessible [online](#) at 9:00 a.m. (MT) on Tuesday, June 23, 2020. As a shareholder, you have the right to vote your shares on all items that come before the meeting. Your vote is important and we facilitate voting by enabling you to vote by proxy prior to the meeting. We encourage you to do so and have arranged for voting on the Internet, by phone, by fax or by mail. You can also vote by attending the virtual meeting.

It is desirable that as many securities as possible be represented at the meeting. If you are a registered Shareholder and are unable to attend the virtual Meeting or any adjournment thereof in person, please complete, sign and mail the enclosed form of proxy to, or deposit it with, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by facsimile at 1-866-249-7775, so that it is received no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof. Registered Shareholders may also use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America), or 1-312-588-4290 (outside North America).

## FLYHT AEROSPACE SOLUTIONS LTD.

### MANAGEMENT INFORMATION CIRCULAR

For the Annual & Special Meeting of Shareholders  
to be held on June 23, 2020

**As part of our priority to protect the health and safety of the public and our team members in light of the COVID-19 situation, we will hold a virtual 2020 Annual General Shareholder meeting only for 2020 (particulars noted below). As a shareholder, you have the right to vote your shares on all items that come before the meeting. Your vote is important and we facilitate voting by enabling you to vote by proxy prior to the meeting. We encourage you to do so and have arranged for voting on the Internet, by phone, by fax or by mail. You can also vote by attending the virtual meeting.**

### PROXIES

#### Solicitation of Proxies

This management information circular and proxy statement (the "Management Proxy Circular") is furnished in connection with the solicitation of proxies by the management of FLYHT Aerospace Solutions Ltd. (the "Corporation") for use at the Annual & Special Meeting of the holders (the "Shareholders") of common shares (the "Common Shares") of the Corporation to be held via virtual meeting only at 9:00 a.m. (MT) on June 23, 2020, and at any adjournment thereof (the "Meeting"), for the purposes set forth in the Notice of Meeting accompanying this Management Proxy Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

The virtual meeting can be accessed online at:

<https://us02web.zoom.us/j/86195986522?pwd=RzErcHJhaFEzUDFYbVQra2hPNGxqQT09>

or by phone:

- Canada: +1 647 558 0588 or +1 778 907 2071 or +1 438 809 7799 or +1 587 328 1099 or +1 647 374 4685
- US: +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656 or +1 669 900 9128 or +1 253 215 8782 or +1 301 715 8592
  - Webinar ID: 861 9598 6522
  - Password: 914819
- International numbers available: <https://us02web.zoom.us/j/86195986522?pwd=RzErcHJhaFEzUDFYbVQra2hPNGxqQT09>

#### Appointment of Proxyholders

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

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

### **Signing of Proxy**

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

### **Revocability of Proxies**

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

### **Voting of Proxies and Exercise of Discretion by Proxyholders**

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

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

Except as disclosed in this Management Proxy Circular, none of the directors or executive officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted on, other than the election of directors or the appointment of auditors.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

#### **Voting of Common Shares – General**

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 22, 2020 (the "Record Date"). Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on that date and holders of Common Shares issued by the Corporation after such date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares

and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares. On the Record Date, of the Corporation's authorized Common Shares, 26,663,861 Common Shares were issued and outstanding as fully paid and non-assessable and no other shares were outstanding.

### **Voting of Common Shares – Advice to Non-Registered Holders**

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

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

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

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

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

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

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

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

### **Voting by Internet**

FLYHT Aerospace Solutions Ltd. shareholders may use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (MT) on June 19, 2020

or 48 hours prior to the time of any adjournment of the Meeting. The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recent submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered revoked, provided that the last proxy is submitted by the deadline noted above.

### **Principal Holders of Common Shares**

To the best of the knowledge of the directors and executive officers of the Corporation, as at the date hereof, there are no persons, corporations or other entities (other than securities depositories) who beneficially own, directly or indirectly, or exercise control or discretion over voting securities carrying more than 10% of the voting rights attached to the Common Shares of the Corporation.

### **Quorum**

Pursuant to the by-laws of the Corporation, a quorum of Shareholders is present at the Meeting irrespective of the number of persons actually present if two Shareholders or duly appointed proxyholders are present in person, each being a shareholder entitled to vote at the Meeting. Pursuant to the *Canada Business Corporations Act* and the by-laws, if a quorum is present at the opening of the Meeting, the Shareholders present may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **General**

The following information, dated as of May 22, 2020, is provided in accordance with Form 51-102F6V – Statement of Executive Compensation – Venture Issuers (the "Form"), in such term as defined by National Instrument 51-102.

For the purposes of this Form, a "Named Executive Officer", or "NEO", means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer ("CEO"), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer ("CFO"), including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000;
- (d) each individual who would be a NEO under paragraph (c) 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 that financial year.

Based on the foregoing definitions, the Corporation's NEO's in respect of the year ended December 31, 2019 are Thomas R. Schmutz (Chief Executive Officer), Alana Forbes (Chief Financial Officer), Matieu Plamondon (Chief Operating Officer), Derek Graham (Chief Technical Officer), and Jeffrey Rex (former Vice President Sales and Marketing).

## DIRECTOR AND NEO COMPENSATION

### Director and NEO compensation, excluding stock options and other compensation securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation thereof to each director and each NEO of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Corporation, for each of the Corporation's two most recently completed financial years:

Table of Compensation Excluding Compensation Securities							
Name and Position	Year Ended Dec 31:	Salary (\$)	Bonus	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$) <sup>(5)/(6)</sup>	Total compensation (\$)
Thomas R. Schmutz <sup>(6)/(7)</sup> <i>Chief Executive Officer</i>	2019	367,500	68,700	Nil	Nil	38,618	474,818
	2018	300,000	125,000	Nil	Nil	1,860	426,860
Alana Forbes <i>Chief Financial Officer</i>	2019	180,000	45,000	Nil	Nil	8,420	233,420
	2018	170,417	Nil	Nil	Nil	5,758	176,175
Matieu Plamondon <i>Chief Operating Officer</i>	2019	180,000	45,000	Nil	Nil	10,477	235,477
	2018	180,000	7,500	Nil	Nil	1,431	188,931
Derek Graham <sup>(1)</sup> <i>Chief Technical Officer</i>	2019	151,334	Nil	Nil	Nil	88,606	239,939
	2018	160,000	Nil	Nil	Nil	85,211	245,211
Jeffrey Rex <sup>(2)/(3)/(4)/(6)</sup> <i>VP Sales and Marketing</i>	2019	271,960	Nil	Nil	Nil	57,938	329,898
	2018	62,830	Nil	Nil	Nil	Nil	62,830
William T. Tempany <i>Director</i>	2019	Nil	Nil	30,000	Nil	526	30,526
	2018	Nil	Nil	30,000	Nil	7,156	37,156
Barry Eccleston <i>Director</i>	2019	Nil	Nil	23,844	Nil	Nil	23,844
	2018	Nil	Nil	23,314	Nil	Nil	23,314
Doug Marlin <i>Director</i>	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000
Jack Olcott <i>Director</i>	2019	Nil	Nil	23,844	Nil	Nil	23,844
	2018	Nil	Nil	23,314	Nil	Nil	23,314
Mark Rosenker <i>Director</i>	2019	Nil	Nil	23,844	Nil	Nil	23,844
	2018	Nil	Nil	23,314	Nil	Nil	23,314
Mary McMillan <i>Director</i>	2019	Nil	Nil	9,903	Nil	Nil	9,903
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Michael Brown <i>Director</i>	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000
Nina Jonsson <i>Director</i>	2019	Nil	Nil	23,844	Nil	Nil	23,844
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Paul Takalo <i>Director</i>	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	22,000	Nil	Nil	22,000

**Notes:**

- (1) Additional remuneration was paid to Mr. Graham per his employment contract, based on him remaining in the Corporation's employ for a minimum amount of time.
- (2) Mr. Rex was appointed VP Sales and Marketing effective December 1, 2018, having commenced employment with the Corporation on October 9, 2018.
- (3) Mr. Rex resigned as VP Sales and Marketing effective February 28, 2020.
- (4) Additional remuneration was paid to Mr. Rex per his employment contract, based on him remaining in the Corporation's employ for a minimum amount of time.
- (5) In 2019 the Corporation implemented an RRSP / 401k matching plan for all employees.
- (6) Compensation to Mr. Schmutz from April-December 2019, and to Mr. Rex for all periods disclosed in the above table was paid in United States dollars. The currency exchange rate average for 2019 was used to convert the salary amounts to Canadian dollars. For all other payments (bonus, other compensation), the exchange rate in effect at the time of the payment was used to convert the payment amounts to Canadian dollars.
- (7) Per his employment agreement, Mr. Schmutz was reimbursed for relocation expenses in 2019.
- (8) Other compensation includes payments made under a health spending account (see *Employment, consulting and management agreements*)



## Stock options and other compensation securities

The following table sets forth details for all stock options outstanding for each of the NEO's and directors as at December 31, 2019. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2019 was \$1.30.

Compensation Securities					
Name and Position	Number of stock options	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of stock option on date of grant (\$)	Expiry date
Thomas R. Schmutz <i>Chief Executive Officer</i>	60,000	May 9, 2019	1.50	1.50	May 9, 2023
	60,000	May 4, 2018	1.55	1.55	May 4, 2022
	60,000	May 10, 2017	2.20	2.20	December 31, 2020
Alana Forbes <i>Chief Financial Officer</i>	20,000	May 9, 2019	1.50	1.50	May 9, 2023
	30,000	May 4, 2018	1.55	1.55	May 4, 2022
	9,000	May 10, 2017	2.20	2.20	December 31, 2020
Matieu Plamondon <i>Chief Operating Officer</i>	20,000	May 9, 2019	1.50	1.50	May 9, 2023
	25,000	May 4, 2018	1.55	1.55	May 4, 2022
	20,000	November 3, 2017	2.10	2.10	December 31, 2021
	12,500	May 10, 2017	2.20	2.20	December 31, 2020
Derek Graham <i>Chief Technical Officer</i>	12,000	May 9, 2019	1.50	1.50	May 9, 2023
	10,000	May 4, 2018	1.55	1.55	May 4, 2022
	10,000	May 10, 2017	2.20	2.20	December 31, 2020
Jeffrey Rex <i>VP Sales and Marketing</i> <sup>(1)(2)</sup>	10,000	November 7, 2018	1.33	1.33	December 31, 2022
William T. Tempny <i>Director</i>	22,500	May 9, 2019	1.50	1.50	May 9, 2023
	22,500	May 4, 2018	1.55	1.55	May 4, 2022
	22,500	May 10, 2017	2.20	2.20	December 31, 2020
Barry Eccleston <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
	10,500	May 4, 2018	1.55	1.55	May 4, 2022
	10,500	May 10, 2017	2.20	2.20	December 31, 2020
Doug Marlin <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
	22,500	May 4, 2018	1.55	1.55	May 4, 2022
	22,500	May 10, 2017	2.20	2.20	December 31, 2020
Jack Olcott <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
	10,500	May 4, 2018	1.55	1.55	May 4, 2022
	10,500	May 10, 2017	2.20	2.20	December 31, 2020
Mark Rosenker <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
	15,500	May 4, 2018	1.55	1.55	May 4, 2022
	11,000	May 10, 2017	2.20	2.20	December 31, 2020
Michael Brown <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
	10,500	May 4, 2018	1.55	1.55	May 4, 2022
	10,500	May 10, 2017	2.20	2.20	December 31, 2020
Nina Jonsson <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
Paul Takalo <i>Director</i>	10,000	May 9, 2019	1.50	1.50	May 9, 2023
	10,500	May 4, 2018	1.55	1.55	May 4, 2022
	10,500	May 10, 2017	2.20	2.20	December 31, 2020

**Notes:**

- (1) Stock options granted in 2018 and 2019 were to vest 1/3 on each of the subsequent three anniversary dates of the grant, and expire four years after grant date.
- (2) Stock options granted in 2017 vested immediately and were subject to a four-month hold.

There were no exercises of stock options by NEO's nor directors of the Corporation during the year ended December 31, 2019.

## Stock option plans and other incentive plans

The Corporation has no other incentive plans other than its stock option plan (the "**Plan**"). The Plan provides that the board of directors may from time to time, in its discretion grant to directors, officers and employees of the Corporation and to consultants retained by the Corporation, non-transferable options to purchase common shares ("**Common Shares**"), or such other shares as may be substituted therefore, in the capital of the Corporation for a period of up to five years from the date of the grant provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares of the Corporation at the date of the grant.

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and consultants retained by the Corporation to acquire Common Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally; (iii) encouraging such persons to remain associated with the Corporation and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

The following is a summary of the material terms of the Plan:

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in the Corporation.
- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation's issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Company's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Company's issued and outstanding Common Shares in any 12 month period.
- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the TSX Venture Exchange ("TSX-V").
- Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.
- Options granted under the Plan are non-assignable.

The Corporation's current Plan was approved by shareholders at the Corporation's Annual and Special Meeting of the Shareholders held on May 9, 2019. The Plan will be subject for approval at the Corporation's at the Meeting. The Plan is attached hereto as Appendix A.

### **Employment, consulting and management agreements**

The Corporation has entered into employment agreements with each of Mr. Schmutz, Ms. Forbes, Mr. Plamondon, Mr. Graham, and Mr. Rex, which set forth the terms of their compensation. Each of these agreements is, as applicable, reviewed by the Governance and Compensation Committee and subsequently approved by the board of directors of the Corporation based on the recommendation of the Governance and Compensation Committee.

#### ***Compensation of Thomas R. Schmutz, Chief Executive Officer 2019***

Thomas R. Schmutz, Chief Executive Officer in 2019, entered into an employment contract with the Corporation dated October 19, 2015, which governs the terms of his employment with the Corporation. Mr. Schmutz's employment contract provides for gross annual remuneration of \$300,000 (subject to periodic reviews by the Corporation). He is also entitled to receive a variable cash bonus of up to \$125,000 one-time per year on his achievement of performance targets as agreed with the Board, and a grant of up to 60,000 options per annum to purchase shares in the Corporation on achievement of agreed performance targets. Mr. Schmutz was also offered the ability to participate and receive benefits as the Corporation may offer to its officers and employees from time to time. These benefits include basic life and disability insurance, health and dental coverage, a retirement fund matching program, and a health care spending account to a maximum of \$15,000 per year. Upon Mr. Schmutz's relocation to Colorado, an amendment to his employment contract was signed, effective April 1, 2019. His employment contract was amended to provide for gross annual remuneration of US\$300,000, and an allowance was provided for up to a maximum of \$70,000 in moving expenses, with all other terms remaining unchanged. For a summary of compensation paid to Mr. Schmutz in respect of the year ended December 31, 2019 refer to the compensation tables above (under *Director and NEO Compensation*).

### ***Compensation of Alana Forbes, CPA, CGA, Chief Financial Officer 2019***

Alana Forbes originally entered into an employment contract with the Corporation dated May 15, 2008. Ms. Forbes was subsequently promoted to Chief Financial Officer effective March 17, 2018 and a replacement contract increased her gross annual remuneration to \$180,000 (subject to periodic reviews by the Corporation). Her contract also offered the ability to participate and receive benefits as the Corporation may offer to its officers and employees from time to time. These benefits include basic life and disability insurance, health and dental coverage, a retirement fund matching program, and a health care spending account to a maximum of \$15,000 per year. Ms. Forbes was entitled to receive such additional remuneration, by way of variable compensation or otherwise, as the board of directors may approve based on achievement of specific goals as mandated by the Corporation. For a summary of compensation paid to Ms. Forbes in respect of the year ended December 31, 2019 refer to the compensation tables above (under *Director and NEO Compensation*).

### ***Compensation of Matieu Plamondon, Chief Operating Officer 2019***

Matieu Plamondon originally entered into an employment contract with the Corporation dated August 24, 2014 and was promoted to Vice President, Operations and Customer Fulfillment effective May 16, 2016. Mr. Plamondon was subsequently promoted to Chief Operating Officer on November 6, 2017, and a replacement contract increased his gross annual remuneration to \$180,000 (subject to periodic reviews by the Corporation). Pursuant to his contract of employment, Mr. Plamondon was also offered the ability to participate and receive benefits as the Corporation may offer to its officers and employees from time to time. These benefits include basic life and disability insurance, health and dental coverage, a retirement fund matching program, and a health care spending account to a maximum of \$15,000 per year. Mr. Plamondon is entitled to receive such additional remuneration, by way of variable compensation or otherwise, as the board of directors may approve based on achievement of specific goals as mandated by the Corporation. For a summary of compensation paid to Mr. Plamondon in respect of the year ended December 31, 2019 refer to the compensation tables above (under *Director and NEO Compensation*).

### ***Compensation of Derek Graham, Chief Technical Officer 2019***

Derek Graham, Chief Technical Officer in 2019, originally entered into an employment contract with the Corporation dated April 1, 2013, which governed the terms of his employment with the Corporation. A replacement contract effective December 5, 2017, increased his gross annual remuneration to \$160,000 (subject to periodic reviews by the Corporation). This contract also entitled him to additional remuneration based on Mr. Graham remaining in the Corporation's employ for a minimum amount of time. Mr. Graham's contract offered the ability to participate and receive benefits as the Corporation may offer to its officers and employees from time to time. These benefits include basic life and disability insurance, health and dental coverage, a retirement fund matching program, and a health care spending account to a maximum of \$15,000 per year. Mr. Graham is entitled to receive such additional remuneration, by way of variable compensation, as the board of directors may approve based on his achievement of specific goals as mandated by the Corporation. For a summary of compensation paid to Mr. Graham in respect of the year ended December 31, 2019 refer to the compensation tables above (under *Director and NEO Compensation*).

### ***Compensation of Jeffrey Rex, VP Sales and Marketing 2019***

Jeffrey Rex originally entered into an employment contract with the Corporation dated October 9, 2018, which governed the terms of his employment with the Corporation. Mr. Rex's employment contract provided for gross annual remuneration of US\$209,200 (subject to periodic reviews by the Corporation). Mr. Rex was also offered the ability to participate and receive benefits as the Corporation may offer to its officers and employees from time to time. These benefits include basic life and disability insurance, a retirement fund matching program, and health and dental coverage. This contract also entitled him to additional remuneration based on Mr. Rex remaining in the Corporation's employ for a minimum amount of time. Effective December 1, 2018, Mr. Rex was promoted to Vice President, Sales and Marketing. For a summary of compensation paid to Mr. Rex in respect of the year ended December 31, 2019 refer to the compensation tables above (under *Director and NEO Compensation*). Mr. Rex resigned as VP Sales and Marketing of the Corporation effective February 28, 2020.

### ***Termination and Change of Control Benefits***

Under the employment agreement entered into between the Corporation and Mr. Schmutz (for a description, see *Employment, consulting and management agreements*), in the event that Mr. Schmutz's employment is terminated by the Corporation other than for just cause Mr. Schmutz is entitled to a severance payment in an amount equal to \$25,000/month for twelve months, plus one additional month for

each completed year that Mr. Schmutz has been employed by the Corporation. In the event of such termination, any unvested stock options held by Mr. Schmutz would expire and terminate and any vested options would have to be exercised within ninety days. Mr. Schmutz is entitled to a lump sum payment equivalent to twelve months salary plus one month per completed year of employment with the Corporation upon giving notice within thirty days of a change of control in the Corporation, unless offered a comparable position with the new entity. Change of control is defined as a change in control consequent on a transaction whereby an entity or combination of entities hold sufficient voting shares of the Corporation or resulting corporation to affect material control; in the absence of evidence to the contrary this is shareholding exceeding 50% of the voting shares of the Corporation.

Under the employment agreement entered into between the Corporation and Ms. Forbes (for a description, see *Employment, consulting and management agreements*), in the event that Ms. Forbes' employment is terminated by the Corporation other than for just cause then Ms. Forbes shall be entitled to a severance payment in an amount equal to Ms. Forbes' then current monthly salary (such amount was equal to \$15,000/month on December 31, 2019) for six months, plus one additional month for each month that Ms. Forbes has been employed by the Corporation for a total of twelve months, plus one month per year of service to a maximum of eighteen months total. In the event of such termination, any unvested stock options held by Ms. Forbes would immediately vest and any vested options would have to be exercised within a specified period of time. Pursuant to her employment agreement, in the events of a change of control, Ms. Forbes is entitled to payment equivalent to six months' salary plus one additional month for each month that Ms. Forbes has been employed by the Corporation for a total of twelve months, plus one month per year of service to a maximum of eighteen months total upon a change of control of the Corporation. Change of control is defined as a change in control, or a situation where giving effect to the transaction any entity holds 50% or more of the voting shares or any combination of person acting in concert would be in a position to materially affect more than 50% control of the Corporation or resulting corporation, where such person or persons did not previously hold a sufficient number of voting shares to exercise control.

Under the employment agreement entered into between the Corporation and Mr. Plamondon (for a description, see *Employment, consulting and management agreements*), in the event that Mr. Plamondon's employment is terminated by the Corporation other than for just cause then Mr. Plamondon shall be entitled to a severance payment in an amount equal to Mr. Plamondon's then current monthly salary (such amount was equal to \$15,000/month on December 31, 2019) for six months, plus one additional month for each month that Mr. Plamondon has been employed by the Corporation for a total of twelve months, plus one month per year of service to a maximum of eighteen months total. In the event of such termination, any unvested stock options held by Mr. Plamondon would immediately vest and any vested options would have to be exercised within a specified period of time. Pursuant to his employment agreement, Mr. Plamondon is entitled to payment equivalent to six months' salary plus one additional month for each month that Mr. Plamondon has been employed by the Corporation for a total of twelve months, plus one month per year of service to a maximum of eighteen months total upon a change of control of the Corporation. Change of control is defined as a change in control, or a situation where giving effect to the transaction any entity holds 50% or more of the voting shares or any combination of person acting in concert would be in a position to materially affect more than 50% control of the Corporation or resulting corporation, where such person or persons did not previously hold a sufficient number of voting shares to exercise control.

Under the employment agreement entered into between the Corporation and Mr. Graham (for a description, see *Employment, consulting and management agreements*), in the event that Mr. Graham's employment is terminated by the Corporation other than for just cause after two years then Mr. Graham shall be entitled to a severance payment in an amount equal to Mr. Graham's then current monthly salary (such amount was equal to \$13,333/month on December 31, 2019) for six months. In the event of such termination, any unvested stock options held by Mr. Graham would expire and terminate and any vested options would have to be exercised within a specified period of time.

Effective October 19, 2015 Mr. William Tempany resigned, was replaced as Chief Executive Officer of the Corporation and became entitled to a revised severance payment. Mr. Tempany entered into a new employment agreement for a transitional period, to December 31, 2015, as Chairman of the Corporation. A revised severance expense was accrued in 2015 and paid in monthly amounts of \$9,000 per month for a period of thirty-six months ending December 31, 2018 and a Board payment of \$2,500 per month for a

minimum of five years. All payments are conditional on Mr. Tempany's ongoing compliance with non-competition, non-solicitation, confidentiality and proprietary and moral rights covenants.

### **Oversight and description of directors and NEO compensation**

Compensation of the NEO's of the Corporation is reviewed annually by the governance and compensation committee (the "Governance and Compensation Committee") and is subsequently approved by the board of directors of the Corporation based on the recommendation of the Governance and Compensation Committee. The compensation of the Corporation's NEO's consists principally of a base salary and variable compensation, if any, which may include a performance-based component. NEO's are also eligible to participate in the Corporation's stock option plan (the "Stock Option Plan") as described herein.

The board of directors of the Corporation and the Governance and Compensation Committee's objective in setting compensation levels is that the aggregate compensation received by NEO's be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size and stage of development. In setting such levels, the board and the Governance and Compensation Committee rely on their own experience and knowledge, and an internally compiled report of executive compensation from a wide variety of publicly traded companies of similar size and geographical location. The Governance and Compensation Committee has not retained the assistance of a compensation consultant.

***Base Salaries and Variable Compensation*** – The Corporation's view of base salaries is that they should be competitive with industry peers, to the extent that can be determined, and with other public companies at similar stages of development and having similar assets, number of employees, market capitalization and profit margin. Employment agreements entered into with NEO's also provide that the salary is subject to normal periodic review on or about the anniversary date of any employment agreement. In addition to the salary, the board of directors of the Corporation may from time to time pay variable compensation to NEO's for either the accomplishment of specific performance criteria or for exceptional performance.

***Options*** – Pursuant to the Corporation's Stock Option Plan as approved by the shareholders at the Annual General Meeting, the board of directors of the Corporation, at its discretion, determines all grants of stock options to NEO's. Such grants are considered incentives intended to align the NEO's' and Shareholders' interests in the long term. The Corporation emphasizes stock options in executive compensation as they allow the NEO's to share in corporate results in a manner that is relatively cost-effective despite the effects of treating stock options as a compensation expense. The Governance and Compensation Committee provides recommendations to the board of directors with respect to option grants to NEO's.

***Performance Based and Deferred Compensation*** – In 2019, Mr. Schmutz, Ms. Forbes, and Mr. Plamondon received a variable compensation payment under their employment contracts.

### **Compensation Risk Assessment and Mitigation**

The Governance and Compensation Committee considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its executives and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Governance and Compensation Committee does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation's compensation program includes several mechanisms to ensure risk-taking behavior falls within reasonable risk tolerance levels, including:

- a balanced compensation mix between fixed and variable (at zero risk) and between short and long-term incentives that defer award value;
- having a cap on short-term incentive awards;
- commission plan payments are based on cash received;
- establishment of performance criteria and corresponding objectives which represent a balance of performance and quality and sustainability of such performance;
- establishment of a compensation package within range of competitive practices (peer group);

- enforcement of trading bans under the corporate disclosure policy;
- enforcement of the corporate insider trading and reporting policy;
- explicit restrictions on hedging of equity awards by executives;
- utilizing longer-term incentive plans for diversification and alignment with risk realization periods (option based awards).

Under the Corporation's policies, neither officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities.

#### Director Compensation

For the year ending December 31, 2019, the Corporation compensated its directors in their capacity as a director of the Corporation at \$1,500 per month if the director is independent. If the Chairman or Vice-Chairman of the board of directors is an independent director, his compensation is to be increased by an additional \$500 per month; and if a director is the chairman of a board subcommittee his remuneration is to be increased by \$500 per month. Mr. Tempany's board compensation from 2015-2020 was set at \$2,500 per month per a 2015 separation agreement. For a summary of compensation paid to the directors of the Corporation in respect of the year ended December 31, 2019 please refer to the compensation tables above (under *Director and NEO Compensation*).

Each director is eligible to receive stock options of the Corporation. All directors are granted up to 7,500 options annually and each member of a committee of the board of directors is granted an additional 3,000 options annually. If the Chairman of the Board is an independent director of the Corporation, he is to receive an additional grant of 15,000 options and if the Vice-Chairman is an independent director of the Corporation, he is to receive an additional grant of 12,000. The Corporation has compensated the directors with stock options.

The Corporation has purchased, at its expense, a directors' and officers' liability insurance policy, which expires December 31, 2020. This covers the directors and officers of the Corporation against liability incurred by them in their capacities as directors and officers of the Corporation. The coverage has an aggregate limit of \$10 million, a \$5 million side A difference in conditions, and an additional \$5 million excess layer. There is a deductible of \$20,000. Premiums paid by the Corporation for the directors and officers liability insurance total \$47,964.

#### Pension Disclosure

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

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

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<b>Equity compensation plans approved by securityholders</b>	1,074,107 <sup>(1)</sup>	\$1.70	1,591,325 <sup>(1)</sup>
<b>Equity compensation plans not approved by securityholders</b>	Nil	Nil	N/A
<b>Total</b>	1,074,107 <sup>(1)</sup>	\$1.70	1,591,325 <sup>(1)</sup>

**Note:**

- (1) The Corporation's shareholders approved a rolling Stock Option Plan reserving a maximum of 10% of the issued and outstanding Common Shares of the Corporation and must receive yearly shareholder approval of the Stock Option Plan. On December 31, 2019, the Corporation had 26,654,328 issued and outstanding Common Shares.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors and executive officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, executive officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

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

**MANAGEMENT CONTRACTS**

Except as disclosed in this Management Proxy Circular, the Corporation does not have in place any management contracts between the Corporation and any directors or executive officers and there are no management functions of the Corporation that are to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

**Audit Committee**

Please see the attached Appendix "B" for information on the Audit Committee (Form 52-110F2).

**Corporate Governance Disclosure**

Please see the attached Appendix "C" for information on the Corporation's Corporate Governance (Form 58-101F2).

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**Financial Statements**

The financial statements of the Corporation for the year ended December 31, 2019 and the Auditors' Report thereon accompanying this Management Proxy Circular will be placed before the Shareholders at the Meeting for their consideration. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the board of directors of the Corporation in accordance with

applicable corporate and securities legislation. Any questions regarding the financial statements may be brought forward at the Meeting.

Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Computershare.

### **Election of Directors**

The term of office of each of the present directors expires at the Meeting. The number of directors to be elected at the Meeting is proposed to be fixed at nine (9). Management of the Corporation proposes to nominate each of the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. The board of directors currently consists of nine (9) directors and all of the nominees are currently members of the board of directors of the Corporation with the exception of Brent Rosenthal. Mark Rosenker is not being nominated for re-election to the board of directors in 2020.

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

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

<b>Name, Residence and Office(s) held</b>	<b>Principal Occupation or Employment for the Last Five Years</b>	<b>Became a Director / Officer</b>	<b>Voting Securities Beneficially Owned<sup>(4)</sup></b>	<b>Percentage of Issued and Outstanding Voting Securities</b>
William T. Tempany Calgary, Alberta, Canada Retired Chief Executive Officer, now Chairman and Director	Since October 2015, Mr. Tempany has held the position of Chairman of the Corporation. Between December 2011 and October 2015, held the roles of CEO and director of the corporation. From October 2000 to December 2011, Mr. Tempany held roles of CEO, Director and Chairman of the Corporation, formerly known as Dream Wizards Investments Ltd. From June 2018 to February 2019 Mr Tempany was CEO of Just Biofiber Structural Solutions Corp., an Alberta based sustainable building products company. From 1986 to present, Mr. Tempany has been CEO and director of Fintech Systems Inc, a consultancy company in various business enterprises.	February 2003	383,678 <sup>(3)</sup>	1.44%
Barry Eccleston <sup>(1)</sup> Great Falls, Virginia, USA Director	Mr. Barry Eccleston retired from his position as the President of Airbus Americas, Inc on February 28, 2018. He joined Airbus from Honeywell where he served as Vice President in different departments and global regions.	August 2014	Nil	0.00%



Name, Residence and Office(s) held	Principal Occupation or Employment for the Last Five Years	Became a Director / Officer	Voting Securities Beneficially Owned <sup>(4)</sup>	Percentage of Issued and Outstanding Voting Securities
Brent Rosenthal Livingston NJ, USA Director	Mr. Rosenthal is the Founder of Mountain Hawk Capital Partners, LLC, an investment fund focused on small and micro-cap equities in the technology media telecom and food industries. He also serves as Chairman of the Boards of Directors of Comscore (NASDAQ: SCOR) and RiceBran Technologies (NASDAQ: RIBT). Previously, Mr. Rosenthal was a partner in affiliates of W.R. Huff Asset Management, where he worked from 2002-2016. He also served as the Chairman of the Board of Directors of Rentrak (NASDAQ: RENT) from 2011-2016. Mr. Rosenthal has served as an advisor to the Corporation's Board of Directors since December 2019.	June 2020	133,165	0.50%
Douglas G. Marlin <sup>(1)(2)</sup> Calgary, Alberta, Canada Director	Between December 2011 and October 2015, Mr. Marlin held the position of Chairman and Director of the Corporation. Since January 1997, he has been the President of Marlin Ventures Inc., a management consulting company. He was a Director of JDA Software Group, Inc. (NASDAQ listed) from June 2001 to August 2012.	February 2003	219,703	0.82%
Jack Olcott <sup>(2)</sup> New Vernon, New Jersey, USA Director	Mr. Olcott has been the President of General Aero Company, Inc., a business aviation consulting company, since January 2002.	May 2008	80,086	0.30%
Captain Mary McMillan <sup>(2)</sup> Alexandria VA, USA Director	Captain McMillan is the President of Cashel Aviation, LLC, a company dedicated to the development and implementation of aviation safety and environmental strategies. She retired as the Vice President of Aviation Safety and Operational Services for Inmarsat, Plc. in July, 2018.	August 2019	Nil	0.00%
Michael Brown <sup>(1)</sup> Nanaimo, British Columbia, Canada Director	Mr. Brown practices business law with Heath LLP and has been practising in Alberta and BC since 1981.	February 2003	45,021	0.17%
Nina Jonsson <sup>(1)</sup> Palatine IL, USA Director	Ms. Jonsson is currently the President of Viking Fleet Advisors LLC and a Senior Advisor at Plane View Partners LLC, specializing in C-suite level advisory services to the world's airlines, lessors, OEMS and financing entities.	January 2019	Nil	0.00%

<b>Name, Residence and Office(s) held</b>	<b>Principal Occupation or Employment for the Last Five Years</b>	<b>Became a Director / Officer</b>	<b>Voting Securities Beneficially Owned<sup>(4)</sup></b>	<b>Percentage of Issued and Outstanding Voting Securities</b>
Paul Takalo <sup>(2)</sup> Calgary, Alberta, Canada Director	Mr. Takalo is a self-employed Chartered Professional Accountant who held the position of Vice-President, Finance and later CFO of Standen's Limited and a successor partnership between November 2005 and January 2015. Since 2015, Mr. Takalo has provided consulting services to a number of businesses through his wholly owned company, Paul W.A. Takalo Professional Corporation.	May 2008	50,700	0.19%

**Notes:**

- (1) Member of the Governance and Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Includes shares held by Laura Tempany, spouse of Mr. William Tempany.
- (4) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been provided by the respective directors and is as of the Record Date.

*Corporate Cease Trade Orders or Bankruptcies*

No director or proposed director of the Corporation is, or has been within the past ten years, a director or officer of any other company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after that individual ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days; or
- (iii) within a year of that individual 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.

*Individual Bankruptcies*

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

*Penalties or Sanctions*

No director or proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority. No director or proposed director of the Corporation 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 securityholder in deciding whether to vote for a proposed director.

*Conflicts of Interest*

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under

the *Canada Business Corporations Act*.

### **Appointment of Auditors**

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the re-appointment of KPMG LLP, Chartered Accountants as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the board of directors of the Corporation. KPMG LLP were first appointed as auditors of the Corporation in 2007. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote FOR the resolution.**

### **Approval of Stock Option Plan**

Pursuant to Policy 4.4 of the TSX Venture Exchange (the "Policy"), Corporations that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of the Corporation must receive yearly shareholder approval of the stock option plan. The directors of the Corporation have approved the 2020 Stock Option Plan in the form attached hereto as Appendix "A". The TSX Venture Exchange requires the Stock Option Plan to be approved by the shareholders of the Corporation.

Management of the Corporation will place before the Meeting the following resolution relating to the approval of the 2020 Stock Option Plan:

#### **"BE IT RESOLVED THAT:**

1. the 2020 Stock Option Plan of the Corporation be and is hereby ratified and approved in substantially the form attached as Appendix "A" to the Management Proxy Circular prepared for the purposes of this Meeting;
2. any director or officer be and is hereby authorized to amend the 2020 Stock Option Plan should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX Venture Exchange;
3. any director or officer be and is hereby authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to effect the 2020 Stock Option Plan and the board of directors of the Corporation from time to time, be authorized to grant options in the capital stock of the Corporation pursuant to and in accordance with the provisions with the 2020 Stock Option Plan; and
4. notwithstanding the approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke this resolution before it is acted upon, without further approval of the shareholders of the Corporation."

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting. The TSX Venture Exchange requires such approval before it will allow the adoption of the 2020 Stock Option Plan. Options to purchase Common Shares that were previously granted to directors, officers and employees of the Corporation will be deemed to be granted under the Plan. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the resolution to ratify, adopt and re-approve the 2020 Stock Option Plan.**

### **Repeal and Replacement of Bylaws**

Section 103(2) of the *Canada Business Corporations Act* provides that when directors resolve to make, amend or repeal any bylaws that regulate the business or affairs of a corporation, they must submit the bylaw, amendment or repeal of a bylaw to the shareholders at the next meeting of shareholders, and the shareholders may, by ordinary resolution, confirm, reject or amend the bylaw, amendment or repeal.

At the Meeting, the Shareholders will be asked to consider and, if thought appropriate, to pass an ordinary resolution authorizing the repeal of the Corporation's bylaws (the "Old Bylaws") and adoption of the bylaws set forth as Appendix "D" of this Management Proxy Circular (the "New Bylaws"). The following resolution will be placed before the Shareholders for approval at the Meeting:

**"BE IT RESOLVED THAT:**

1. the current By-laws of FLYHT Aerospace Solutions Ltd. (the "Corporation") be repealed;
2. the adoption of the new Bylaws (the "New By-Laws") relating generally to the transaction of the business and affairs of the Corporation as attached in the Management Proxy Circular of the Corporation dated May 22, 2020 as Appendix "D" be and is hereby approved and authorized;
3. notwithstanding that this ordinary resolution has been duly passed by the shareholders of the Corporation (the "Shareholders"), the Board may amend or decide not to proceed with the adoption of the New By-Laws or revoke this special resolution at any time without further approval of the Shareholders; and
4. any one director or officer of the Corporation, for and on behalf of the Corporation, be and is hereby authorized to execute and deliver the New Bylaws and all other documents and instruments and take all such other actions as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents and instruments and the taking of any such actions."

Approval of the repeal of the Old Bylaws and the adoption of the New Bylaws will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the resolution to repeal the Old Bylaws and adopt the New Bylaws.**

**OTHER MATTERS**

As of the date of this Management Proxy Circular, the board of directors and management know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, proxies in favour of management nominees will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at [www.sedar.com](http://www.sedar.com) or which may be obtained upon request from the Corporation at our head office at 300E, 1144 – 29th Avenue NE, Calgary, Alberta, T2E 7P1, or via email at [investors@flyht.com](mailto:investors@flyht.com).

The delivery of this Management Proxy Circular has been approved by the directors of the Corporation.

**APPENDIX "A"**  
**to the Management Proxy Circular of FLYHT Aerospace Solutions Ltd.**  
**2020 STOCK OPTION PLAN**

**1. PURPOSE AND SCOPE OF PLAN**

The purpose of this Plan is to assist the Corporation to attract, retain and motivate Directors, Employees and Consultants of the Corporation and to closely align their interests with the interests of the shareholders of the Corporation by providing the Directors, Employees and Consultants with an opportunity, through Options, to acquire Common Shares. Options will be granted as a means of rewarding Directors, Employees and Consultants for future services provided to the Corporation and will not be granted as a substitution for salaries or wages or as a means of compensation for past services.

**2. INTERPRETATION**

In this Plan:

- (a) **"Amalgamation"** means the amalgamation of Dream Wizards Investments Ltd., FLYHT Aerospace Solutions Ltd., 4142187 Canada Inc. and 4142179 Canada Inc. and the continuance of the Corporation as the amalgamated corporation under the Canada Business Corporations Act.
- (b) **"Common Shares"** means shares of the common share class in the share capital of the Corporation.
- (c) **"Consultant"** means, in relation to the Corporation, an individual or Consultant Company other than an Employee or a Director of the Corporation, that:
  - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Corporation or an Affiliate of the Corporation and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (d) **"Consultant Company"** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (e) **"Corporation"** means FLYHT Aerospace Solutions Ltd. and includes any successor corporation thereto.
- (f) **"Directors"** means directors, senior officers and Management Company Employees of the Corporation, or directors, senior officers and Management Company Employees of the Corporation's subsidiaries to whom stock options can be granted in reliance on a Prospectus exemption under applicable Securities Laws.
- (g) **"Employee"** means:
  - (i) an individual who is considered an employee of the Corporation or its subsidiary under the Income Tax Act (Canada) for whom income tax, employment insurance and CPP deductions must be made at source;
  - (ii) an individual who works full time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours to be disclosed in the submission to the Exchange) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

- (h) **"Exchange"** means the Canadian Venture Exchange Inc. operating as the TSX Venture Exchange.
- (i) **"Management Company Employee"** means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person involved in Investor Relations Activities.
- (j) **"Option"** means an incentive stock option to purchase Common Shares granted under the Plan.
- (k) **"Optionee"** means the recipient of an Option.
- (l) **"Optioned Shares"** means the Common Shares under Options granted pursuant to the Plan; and **"Optioned Share"** means each such Common Share.
- (m) **"Plan"** means the program and procedures as structured and subject to the terms herein for the granting of Options to Directors, Employees and Consultants.
- (n) **"Affiliate", "Company", "disinterested Shareholders", "Distribution", "Discounted Market Price", "Investor Relations Activities", "Market Price", "Prospectus", "Securities Laws", and "Person"** have the meanings attributed to each of these terms by the Policies of the Exchange.

### **3. TYPE OF PLAN AND SECURITIES REGULATORY REQUIREMENTS**

The Plan is structured as a "rolling" incentive stock option plan reserving a maximum of 10% of the issued Common Shares at the time of the Option grant with no vesting provisions.

The Plan is subject to the requirements of Exchange Policy 4.4 and applicable Securities Laws. A statutory exemption must be made available for issuances of securities for all issuances of Options to Consultants, failing which, a discretionary exemption from the appropriate Securities Commission must be obtained.

### **4. ADMINISTRATION OF THE PLAN**

#### **4.1 General Powers and Authorities**

The Plan shall be administered by the board of directors of the Corporation (the "Board") which shall have full and final authority and discretion, subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable for the administration of the Plan and the grant of Options. The Board may delegate to a Compensation Committee of the Board any or all of its authority and discretion in respect of the administration of the Plan. When used herein, "Board" shall be deemed to include the Compensation Committee acting on behalf of the Board.

#### **4.2 Specific Powers and Authorities**

Without limiting the generality of the foregoing, the Board shall have the power and authority where consistent with the purpose and intent of the Plan and subject to the terms thereof:

- (a) to establish policies and adopt rules and regulations for the purpose of giving effect to and administering the Plan;
- (b) to interpret and construe the Plan and determine all questions arising out of the Plan and any Option arising out of the Plan, and all such determinations, constructions and terminations by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine to which Directors, Employees and Consultants Options will be granted and to grant such Options;
- (d) to determine the number of Common Shares to be granted by each Option;
- (e) to determine the price ("Exercise Price") at which each Common Share may be purchased pursuant to an Option and adjusted pursuant to the terms of the Plan;
- (f) to determine the time or times when Options will be granted and will be exercisable;
- (g) to determine if the Common Shares under an Option will be subject to any hold periods, legends or restrictions when issued on exercise of an Option;
- (h) to prescribe the form and terms of the instruments pertaining to the grant, exercise and other terms of the Options, including any vesting provisions.

## **5. PLAN REQUIREMENTS**

### **5.1 General Plan Requirements**

Options will be distributed on an equitable basis, having regard to:

- (a) the number of Optionees;
- (b) the frequency of Optionee turnover;
- (c) the size of allocation to new Optionees; and
- (d) the duties and qualifications of the Optionee in relation to the Optionee's position with the Corporation.

The Plan will not be used primarily as a means of financing by the Corporation, without disclosure requirements and hold periods that would generally apply to a financing.

### **5.2 Grants to Individuals**

The aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan for Options granted to an individual Optionee will not exceed 5% of the issued Common Shares, determined at the date the Option is granted to an individual in a 12 month period, unless the Corporation becomes a Tier 1 Issuer and has obtained the requisite disinterested shareholder approval required by Exchange Policy 4.4.

### **5.3 Grants to Consultants**

The aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan for Options granted to any one Consultant Optionee in any 12 month period will not exceed 2% of the issued Common Shares, calculated at the date the Option is granted to the Consultant Optionee.

### **5.4 Grants to Optionees Performing Investor Relations Activities**

The aggregate number of Common Shares under Option granted in any 12 month period to Persons employed to provide Investor Relations Activities will not exceed 2% of the issued Common Shares, calculated as of the date the Option was granted. This 2% Option will be included in the calculation of the 10% maximum reservation of Common Shares pursuant to the Plan.

Options granted to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than  $\frac{1}{4}$  of the Options vesting in any three month period.

The Board will establish appropriate procedures to monitor the trading in the securities of the Corporation by all Optionees performing Investor Relations Activities, including a requirement that all Optionees immediately notify the Corporation of any acquisitions or trades made and that the Optionees make any necessary insider trading reports on SEDI.

Before granting an Option to a Consultant for performing Investor Relations Activities, the Corporation must determine that a statutory exemption is available for the issuance of securities to the Consultant performing such Investor Relations Activities for the Corporation or alternatively the Corporation must obtain a discretionary exemption from the appropriate Securities Commission.

### **5.5 Optionees**

In order to be eligible for a grant of an Option, an Optionee must either be a Director, Employee or Consultant of the Corporation or one of its subsidiaries at the date the Option is granted and the Option must be granted subject to applicable Securities Laws.

Except in relation to Consultant Companies, Options may be granted only to an individual or to a Company that is wholly owned by individuals eligible for an Option grant. If the Optionee is a Company, including a Consultant Company, the Optionee must provide the Exchange with a completed Form 4F – *Certification and Undertaking Required from a Company Granted an Incentive Stock Option*. A Company to be granted the Option must agree not to effect or permit any transfer of ownership or option of shares of the Company or issuance of additional shares of any class of shares of the Company to any individual or entity as long as the Option remains outstanding, except with the written consent of the Exchange.

The Corporation must ensure that the applicable Securities Laws are satisfied for each Option granted under the Plan.

### **5.6 Minimum Exercise Price**

The minimum exercise price of an Option must not be less than the Discounted Market Price. If pursuant to section 2.12 of Exchange Policy 4.4, the Corporation does not issue a news release to fix the price, the Discounted Market Price will be the last closing price of the Common Shares before the date of the grant of Option, less the applicable discount.

A minimum exercise price cannot be established unless the Options are allocated to particular Persons.

If Options are granted within 90 days of a Distribution by a Prospectus, the minimum exercise price of such Options will be the greater of the Discounted Market Price and the per share price paid by the public investors for the Common Shares acquired under the Distribution. The 90-day period will begin:

- (a) on the date a final receipt is issued by the Exchange for the Prospectus; or
- (b) in the case of a Prospectus that qualifies special warrants on the closing date of the special warrant Private Placement.

The exercise price of the Options must be paid in cash.

#### **5.7 Hold Period**

In addition to any Resale Restrictions under Securities Laws and any other circumstance for which an Exchange hold period may apply (including those circumstances applicable to Options issued to Insiders), where the exercise price of an Option is based on the Discounted Market Price, all such Options and the Common Shares issued on the exercise of the Options must be legended with a four month Exchange hold period commencing on the date the Options were granted. The legend must be worded in accordance with Exchange Policy requirements.

#### **6. NUMBER OF SHARES UNDER THE PLAN**

Options may be granted by resolution of the Board to Directors, Employees and/or Consultants pursuant to the Plan provided that on the date of any such grant the aggregate number of Common Shares reserved and set aside for issuance under Options granted to Optionees pursuant to the Plan and under other stock options ("Other Stock Options") granted to Directors, Employees and/or Consultants and assumed by the Corporation as a result of the Amalgamation shall not exceed ten per cent (10%) of the issued and outstanding Common Shares. Fractional Common Shares shall not be reserved, set aside, purchased or issued under the Plan. If the right to exercise any Option or Other Stock Option expires or is terminated for any reason without having been exercised, the Common Shares reserved and set aside for such Options and/or Other Stock Options shall be made available for Options to be granted under the Plan.

#### **7. ELIGIBILITY**

Options may be granted under the Plan to such Directors, Employees and Consultants of the Corporation as the Board, from time to time, may designate as Optionees under the Plan. Subject to the provisions of the Plan, the total number of Optioned Shares to be reserved, set aside and made available under the Plan and to each Optionee, the time or times at which Options shall be granted and at which such Options shall be exercisable, the exercise price at which Optioned Shares may be purchased and all other terms, conditions and restrictions on the grant and exercise of Options shall be in the sole and final discretion of the Board.

#### **8. TERMS OF THE PLAN**

The Plan is subject to the following terms:

- (a) All Options granted under the Plan shall be non-assignable and non-transferable.
- (b) The period or periods during which Options may be exercisable shall be fixed by resolution of the Board, provided that no such period or periods shall be exercisable more than five years from the date of grant when the Corporation is a Tier 2 Issuer and 10 years when the Corporation is a Tier 1 Issuer.
- (c) No more than 5% of the issued Common Shares may be granted to any one individual in any 12 month period, unless the Corporation becomes a Tier 1 Issuer and has obtained disinterested shareholders approval.
- (d) No more than 2% of the issue Common Shares may be granted to any one Consultant in any 12 month period.
- (e) No more than 2% of the Common Shares may be granted in any 12 month period to an Employee conducting Investor Relations Activities.
- (f) If a provision is included in an Option that the Optionee's heirs or administrators can exercise a portion of the outstanding Options, the period in which they could do so must not exceed one year from the Optionee's death.
- (g) Approval of disinterested Shareholders will be obtained for the reduction in the exercise price if the Optionee is an Insider of the Corporation at the time of any amendment to the Plan and Options thereunder.
- (h) For all Options granted under the Plan to Employees, Consultants or Management Company Employees, the Corporation represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee as the case may be.
- (i) Options granted to an Optionee who is a Director, Employee, Consultant or Management Company



Employee will expire within 90 days after the Optionee ceases to be at least one of a Director, Employee, Consultant or Management Company Employee.

- (j) Options granted to an Optionee who is engaged in Investor Relations Activities must expire within 30 days after the Optionee ceases to be employed to provide Investor Relation Activities.
- (k) Options that have been cancelled or have expired without being exercised continue to be issuable under the Plan.
- (l) The Plan will be presented for approval at each annual general meeting of shareholders of the Corporation.
- (m) As the Plan and agreements to grant Options constitute Material Information requiring public disclosure on the day the Plan is made effective or amended or an Option is granted or amended, the Corporation will disseminate a news release for each such event, except when Options are granted to Employees or Consultants who are not Directors and are not performing Investor Relations Activities, unless the grant of such Option constitutes Material Information under applicable Securities Laws.
- (n) If any Option under the Plan remains unexercised and an offer to purchase all of the Common Shares is made by a third party, the Corporation shall use its best efforts to bring such offer to the attention of the Optionees with outstanding Options as soon as practicable and the Corporation, in its sole discretion, may require the acceleration of the time for the exercise of the any such Options and the time for the fulfillment of any terms, conditions or restrictions required by such Options.
- (o) In the event of a change in the number of issued and outstanding Common Shares resulting from subdivision, consolidation and reclassification of Common Shares, payment of stock dividends by the Corporation, issuance of securities convertible into Common Shares, exchange of Common Shares on recapitalization, amalgamation, merger, corporate arrangement, reorganization, liquidation or other corporate procedure of or by the Corporation, the Board may make such adjustment, if any, to the number or exercise price of Optioned Shares, or to both, as the Board deems appropriate to give proper effect to such event, and, to the extent possible, to prevent substantial dilution or enlargement of the Options and rights granted to Optionees under the Plan. In any such event, the maximum number of shares available under the Plan may be appropriately adjusted by the Board. If as a result of a proposed merger, amalgamation or other corporate arrangement or reorganization, the conversion or replacement of Common Shares for shares of another corporation is imminent; the Board may determine, in a fair and equitable manner how all unexercised Options should be treated including without limitation, an acceleration of the time for the exercise of such Options by the Optionee and of the time for the fulfillment of any terms, conditions or restrictions required for the exercise of such Options. All determinations of the Board under this paragraph shall be made in accordance with the Policies of the Exchange and the applicable Securities Laws and shall be made in the sole discretion of the Board. The Corporation may satisfy any obligation to the Optionee hereunder by paying to the Optionee in cash the difference between the Exercise Price of any unexercised portion of the Option and the fair market value of the securities to which the Optionee would be entitled upon exercise of such portion, regardless of whether all conditions of exercise have been satisfied. Any Option adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board and all such determinations shall be binding and conclusive.

## **9. TERMS AND CONDITIONS OF OPTIONS**

All stock options granted by the Corporation shall be granted under the Plan after the Exchange accepts the Plan. Options under the Plan shall be granted upon and subject to the terms and conditions hereinafter set forth.

### **9.1 Exercise Price**

The price (herein referred to as the "exercise price") to purchase each Optioned Share pursuant to an Option granted to an Optionee shall be determined and established by the Board in accordance with the Plan, but, in no event, shall the exercise price be less than the amount determined by the Board to be reasonable in all the circumstances at the time the Option is granted, or less than the amount specified by the Exchange or by applicable Securities Laws.

### **9.2 Option Agreement**

All Options granted under the Plan shall be evidenced by an agreement ("Option Agreement") made between the Corporation and each Optionee in the form approved by the Board, such approval to be conclusively evidenced by the execution of the Option Agreement by any director or officer of the Corporation other than the Optionee. The Option Agreement shall be substantially in the form and subject to the terms of the agreement attached hereto as Schedule "A".

### **9.3 Length of Grant**

All Options granted under the Plan shall expire not later than five years from the date of grant of such Options when the Corporation is a Tier 2 Issuer or 10 years from the date of the grant when the Corporation is a Tier 1 Issuer; and the Options may be exercised by the Optionee in such varying percentages, on a cumulative basis, during the term of the Option Agreement as the Board may determine and specify in the Option Agreement.

### **9.4 Non-Assignable and Non-Transferable**

Each Option granted under the Plan shall be non-transferable and non-assignable by an Optionee (whether absolutely or by way of mortgage, pledge or other charge) unless the Exchange consents in writing to the transfer or assignment.

### **9.5 Right to Exercise Option**

Each Optionee, upon becoming entitled to exercise an Option for any Optioned Shares in accordance with the Option Agreement, shall thereafter be entitled to purchase such Optioned Shares in accordance with the Option Agreement at any time prior to the expiration or other termination of the Option Agreement or the Options granted thereunder.

### **9.6 Exercise and Payment**

An Option granted under the Plan may be exercised by an Optionee or the legal representative of the Optionee by delivery to the Corporation at its registered office a written notice addressed to the President of the Corporation specifying the number of Optioned Shares under the Option being exercised and accompanied by payment (in cash or by certified cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of Optioned Shares specified for purchase in the notice. Upon any such exercise of an Option, the Corporation shall cause the transfer agent and registrar of the Corporation to deliver promptly to the Optionee or to the Optionee's legal representative, as the case may be, a share certificate in the name of such Optionee representing the number of Optioned Shares specified in the notice.

Notwithstanding any provisions in the Plan or in any Option, the Corporation's obligation pursuant to the exercise of an Option to issue Common Shares in the Optionee's name and to deliver a share certificate or certificates to the Optionee or the Optionee's legal representative shall be subject to:

- (a) any legending and/or hold periods required by the Exchange and/or Securities Laws;
- (b) completion of such registration and other requirements for the issuance of Common Shares and obtaining such approval or approvals of the Exchange or Securities Commissions as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale of Common Shares;
- (c) listing the Common Shares on the Exchange; and
- (d) receipt by the Corporation from the Optionee of such representations, agreements and undertakings regarding the Optionee's future dealings with such Common Shares as the Corporation deems necessary or advisable to safeguard against violations of the policies of the Exchange and/or Securities Laws.

### **9.7 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Corporation in respect of any of the Optioned Shares granted to the Optionee (including, without limitation, any right to receive dividends or distributions of assets, to vote, to receive warrants or rights under any rights offering) other than in respect of the Common Shares which have been purchased by, issued to and registered in the name of the Optionee pursuant to the exercise of an Option.

### **9.8 Termination**

If an Optionee is dismissed as an Employee, Director or Consultant by the Corporation or by one of its subsidiaries for cause, all unexercised Option rights of that Optionee under the Plan shall terminate on dismissal and shall expire notwithstanding the original term of the Option granted to such Optionee under the Plan.

### **9.9 Retirement, Disability or Resignation**

If an Optionee ceases to be an Employee, Director or Consultant of the Corporation or one of its subsidiaries as a result of:

- (e) disability or illness preventing the Optionee from performing the duties routinely performed by such Optionee, or
- (f) retirement at the normal retirement age prescribed by the Corporation's pension plan, if any,

for a period of 90 days from the date the Optionee ceases to be an Employee, Director or Consultant or until the specified expiry date of the Option rights of such Optionee, which ever first occurs, such Optionee shall have the right to exercise the Option in accordance with the Plan for all Optioned Shares of the Optionee to the extent the Options

were exercisable on the date the Optionee ceased to be a Director, Employee or Consultant. Upon the expiration of the 90-day period, all unexercised Option rights of the Optionee shall terminate and shall expire notwithstanding the original term of the Option granted to such Optionee under the Plan.

If an Optionee ceases to be an Employee or Consultant as a result of resignation as provided in the Plan, the Option shall terminate on the earlier of the specified expiry date of the Option rights of such Optionee and 5:00 p.m. (Calgary Time) on the day on which the resignation is filed with the Corporation.

#### **9.10 Deceased Optionee**

In the event of the death of an Optionee, for a period of one year from the Optionee's date of death or until the expiry date of the Option rights of the deceased Optionee, which ever first occurs, the heirs, administrators and/or legal representatives of the deceased Optionee shall have the right of to exercise the deceased Optionee's Option with respect to all of the Optioned Shares to the extent the Options were exercisable on the date of death. Upon the expiration of such period all unexercised Option rights of the deceased Optionee shall terminate and shall expire notwithstanding the original term of the Option granted to the deceased Optionee under the Plan.

#### **10. AMENDMENT AND DISCONTINUANCE OF PLAN**

From time to time for the duration of the Plan, the Board may amend or revise the terms and conditions of the Plan and may discontinue the Plan at any time, provided that such amendment, revision and/or discontinuance is made in accordance with Exchange Policy 4.4 and the applicable Securities Laws and that such amendments, revisions and/or discontinuance shall not adversely affect the rights of any Optionees under Options granted pursuant the Plan without the consent of such Optionees.

#### **11. NO ADDITIONAL RIGHTS**

Nothing in this Plan or in any Option granted hereunder shall confer on:

- (a) any Optionee or other Person any interest or title in or to any securities of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation other than as set forth in the Plan and pursuant to the exercise of any Option;
- (b) any Employee the right to continue in the employment of the Corporation or any Director the right to hold an office of the Corporation or to affect in any way the right of the Corporation to terminate such Employee's employment or such Director's office, nor shall anything in the Plan or in any Option be deemed or construed to constitute an agreement by the Corporation to extend any term of employment or office beyond the time specified in any contract of employment or appointment of office;
- (c) any Consultant the right to continue providing services to the Corporation or to affect in any way the right of the Corporation to terminate the Consultant's contract, nor shall anything in the Plan or in any Option be deemed or construed to constitute an agreement by the Corporation to extend the term of the Consultant's contract or the time for the performance of the Consultant's services beyond the term or the time specified in the Consultant's contract.

#### **12. COMPLIANCE WITH LAWS**

The obligations of the Corporation to sell Common Shares and deliver share certificates for such Common Shares under the Plan are subject to the Corporation's and the Optionee's compliance with all applicable corporate and Securities Laws as the Corporation deems necessary or advisable.

**APPENDIX "B"**  
**to the Management Proxy Circular of FLYHT Aerospace Solutions Ltd.**  
**AUDIT COMMITTEE**

Composition

The Corporation's Audit Committee is comprised of Doug Marlin, Jack Olcott, Mary McMillan, and Paul Takalo. Except for Mr. Takalo (who acted as Interim CFO during 2017), all of the members of the Audit Committee are independent directors. All members of the Audit Committee are financially literate.

Relevant Education and Experience of Members of Audit Committee

Doug Marlin has been involved in the management and control of high-tech businesses since 1981. Mr. Marlin's responsibilities have included senior management, financial decision making, designing and writing financial systems and dealing with accounting and financial issues. As well, Mr. Marlin has director and audit committee experience with other public companies which have provided him with a good working knowledge of accounting principles.

As a member of the board of ARINC, Jack Olcott served on that organization's Audit Committee. In his capacity as President of the National Business Aviation Committee, Mr. Olcott oversaw the financial status of that organization and was involved in detailed audits of its activities each year.

Captain Mary McMillan's financial and audit experience ranges from full responsibility for establishing and growing a business, to being accountable for a \$25 million P&L and \$135 million in multi-year contracts.

Paul Takalo is a self-employed Chartered Professional Accountant with over 30 years' experience in both public practice and industry. From November 2005 to January 2015, Mr. Takalo held the position of Vice-President, Finance and later CFO with a major automotive parts manufacture. Prior thereto, Mr. Takalo spent over 22 years in public practice dealing primarily with mid-sized clients in the areas of audit and advisory services for manufacturing, aviation, oil and gas exploration and servicing companies. For the last five years in public practice, Mr. Takalo was an audit partner.

Audit Committee Charter

**A. Composition and Process**

1. The Audit Committee shall be composed of a minimum of three members of the Board of Directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates.
2. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation's financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. The Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.
9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

**B. Authority**

1. Appointed by the Board of Directors pursuant to provisions of the *Canada Business Corporations Act* and the bylaws of the Corporation.
2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.
3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

**C. Relationship with External Auditors**

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

**D. Accounting Systems, Internal Controls and Procedures**

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.
5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
  - (a) recommend to the Board of Directors the external auditor to be nominated; and
  - (b) recommend to the Board of Directors the compensation of the external auditor's engagement.
7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.
8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters

and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

**E. Statutory and Regulatory Responsibilities**

1. Annual Financial Information - review the annual audited financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report - review the management discussion and analysis ("MD&A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements - review the quarterly interim financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
5. Review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information.

**F. Reporting**

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharged them.
3. Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

**G. Other Responsibilities**

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the external auditor or management.

**Audit Committee Oversight**

The Directors accepted all recommendations of the Audit Committee since the commencement of the most recently completed financial year regarding the recommendation to nominate or compensate an external auditor.

**Reliance on Certain Exemptions**

Other than the exemption provided in Section 6.1 of Multilateral Instrument 52-110, the Corporation did not at any time since the commencement of the most recently completed financial year rely on an exemption contained in Multilateral Instrument 52-110 *Audit Committees*, in whole or in part.

**Pre-Approval Policies and Procedures**

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

**External Auditor Services Fees**

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

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees<sup>(1)</sup></b>	<b>Tax Fees<sup>(2)</sup></b>	<b>All Other Fees<sup>(3)</sup></b>
2018	\$141,700	\$7,630	\$9,627	\$17,655
2019	\$162,250	\$17,750	\$15,200	-

**Notes:**

- (1) Specified procedures related to quarterly reporting and adoption of IFRS pronouncements
- (2) Various tax matters
- (3) Asset acquisition matters

**APPENDIX "C"**  
**to the Management Proxy Circular of FLYHT Aerospace Solutions Ltd.**  
**CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)**

- 1. Board of Directors** — Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including

  - (i) the identity of directors that are independent, and  
*William T. Tempany, Barry Eccleston, Douglas Marlin, Jack Olcott, Nina Jonsson, Mary McMillan, Michael Brown, and Mark Rosenker.*
  - (ii) the identity of directors who are not independent, and the basis for that determination.  
  
*Paul Takalo. In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management. Mr. Takalo acted as Interim CFO during 2017.*
- 2. Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.  
  
*Mark Rosenker is a director of Lattice Inc. (traded on the OTCQB exchange) and Guest Services Incorporated. Barry Eccleston is a non-executive director on the board of Wizz Air Holdings Plc, a UK Publicly Quoted Company on the London Stock Exchange.*
- 3. Orientation and Continuing Education** — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.  
  
*The Corporation has not developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the board of directors.*
- 4. Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.  
  
*The Corporation's Corporate Disclosure Policy assists in governance of the conduct of the Corporation's directors, officers, spokespersons and employees as it relates to communications with the public. The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The board of directors believes that the Corporation's size facilitates informal review of and discussions with employees and consultants.*  
  
*The board of directors monitors ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The board of directors has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the board of directors in which the director has an interest, have been sufficient to ensure that the board of directors operates independently of management and in the best interests of the Corporation.*
- 5. Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

  - (i) who identifies new candidates, and
  - (ii) the process of identifying new candidates

*The board of directors has not appointed a nominating committee because the board of directors as a whole fulfills these functions.*
- 6. Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

  - (i) who determines compensation, and  
  
*Barry Eccleston, Douglas Marlin, Michael Brown, and Nina Jonsson are members of the Corporation's Governance and Compensation Committee, which determines the compensation for directors (if any) and executive officers.*

(ii) the process of determining compensation.

*Market comparisons, as well as evaluation of similar positions in different industries in the same geography.*

- 7. Other Board Committees** — If the board has standing committees other than the audit and compensation identify the committees and describe their function.

*The Governance and Compensation Committee generally assumes responsibility to: (i) review and advance the governance of the Corporation and ensure that the Corporation maintains a culture of good governance practice; (ii) assess, monitor, and make recommendations regarding additional and substitutional individuals as members of the board of directors; (iii) assist the board of directors in respect of compensation policies for the Corporation; and (iv) review and recommendation of compensation strategies for the Corporation, including proposals relating to compensation for officers, directors, and employees that assess the performance of the officers of the Corporation in fulfilling their responsibilities and meeting corporate objectives.*

*There are no other committees for the Corporation.*

- 8. Assessments** — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

*The board of directors takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the board of director's decision making processes and the quality of information provided by management.*

- 9. Diversity** — Describe director term limits, diversity policies and targets (if any), as well as statistics regarding representation by designated groups on both the Corporation's board of directors and at the executive officer level.

*The board of directors and the senior management team believe that diversity is important to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship. The board of directors and senior management team have been purposely constructed with a wide range of viewpoints, backgrounds, skills, experience and expertise specific to the aviation technology industry sector and other industries or sectors that the board of directors believe are beneficial to the Corporation and its shareholders.*

*The Corporation has not adopted: (i) a written diversity policy relating to the identification and nomination of members of the designated groups; and (ii) a target number or percentage, or range, for members of the designated groups. Diversity has been a consideration and part of ongoing and continual efforts to further diversify the board of directors and the senior management team. The board of directors, rather than recruiting based on a target for each designated group, considers the diversity of representation for designated groups, given the level of industry and business background required for the position, with the goal to fill any gaps in skillset or experience at the time of the opening and the potential for the candidate to add to the board or to the senior management team's effectiveness.*

*The board of directors has not adopted term limits or other mechanisms of board renewal. Our board believes that it is critical that our members understand our industry and business, and this requires a certain length of tenure on our board. Longer tenured members accumulate extensive knowledge specific to the Corporation while new members bring new experience and perspective. The board of directors believes in maintaining the healthy balance of both historical expertise and new experience of our board. Each member of the board serves from that date of election or appointment until the next annual meeting of the Corporation's shareholders at which directors are elected.*

Designated Group	Board of Directors		Officers	
	Number	Proportion	Number	Proportion
Women	2	22%	1	20%
Aboriginal peoples	-	-	-	-
Persons with disabilities	1	11%	-	-
Members of visible minorities	-	-	-	-



**APPENDIX "D"**  
**to the Management Proxy Circular of FLYHT Aerospace Solutions Ltd.**  
**BY-LAW NO. 3**

A by-law relating generally to the  
transaction of the business and  
affairs of

**FLYHT AEROSPACE SOLUTIONS LTD.**

TABLE OF CONTENTS

<b>ARTICLE 1 INTERPRETATION .....</b>	<b>1</b>
1.01    Definitions .....	1
<b>ARTICLE 2 BUSINESS OF THE CORPORATION .....</b>	<b>1</b>
2.01    Registered Office .....	1
2.02    Corporate Seal .....	1
2.03    Financial Year .....	1
2.04    Execution of Instruments .....	1
2.05    Delegation of Borrowing Power .....	2
2.06    Exclusive Forum .....	2
<b>ARTICLE 3 DIRECTORS .....</b>	<b>2</b>
3.01    Number and Qualification of Directors .....	2
3.02    Election and Term .....	3
3.03    Action by the Board .....	3
3.04    At Least One Quarter Canadians at Meetings .....	3
3.05    Meeting by Telephone .....	3
3.06    Place of Meetings .....	3
3.07    Calling of Meetings .....	3
3.08    Notice of Meeting .....	3
3.09    First Meeting of New Board .....	3
3.10    Chairman .....	3
3.11    Quorum .....	3
3.12    Votes to Govern .....	4
3.13    Remuneration and Expenses .....	4
3.14    Resolutions in Writing .....	4
3.15    Advance Notice .....	4
<b>ARTICLE 4 OFFICERS .....</b>	<b>6</b>
4.01    Appointment .....	6
4.02    Chairman .....	6
4.03    President .....	7
4.04    Chief Executive Officer .....	7
4.05    Powers and Duties of other Officers .....	7
4.06    Term of Office .....	7
4.07    Agents and Attorneys .....	7
<b>ARTICLE 5 COMMITTEES .....</b>	<b>7</b>
5.01    Committees of the Board .....	7
5.02    Transaction of Business .....	7
5.03    Advisory Bodies .....	7
5.04    Procedure .....	7
<b>ARTICLE 6 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS .....</b>	<b>8</b>
6.01    Limitation of Liability .....	8
6.02    Indemnity .....	8

<b>ARTICLE 7 SHARES.....</b>	<b>8</b>
7.01 Allotment of Shares.....	8
7.02 Commissions .....	8
7.03 Non-recognition of Trusts.....	8
7.04 Security Certificates .....	8
7.05 Replacement of Security Certificates .....	9
7.06 Deceased Shareholders.....	9
7.07 Transfer Agents and Registrars .....	9
<b>ARTICLE 8 MEETINGS OF SHAREHOLDERS .....</b>	<b>9</b>
8.01 Annual Meetings .....	9
8.02 Special Meetings.....	9
8.03 Place of Meetings.....	9
8.04 Notice of Meetings .....	9
8.05 Meetings Without Notice .....	10
8.06 Chairman and Secretary .....	10
8.07 Quorum .....	10
8.08 Only One Shareholder .....	10
8.09 Votes to Govern .....	10
8.10 Participation in Meetings by Electronic Means .....	10
8.11 Meetings held by Electronic Means .....	10
8.12 Electronic Voting .....	10
8.13 Shareholder Proposals.....	10
8.14 Information Available to Shareholders .....	11
<b>ARTICLE 9 NOTICES.....</b>	<b>11</b>
9.01 Method of Giving Notices .....	11
9.02 Notice to Joint Shareholders .....	11
9.03 Computation of Time.....	11
9.04 Omissions and Errors.....	12
9.05 Persons Entitled by Death or Operation of Law .....	12
9.06 Waiver of Notice.....	12
<b>ARTICLE 10 EFFECTIVE DATE .....</b>	<b>12</b>
10.01 Effective Date.....	12

BE IT ENACTED as a by-law of the Corporation as follows:

## **ARTICLE 1**

### **INTERPRETATION**

#### **1.01 Definitions**

In the by-laws of the Corporation, unless the context otherwise requires:

- (a) *"Act" means the Canada Business Corporations Act, or any statute that may be substituted therefor, as from time to time amended;*
- (b) *"appoint" includes "elect" and vice versa;*
- (c) *"articles" means the articles attached to the Certificate of Amalgamation of the Corporation as from time to time amended or restated;*
- (d) *"board" means the board of directors of the Corporation;*
- (e) *"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;*
- (f) *"Corporation" means the corporation resulting from the amalgamation of Dream Wizards Investments Ltd., AeroMechanical Services Ltd., 4142179 Canada Inc. and 4142187 Canada Inc. under the Act by the said Certificate of Amalgamation dated February 10, 2003 and the Articles of Amalgamation attached thereto;*
- (g) *"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; and "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders; and*
- (h) *"recorded address" means in the case of a shareholder his or her address (including email address) as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address (including email address) so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his or her latest address (including email address) as recorded in the records of the Corporation.*

Save as aforesaid, words and expressions defined in the Act, including "resident Canadian", have the same meanings when used herein. Words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

## **ARTICLE 2**

### **BUSINESS OF THE CORPORATION**

#### **2.01 Registered Office**

The registered office of the Corporation shall be at the place within Canada as is specified in the notice thereof filed with the articles and thereafter as the board may from time to time determine.

#### **2.02 Corporate Seal**

The corporate seal, if any, of the Corporation shall be in the form adopted by the board from time to time.

#### **2.03 Financial Year**

The financial year of the Corporation shall end on such date as may be determined by the directors from time to time.

#### **2.04 Execution of Instruments**

Unless otherwise specified by the directors, contracts, documents and other instruments requiring execution by the Corporation shall be signed by any one person who holds the office of chairman of the board, managing director,

president, chief executive officer, vice-president, director, chief financial officer, secretary, treasurer, or any other office created by by-law or by the board. In the case where only one director has been elected, all contracts, documents and other instruments requiring execution shall require the signature of the sole director, and all contracts, documents and other instruments so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents and instruments generally or to sign specific contracts, documents or instruments.

#### 2.05 **Delegation of Borrowing Power**

Unless the articles of the Corporation otherwise provide, the board may from time to time delegate to a director, a committee of the board, or an officer of the Corporation any or all of the powers conferred on the board by the Act in respect of the borrowing powers of the Corporation to such extent and in such manner as the board may determine at the time of such delegation; and without limitation the board by making this by-law hereby delegates such powers to the president.

#### 2.06 **Exclusive Forum**

Unless the Corporation consents in writing to the selection of an alternative forum, the applicable court of competent jurisdiction for the Province of Alberta, Canada (the "Alberta Court") shall, to the fullest extent permitted by law, be the sole and exclusive forum for any of the following actions or other proceedings:

- (a) *a derivative action, including an application for leave to commence such an action, in the name of and on behalf of the Corporation;*
- (b) *an application for an oppression remedy, including an application for leave to commence such a proceeding;*
- (c) *an action asserting a claim of breach of the duty of care owed by the Corporation or any director, officer or other employee of the Corporation to the Corporation or to any of the Corporation's shareholders;*
- (d) *an action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or to any of the Corporation's shareholders;*
- (e) *an action or other proceeding asserting a claim or seeking a remedy pursuant to any provision of the Act or the Corporation's articles or by-laws (as either may be amended or restated from time to time); and*
- (f) *an action or other proceeding asserting a claim against the Corporation or any director or officer or other employee of the Corporation regarding a matter of the regulation of the business and affairs of the Corporation, including (without limitation) the articles, by-laws, internal affairs, governance, status, internal controls and procedures of the Corporation.*

If any action or other proceeding the subject matter of which is within the scope of the preceding sentence (an "Action") is filed in a court other than the Alberta Court in the name of any shareholder (and "Extra-Jurisdictional Action"), such shareholder shall be deemed to have consented to (a) the personal jurisdiction of the Alberta Court in connection with any action or other proceeding to enforce the preceding sentence, and (b) having service of process made upon such shareholder in any such action or other proceedings by service upon such shareholder's counsel in the Extra-Jurisdictional Action as agent for such shareholder. To the extent an Action is brought in the Alberta Court by a plaintiff who is ordinarily resident outside Alberta, the Corporation will not seek security for costs from that plaintiff solely by reason of that plaintiff's residence outside Alberta.

### **ARTICLE 3** **DIRECTORS**

#### 3.01 **Number and Qualification of Directors**

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles. At least one-quarter of the directors shall be resident Canadians.

### 3.02 **Election and Term**

The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors otherwise determine. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

### 3.03 **Action by the Board**

The board shall manage the business and affairs of the Corporation. The powers of the board may be exercised at a meeting (subject to Sections 3.05 and 3.11) at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

### 3.04 **At Least One Quarter Canadians at Meetings**

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least one quarter of the directors present are resident Canadians, except where:

- (a) *a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and*
- (b) *the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his or her approval under clause (a), totals at least one quarter of the directors present at the meeting.*

### 3.05 **Meeting by Telephone**

A director may participate in a meeting of the board or of a committee of the board by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other, and a director participating in such meeting by any such means is deemed for the purposes of the Act and this by-law to be present at the meeting.

### 3.06 **Place of Meetings**

Meetings of the board may be held at any place in or outside Canada.

### 3.07 **Calling of Meetings**

Meetings of the board shall be held from time to time at such time and at such place as the board, the president or any two directors may determine.

### 3.08 **Notice of Meeting**

Subject to the specification of the purpose or business of the meeting when required by the Act, notice of the time and place of each meeting of the board shall be given in the manner provided in ARTICLE 9 to each director not less than 48 hours before the time when the meeting is to be held.

### 3.09 **First Meeting of New Board**

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

### 3.10 **Chairman**

The chairman of any meeting of the board (if any) shall, if present, preside as chairman of all meetings of the board, otherwise, the directors present shall choose one of their number to be chairman.

### 3.11 **Quorum**

Subject to Section 3.04, the quorum for the transaction of business at any meeting of the board shall be a majority of directors or such greater number of directors as the board may from time to time determine. Where the Corporation has a board consisting of only one director, that director may constitute a meeting.

### 3.12 **Votes to Govern**

At all meetings of the board, and subject to the requirements of the Act in respect of conflicts of interest, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

### 3.13 **Remuneration and Expenses**

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

### 3.14 **Resolutions in Writing**

Any resolution in writing signed by all of the directors may be so signed in counterpart and any such resolution may be executed and delivered by any form of electronic transmission, and is effective as of the date thereof or the time and/or date therein stated to be the effective time and/or date regardless of when the resolution is signed, and if not dated or dated to be effective as of an expressed date/time, then it is effective as of the latest date of execution.

### 3.15 **Advance Notice**

Notwithstanding any other provisions of these by-laws, and subject only to the Act, applicable laws, the articles of the Corporation and any unanimous shareholders agreement, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if the election of directors is a matter specified in the notice of meeting:

- (a) *by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;*
- (b) *by or at the direction or request of one or more shareholders pursuant to the exercise of its rights under a unanimous shareholders agreement or a proposal made in accordance with the provisions of the Act and these by-laws, or a requisition of a shareholders' meeting by one or more of the shareholders made in accordance with the provisions of the Act; or*
- (c) *by any person (a "Nominating Shareholder") who:*
  - (i) *at the close of business on the date of the giving of the notice provided for in this section 3.15 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who has beneficial ownership of shares pursuant to the Act that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation, and*
  - (ii) *complies with the notice procedures set forth below in this section 3.15.*

For the avoidance of doubt, the procedures set forth in this section 3.15 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders of the Corporation.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation in accordance with this section 3.15.

To be timely, a Nominating Shareholder's notice must be given:

- (a) *in the case of an annual meeting (including an annual and special meeting) of shareholders, not less than 30 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date on which either the first public announcement of the date of the meeting was made or notice of the date of the meeting was first given to shareholder (each such date being, the "Notice Date"), notice by the Nominating Shareholder shall be made not later than the close of business on the 10th day following the Notice Date; and*

- (b) *in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the Notice Date.*

To be in proper written form, a Nominating Shareholder's notice must set forth or be accompanied by, as applicable:

- (a) *as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "Proposed Nominee"):*
- (i) the name, age and business and residential address of the Proposed Nominee;
  - (ii) the principal occupation, business or employment of the Proposed Nominee, both present and within the five years preceding the notice;
  - (iii) whether the Proposed Nominee is a resident Canadian within the meaning of the Act;
  - (iv) whether the Proposed Nominee is a citizen and/or resident of the United States;
  - (v) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (vi) a statement as to whether the Proposed Nominee would be "independent" of the Corporation (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination;
  - (vii) a description of any relationship, agreement, arrangement or understanding (financial, compensation or indemnity related or otherwise) between the Nominating Shareholder and the Proposed Nominee, or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's nomination and election as a director;
  - (viii) whether the Proposed Nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the Proposed Nominee; and
  - (ix) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any applicable laws;
- (b) as to the Nominating Shareholder, the beneficial owner, if any, on whose behalf the nomination is being made or any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities:
- (i) their name, business and residential address;
  - (ii) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (iii) full particulars regarding any proxy, contract, arrangement, understanding or relationship pursuant to which it has a right to vote or to direct or control the voting of any shares of the Corporation and their interests in, or rights or obligations associated with, any agreements, arrangements or understandings, the purpose or effect of which is to alter, directly or indirectly, its economic interest in a security of the Corporation or the person's economic exposure to the Corporation;

- (iv) whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
  - (v) any other information relating to such person that would be required to be made in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any applicable laws; and
- (c) a written duly signed consent by each Proposed Nominee to being named as a nominee for election to the board and to serve as a director of the Corporation, if elected. References to "Nominating Shareholder" in this section 3.15 shall be deemed to refer to each shareholder that nominates or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

The Corporation may require any Proposed Nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such Proposed Nominee.

The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding any other provision of this section 3.15, notice given to the secretary of the Corporation pursuant to this section 3.15 may only be given by personal delivery and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery is made on a day which is not a business day or later than the close of business on a day which is a business day, then such delivery shall be deemed to have been made on the subsequent day that is a business day.

Nothing in this section 3.15 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act, subject to compliance with any other provisions of these by-laws.

In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in this section 3.15 or the delivery of a representation and agreement as described in this section 3.15.

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 3.15.

## **ARTICLE 4** **OFFICERS**

### **4.01 Appointment**

The board may from time to time appoint a chairman, president, chief executive officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer or such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The board may specify the duties of and, in accordance with this by-law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for the chairman of the board, an officer may but need not be a director.

### **4.02 Chairman**

The chairman of the board (if any) shall sign contracts, documents or instruments in writing as require his or her signature and shall have such other powers and shall perform such other powers and duties as the board may specify.



#### 4.03 **President**

The president (if any) shall, subject to the authority of the board, have general supervision of the business and affairs of the Corporation; and he or she shall have such other powers and duties as the board may specify. The president shall, unless otherwise determined by the board, be the chief executive officer of the Corporation. In the absence of the chairman (if any), and if the president is also a director of the Corporation, the president shall, when present, preside as chairman at all meetings of the board and at all meetings of the shareholders of the Corporation. The president shall sign contracts, documents or instruments in writing as require his or her signature and shall have such other powers and shall perform such other powers and duties as the board may specify.

#### 4.04 **Chief Executive Officer**

The chief executive officer shall, subject to the authority of the board, have general supervision of the business and affairs of the Corporation; and he or she shall have such other powers and duties as the board may specify. The chief executive officer shall, unless otherwise determined by the board, be the president of the Corporation. The chief executive officer shall sign contracts, documents or instruments in writing as require his or her signature and shall have such other powers and shall perform such other powers and duties as the board may specify.

#### 4.05 **Powers and Duties of other Officers**

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board may specify. The board may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

#### 4.06 **Term of Office**

The board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the board shall hold office until his or her successor is appointed or until his or her earlier resignation.

#### 4.07 **Agents and Attorneys**

The Corporation, by or under the authority of the board, the president or the chief executive officer, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub delegate) of management, administration or otherwise as may be thought fit.

### **ARTICLE 5** **COMMITTEES**

#### 5.01 **Committees of the Board**

The board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise. At least one quarter of the members of any such committee shall be resident Canadians.

#### 5.02 **Transaction of Business**

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at a place in or outside Canada.

#### 5.03 **Advisory Bodies**

The board may from time to time appoint such advisory boards as it may deem advisable.

#### 5.04 **Procedure**

Unless otherwise determined by the board, each committee and advisory board shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

**ARTICLE 6**  
**PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

**6.01 Limitation of Liability**

Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his or her office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

**6.02 Indemnity**

Subject to the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful. The Corporation shall also indemnify such person in such other circumstances as the Act or law permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

**ARTICLE 7**  
**SHARES**

**7.01 Allotment of Shares**

Subject to the Act and the articles, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

**7.02 Commissions**

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

**7.03 Non-recognition of Trusts**

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

**7.04 Security Certificates**

Every holder of one or more shares of the Corporation shall be entitled at the securityholder's option to a security certificate that complies with the Act, or a written acknowledgment that complies with the Act of the securityholder's right to obtain a security certificate from the Corporation in respect of the securities of the Corporation held by such securityholder, which written acknowledgment shall include, without limitation, documentation that gives the securityholder the option to have the securities of the securityholder deposited into an electronic, book-based, direct registration system or account or other non-certificated entry or position to be held in "book-entry" form or to request the issuance of a physical security certificate. This by-law shall be read such that a registered holder of securities of the Corporation pursuant to any such electronic, book-based, direct registration system or account or other non-

certificated entry or position shall be entitled to all the same benefits, rights, entitlements and shall incur the same duties and obligations as registered holder of securities evidenced by a physical security certificate. The Corporation and its transfer agent or registrar may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a security registration system by electronic, book-based, direct registration system or account or other non-certificated means.

Any security certificate issued pursuant to this section 7.04 shall be in such form as the board may from time to time approve, shall be signed by at least one director or officer of the Corporation or by or on behalf of a registrar or transfer agent of the Corporation, or by a trustee who certifies it in accordance with an indenture or similar agreement. Any signatures required on a security certificate may be printed, mechanically reproduced or stamped on it. If a security certificate contains a printed, mechanically reproduced or stamped signature of a person, the Corporation may issue the security certificate, notwithstanding that the person has ceased to be a director or an officer of the Corporation, and the security certificate is as valid as if he or she were a director or an officer of the Corporation at the date of its issue in accordance with section 2.04 and need not be under the corporate seal.

#### 7.05 **Replacement of Security Certificates**

The board or any officer or agent designated by the board may in its or his or her discretion direct the issue of a new security or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

#### 7.06 **Deceased Shareholders**

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation.

#### 7.07 **Transfer Agents and Registrars**

The board may from time to time appoint one or more agents to maintain, in respect of each class of shares of the Corporation issued by it, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his or her functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

### **ARTICLE 8** **MEETINGS OF SHAREHOLDERS**

#### 8.01 **Annual Meetings**

The annual meeting of shareholders shall be held at such time in each year and, subject to section 8.03, at such place as the board or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

#### 8.02 **Special Meetings**

The board shall have power to call a special meeting of shareholders at any time.

#### 8.03 **Place of Meetings**

Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in or outside of Alberta. In addition, if the board shall so determine, virtual meetings of shareholders shall also be permitted in accordance with the Act.

#### 8.04 **Notice of Meetings**

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in ARTICLE 9 not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor, and to each shareholder entitled to vote at the meeting.

#### 8.05 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact.

#### 8.06 Chairman and Secretary

The chairman of any meeting of shareholders shall be the chairman (if any), or in his or her absence, the president, or in his or her absence, a vice-president who is a shareholder. If no such officer is present, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting.

#### 8.07 Quorum

Subject to the Act, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled.

#### 8.08 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

#### 8.09 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll (including votes cast in accordance with section 8.12), the chairman of the meeting shall not be entitled to a second or casting vote.

#### 8.10 Participation in Meetings by Electronic Means

Subject to the Act, a shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other and a person participating in such meeting by any such means is deemed for the purposes of the Act and this by-law to be present at the meeting.

#### 8.11 Meetings held by Electronic Means

If the directors or the shareholders call a meeting of shareholders, the directors or the shareholders that called the meeting may determine that the meeting shall be held, in accordance with the Act, entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

#### 8.12 Electronic Voting

Any person participating in a meeting of shareholders by electronic means, telephone or other communication facilities under section 8.10 and entitled to vote at the meeting may vote, in accordance with the Act, by electronic means, telephone or other communication facilities that the Corporation has made available for that purpose.

#### 8.13 Shareholder Proposals

No business may be transacted at an annual meeting of shareholders, other than business that is: (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board; (b) otherwise properly brought before the annual meeting by or at the direction of the board; or (c) otherwise properly brought before the annual meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in this section 8.13. For business to be properly brought before an annual meeting by a shareholder of the Corporation, such shareholder must submit a proposal to the Corporation in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall be submitted to the Corporation in accordance

with the requirements set forth in section 3.15. The Corporation shall respond to any such proposal in accordance with the requirements of the Act.

At a special meeting of shareholders, only such business shall be conducted as shall have been brought before the meeting pursuant to the notice of meeting for such special meeting. Nominations of persons for election to the board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to and in compliance with section 3.15.

#### 8.14 **Information Available to Shareholders**

Except as provided by the Act or other applicable statutory law, regulation or judicial order, or except as may otherwise be agreed to by the Corporation, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public, provided that the foregoing shall not restrict the public disclosure or other similar obligations of the Corporation (if any) under applicable securities laws.

The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the board.

### **ARTICLE 9** **NOTICES**

#### 9.01 **Method of Giving Notices**

Any notice, communication or document required by the Act, the regulations thereunder, the articles, the by-laws or otherwise to be sent to any shareholder, director, officer, auditor or member of a committee of the board of the Corporation may be delivered personally to or sent by mail addressed to:

- (a) *the shareholder at the shareholder's recorded address; and*
- (b) *the director at the director's recorded address.*

Subject to the Act, a notice, communication or document sent by mail as contemplated by this section 9.01 to a shareholder or director of the Corporation shall be deemed to have been received by the shareholder or director (as the case may be) at the time it would be delivered in the ordinary course of mail, unless there are reasonable grounds for believing that the shareholder or director (as the case may be) did not receive the notice, communication or document at that time or at all.

A notice, communication or document required to be sent or delivered as noted above in this section 9.01 or pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise may also be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act* (Alberta) or any statute that may be substituted therefor, as from time to time amended.

The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board of the Corporation in accordance with any information believed by him or her to be reliable.

#### 9.02 **Notice to Joint Shareholders**

If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of such persons shall be sufficient notice to all of them.

#### 9.03 **Computation of Time**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included.

9.04 **Omissions and Errors**

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.05 **Persons Entitled by Death or Operation of Law**

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he or she derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he or she became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

9.06 **Waiver of Notice**

Any shareholder, proxyholder or other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her under the Act, the regulations thereunder, the articles, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or a committee of the board which may be given in any manner.

**ARTICLE 10**  
**EFFECTIVE DATE**

10.01 **Effective Date**

This by-law shall come into force when made by the board in accordance with the Act.

MADE by the board on May 6, 2020.

\_\_\_\_\_  
President

\_\_\_\_\_  
Chief Financial Officer

CONFIRMED by the shareholders in accordance with the Act on \_\_\_\_\_, 2020.

\_\_\_\_\_  
Chief Financial Officer