

**FLYHT Aerospace Solutions Ltd.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING  
OF THE  
SHAREHOLDERS**

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

[https://incommconferencing.zoom.us/webinar/register/WN\\_2WozVtgTTWCthSc9baLjrw](https://incommconferencing.zoom.us/webinar/register/WN_2WozVtgTTWCthSc9baLjrw)

**Thursday, May 11, 2023  
2:00 PM (MT)**

**MANAGEMENT INFORMATION CIRCULAR  
AND  
PROXY STATEMENT**

April 20<sup>th</sup>, 2023

**FLYHT AEROSPACE SOLUTIONS LTD.**  
**#500, 1212 – 31<sup>st</sup> Avenue NE, Calgary, Alberta T2E 7S8**

**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 2:00 PM (MT), on Thursday, May 11, 2023, for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2022, together with the report of the auditors thereon;
2. to fix the number of directors at seven (7) 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 2023 stock option plan, as more particularly described in the accompanying Management Proxy Circular; and
5. 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://incommconferencing.zoom.us/webinar/register/WN\\_2WozVtgTTWCthSc9baLjrw](https://incommconferencing.zoom.us/webinar/register/WN_2WozVtgTTWCthSc9baLjrw)

Registered Shareholders and proxyholders who wish to participate in telephone voting or speak to items of business must pre-register using the following link not later than two hours prior to the time set for the Meeting or any adjournment thereof:

<https://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10021452&linkSecurityString=1914a5b91c>

**DATED** at Calgary, Alberta, this 20<sup>th</sup> day of April, 2023.

BY ORDER OF THE BOARD OF DIRECTORS



\_\_\_\_\_  
Jonina Jonsson  
Chairman and Director

**IMPORTANT**

The 2023 Annual and Special Meeting of Shareholders will be held virtually, accessible to anyone online and to those who registered to participate fully in the business meeting via the conference call details they were provided. The meeting commences at 2:00 PM (MT) on Thursday, May 11, 2023. Registered shareholders and proxyholders who pre-registered for the meeting as outlined above will be able to participate in telephone voting and speak to items that come before the meeting.

If you are a registered Shareholder and are unable to attend the virtual Meeting, please exercise your right to vote by dating, signing and returning the accompanying form of proxy to Odyssey Trust Company, the Corporation's transfer agent. To be valid, completed proxy forms must be dated, completed, signed and deposited with FLYHT Aerospace Solutions Ltd.'s transfer agent, Odyssey Trust Company, (i) by mail or by hand delivery using the enclosed return envelope or one addressed to Odyssey Trust Company, Proxy Department, 702, 67 Yonge Street, Toronto, ON M5E 1J8, or (ii), by facsimile to 1-800-517-4553. If you vote through the Internet, you may also appoint another person to be your proxyholder. Please go to <https://login.odysseytrust.com/pxlogin> and follow the instructions. You will require your 12-digit control number found on your proxy form. Your proxy or voting instructions must be received in each case no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

# FLYHT AEROSPACE SOLUTIONS LTD.

## MANAGEMENT INFORMATION CIRCULAR

For the Annual & Special Meeting of Shareholders  
to be held on May 11, 2023

We will hold a virtual-only Annual General Shareholder meeting for 2023. 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 or by mail.

You may also vote by attending the virtual meeting. If you wish to vote at the virtual meeting, you must obtain a PIN by pre-registering via the following link no later than 12:00 p.m. (MT) on May 11, 2023 or two hours prior to the time of any adjournment of the Meeting. It is recommended that you join the meeting at least ten minutes prior to the scheduled start time.

<https://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10021452&linkSecurityString=1914a5b91c>

### 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 2:00 PM (MT) on May 11, 2023, 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://incommconferencing.zoom.us/webinar/register/WN\\_2WozVtgTTWCthSc9baLjrw](https://incommconferencing.zoom.us/webinar/register/WN_2WozVtgTTWCthSc9baLjrw)

#### 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 received by the Secretary of the Corporation, c/o Odyssey Trust Company of Canada, Proxy Department, 702, 67 Yonge Street, Toronto, ON M5E 1J8 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 against for others, or against 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 April 6, 2023 (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, 38,316,876 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, RRIFFs, 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 <https://login.odysseytrust.com/pxlogin> 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 2:00 p.m. (MT) on May 9, 2023 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**

The following table sets forth, to the best of the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the only 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:

<b><u>Name and Municipality of Residence</u></b>	<b><u>Type of Ownership</u></b>	<b><u>Number of Common Shares</u></b>	<b><u>Percentage</u></b>
Bleichroeder LP	Direct	6,494,666	16.74%

### **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**

In accordance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*, the Canadian Securities Administrators have issued guidelines on executive compensation disclosure for venture issuers as set out in Form 51-102F6V. The objective of the disclosure is to communicate the compensation the Corporation paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. The disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and will help shareholders understand how decisions about executive compensation are made. The Corporation's approach to executive compensation is set forth below.

### **DIRECTOR AND NEO COMPENSATION**

Executive compensation is required to be disclosed for each (i) Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) the most highly compensated executive officer (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year (the "Named Executive Officers" or "NEO's").

### **Director and NEO compensation, excluding 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**

<b>Name and Position</b>	<b>Year Ended Dec 31</b>	<b>Salary / Consulting Fees / Commissions (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of all other compensation (\$)<sup>(1)</sup></b>	<b>Total compensation (\$)</b>
William T. Tempary <sup>(2)</sup> <i>Interim Chief Executive Officer</i>	2022	358,186	38,402	-	30,954	427,542
	2021	374,982	22,750	-	12,790	410,522
Kent Jacobs <i>President and Interim Chief Executive Officer</i>	2022	190,000	72,750	-	24,844	287,594
	2021	166,134	15,834	-	15,964	197,932
Alana Forbes <i>Chief Financial Officer</i>	2022	210,000	31,500	-	26,715	268,215
	2021	210,000	31,500	-	28,990	270,490
Derek Taylor <i>Vice President Sales and Marketing</i>	2022	297,538	-	-	22,365	319,903
	2021	311,573	-	-	31,877	343,450
Brent Rosenthal <sup>(3)</sup> <i>Director</i>	2022	-	-	23,366	-	23,366
	2021	-	-	22,520	-	22,520
Doug Marlin <i>Director</i>	2022	-	-	24,000	-	24,000
	2021	-	-	23,400	-	23,400
Jack Olcott <sup>(3) (4)</sup> <i>Director</i>	2022	-	-	23,366	-	23,366
	2021	-	-	22,520	-	22,520
Mary McMillan <sup>(3)</sup> <i>Director</i>	2022	-	-	23,366	-	23,366
	2021	-	-	22,520	-	22,520
Michael Brown <i>Director</i>	2022	-	-	24,000	-	24,000
	2021	-	-	23,400	-	23,400
Jonina Jonsson <sup>(3) (4)</sup> <i>Director</i>	2022	-	-	31,154	-	31,154
	2021	-	-	30,027	-	30,027
Paul Takalo <i>Director</i>	2022	-	-	24,000	-	24,000
	2021	-	-	23,400	-	23,400

**Notes:**

- (1) Other compensation includes payments made under a health spending account and under the RRSP / 401k matching plan available to all employees (see *Employment, consulting and management agreements*).
- (2) As of December 31, 2022, \$35,559 of the amount included in consulting fees remained outstanding for Mr. Tempary's consulting fees. This amount was paid in 2023.
- (3) Committee fees were paid to American directors in USD. The exchange rate in effect at the time of the payment was used to convert the payment amounts to Canadian dollars.
- (4) *Jonina Jonsson and Jack Olcott will cease to act as directors of the Corporation as at the conclusion of the Corporation's annual and special meeting on May 11, 2023.*

### 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, 2022. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2022 was \$1.15.

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
William T. Tempany <i>Interim Chief Executive Officer</i>	23,333	June 23, 2020	0.59	0.59	December 20, 2023
	22,500	May 9, 2019	1.50	1.50	May 9, 2023
Kent Jacobs <i>President and Interim Chief Executive Officer</i>	25,000	May 4, 2022	0.74	0.74	May 4, 2026
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	6,000	June 23, 2020	0.59	0.59	June 23, 2024
	2,750	May 9, 2019	1.50	1.50	May 9, 2023
Alana Forbes <i>Chief Financial Officer</i>	30,000	May 4, 2022	0.74	0.74	May 4, 2026
	16,000	May 6, 2021	0.57	0.57	May 6, 2025
	25,000	June 23, 2020	0.59	0.59	June 23, 2024
	20,000	May 9, 2019	1.50	1.50	May 9, 2023
Derek Taylor <i>Vice President Strategic Opportunities</i>	15,000	May 4, 2022	0.74	0.74	May 4, 2026
	11,925	May 6, 2021	0.57	0.57	May 6, 2025
	25,000	June 23, 2020	0.59	0.59	June 23, 2024
	2,300	May 9, 2019	1.50	1.50	May 9, 2023
Brent Rosenthal <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	35,000	August 4, 2021	0.93	0.93	August 4, 2025
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	50,000	June 23, 2020	0.59	0.59	June 23, 2024
Doug Marlin <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	20,000	June 23, 2020	0.59	0.59	June 23, 2024
	10,000	May 9, 2019	1.50	1.50	May 9, 2023
Jack Olcott <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	20,000	June 23, 2020	0.59	0.59	June 23, 2024
	10,000	May 9, 2019	1.50	1.50	May 9, 2023
Mary McMillan <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	30,000	June 23, 2020	0.59	0.59	June 23, 2024
Michael Brown <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	8,000	May 6, 2021	0.57	0.57	May 6, 2025
	6,667	June 23, 2020	0.59	0.59	June 23, 2024
	10,000	May 9, 2019	1.50	1.50	May 9, 2023
Jonina Jonsson <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	30,000	June 23, 2020	0.59	0.59	June 23, 2024
	10,000	May 9, 2019	1.50	1.50	May 9, 2023
Paul Takalo <i>Director</i>	12,000	May 4, 2022	0.74	0.74	May 4, 2026
	12,000	May 6, 2021	0.57	0.57	May 6, 2025
	20,000	June 23, 2020	0.59	0.59	June 23, 2024
	10,000	May 9, 2019	1.50	1.50	May 9, 2023

**Note:**

- (1) Stock options granted in all years shown were to vest 1/3 on each of the subsequent three anniversary dates of the grant.
- (2) Jonina Jonsson and Jack Olcott will cease to act as directors of the Corporation as at the conclusion of the Corporation's annual and special meeting on May 11, 2023.

The following table sets forth all stock options exercised by NEO's and directors of the Corporation during the year ended December 31, 2022.

Name and Position	Type of Compensation Security	Number of underlying securities exercised	Exercise price per security(\$)	Date of exercise	Closing price on exercise date (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise (\$)
William T. Tempany <i>Interim Chief Executive Officer</i>	Stock options	10,933	0.57	June 2, 2022	0.71	0.14	1,530.62
	Stock options	23,333	0.59	June 27, 2022	0.64	0.05	1,166.65
Kent Jacobs <i>President and Interim Chief Executive Officer</i>	Stock options	75,000	0.77	June 15, 2022	0.64	(0.13)	(9,750.00)
Alana Forbes <i>Chief Financial Officer</i>	Stock options	8,000	0.57	July 13, 2022	0.65	0.08	640.00
Michael Brown <i>Director</i>	Stock options	4,000	0.57	June 22, 2022	0.69	0.12	480.00
	Stock options	13,333	0.59	November 28, 2022	0.87	0.28	3,733.24

#### **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 4, 2022 (and amended by the board of directors on November 9, 2022). 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 employment agreements with each of Mr. Jacobs, Ms. Forbes and Mr. Taylor, and a management consulting agreement was in place with Fintech Systems Inc. for the services provided by Mr. Tempany, 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 William T. Tempany, Interim Chief Executive Officer January – December 2022**

Fintech Systems Inc, entered into a management consulting agreement with the Corporation for the services of Mr. Tempany, dated June 3<sup>rd</sup>, 2020, which governed the terms of his engagement with the Corporation. The agreement for services included fees of \$25,000 USD per month. The agreement also provided for continued coverage under the Corporation's benefits plan, in Mr. Tempany's capacity as a director of the Corporation. These benefits included health and dental coverage, travel insurance, and a health care spending account to a maximum of \$15,000 per year, subject to the terms of the applicable plans. The management consulting agreement with Fintech Systems Inc was terminated upon Mr. Tempany's death on December 20, 2022. For a summary of compensation paid to Fintech Systems Inc. for the services of Mr. Tempany in respect of the year ended December 31, 2022 refer to the compensation tables above, under *Director and NEO Compensation*.

### **Compensation of Kent Jacobs, President 2022; Interim Chief Executive Officer December 2022**

Kent Jacobs originally entered into an employment contract with the Corporation dated May 1, 2001. Mr. Jacobs was subsequently promoted to President effective November 3, 2021 and to Interim Chief Executive Officer effective December 21, 2022 with subsequent replacement contracts increasing his gross annual remuneration to \$273,000. His 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. Mr. Jacobs 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 Mr. Jacobs in respect of the year ended December 31, 2022 refer to the compensation tables above, under *Director and NEO Compensation*.

### **Compensation of Alana Forbes, CPA, CGA, Chief Financial Officer 2022**

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 subsequent replacement contracts increased her gross annual remuneration to \$210,000 (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, 2022 refer to the compensation tables above, under *Director and NEO Compensation*.

### **Compensation of Derek Taylor, Vice President Strategic Opportunities 2022**

Derek Taylor originally entered into a consulting agreement with the Corporation dated September 9, 2002 for provision of sales services. Mr. Taylor was subsequently promoted to Vice President, Sales and Marketing on March 2, 2020 under an employment contract providing for gross annual remuneration of \$200,000 (subject to periodic reviews by the Corporation), plus sales commissions in accordance with the Corporation's policies. Mr. Taylor's title was changed to Vice President Strategic Opportunities effective August 22, 2022. Pursuant to his contract of employment, Mr. Taylor 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. Taylor was entitled to receive such additional remuneration, by way of variable compensation or otherwise, as the board of directors may have approved based on achievement of specific goals as mandated by the Corporation. For a summary of compensation paid to Mr. Taylor in respect of the year ended December 31, 2022 refer to the compensation tables above, under *Director and NEO Compensation*.

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

Under the employment agreement entered into between the Corporation and Mr. Jacobs (for a description, see *Employment, consulting and management agreements*), in the event that Mr. Jacobs' employment is terminated by the Corporation other than for just cause then Mr. Jacobs shall be entitled to a severance payment in an amount equal to Mr. Jacobs' then current monthly salary (such amount was equal to \$22,750/month on December 31, 2022) for six months, plus one additional month for each month that Mr. Jacobs 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. Jacobs would immediately vest and any vested options would have to be exercised within a specified period of time. Pursuant to his employment agreement, in the events of a change of control, Mr. Jacobs is entitled to payment equivalent to six months' salary plus one additional month for each month that Mr. Jacobs 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 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 \$17,500/month on December 31, 2022) 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% of 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. Taylor (for a description, see *Employment, consulting and management agreements*), in the event that Mr. Taylor's employment is terminated by the Corporation other than for just cause then Mr. Taylor shall be entitled to a severance payment in an amount equal to Mr. Taylor's then current monthly salary (such amount was equal to \$16,667/month on December 31, 2022) for six months. In the event of such termination, any unvested stock options held by Mr. Taylor would immediately vest and any vested options would have to be exercised within a specified period of time.

### **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 2022, Mr. Tempany, Mr. Jacobs and Ms. Forbes received a variable compensation payment while Mr. Taylor received sales commissions, under their respective agreements.

### **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 policies and practices 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, 2022, the Corporation compensated its directors in their capacity as a director of the Corporation at \$1,500 per month if the director was independent. If the Chairman or Vice-Chairman of the board of directors was an independent director,

his/her compensation was increased by an additional \$500 per month; and if a director was the chairman of a board subcommittee his/her remuneration was 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 and was suspended for the term of the management consulting agreement between the Corporation and Fintech Systems Inc. For a summary of compensation paid to the directors of the Corporation in respect of the year ended December 31, 2022 please refer to the compensation tables above (under *Director and NEO Compensation*).

Each director is eligible to receive stock options of the Corporation. The Corporation has compensated the directors with stock options in 2022, details of which are included in the compensation tables above (under *Stock Options and Other Compensation Securities*).

The Corporation has purchased, at its expense, a directors' and officers' liability insurance policy, which expires December 31, 2023. 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 \$20 million consisting of a \$5 million primary, \$15 million excess and an additional \$5 million excess Side A difference in conditions. There is a retention limit of \$20,000 that applies to the first \$5 million. Premiums paid by the Corporation for the directors and officers liability insurance total \$98,176.

**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. 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, 2022, the Corporation had 38,804,474 issued and outstanding Common Shares.

<b>Plan Category</b>	<b>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
<b>Equity compensation plans approved by securityholders</b>	1,735,210	\$0.75	2,145,237
<b>Equity compensation plans not approved by securityholders</b>	-	-	N/A
<b>Total</b>	1,735,210	\$0.75	2,145,237

**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**

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**

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

**Corporate Governance Disclosure**

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, 2022 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 seven (7). 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 seven (7) directors and all of the nominees are currently members of the board of directors of the Corporation, with the exception of Nancy Young and Peter Large. **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, Office(s) held, Start Date</b>	<b>Principal Occupation or Employment for the Last Five Years, Ownership Details<sup>(4)</sup></b>				
<p><b>Brent Rosenthal<sup>(1)</sup></b> Livingston NJ, USA Director June 2020</p>	<p>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 Board of Directors of Comscore (NASDAQ: SCOR) and lead independent director of 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.</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><i>Voting Securities Beneficially Owned</i></td> <td style="text-align: center;"><i>Percentage of Issued and Outstanding Voting Securities</i></td> </tr> <tr> <td style="text-align: center;">475,248</td> <td style="text-align: center;">1.22%</td> </tr> </table>	<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>	475,248	1.22%
<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>				
475,248	1.22%				
<p><b>Douglas G. Marlin<sup>(1)(2)</sup></b> Calgary AB, Canada Director February 2003</p>	<p>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.</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><i>Voting Securities Beneficially Owned</i></td> <td style="text-align: center;"><i>Percentage of Issued and Outstanding Voting Securities</i></td> </tr> <tr> <td style="text-align: center;">253,036</td> <td style="text-align: center;">0.65%</td> </tr> </table>	<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>	253,036	0.65%
<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>				
253,036	0.65%				
<p><b>Captain Mary McMillan<sup>(2)</sup></b> Grass Valley CA, USA Director August 2019</p>	<p>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.</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><i>Voting Securities Beneficially Owned</i></td> <td style="text-align: center;"><i>Percentage of Issued and Outstanding Voting Securities</i></td> </tr> <tr> <td style="text-align: center;">41,666</td> <td style="text-align: center;">0.11%</td> </tr> </table>	<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>	41,666	0.11%
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41,666	0.11%				
<p><b>Michael Brown<sup>(1)</sup></b> Nanaimo BC, Canada Director February 2003</p>	<p>Mr. Brown practices business law with Heath LLP and has been practising in Alberta and British Columbia since 1981.</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><i>Voting Securities Beneficially Owned</i></td> <td style="text-align: center;"><i>Percentage of Issued and Outstanding Voting Securities</i></td> </tr> <tr> <td style="text-align: center;">62,354</td> <td style="text-align: center;">0.16%</td> </tr> </table>	<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>	62,354	0.16%
<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>				
62,354	0.16%				
<p><b>Nancy Young</b> Chevy Chase MD, USA Director May 2023</p>	<p>Ms. Young currently is a self-employed sustainability and environmental attorney and consultant. From April 2022 through January 2023, she served as the Chief Sustainability Officer at Alder Fuels, establishing the start-up biocrude company's environmental and sustainability legal, policy, and regulatory programs. Immediately prior to joining Alder, Ms. Young served for 14 years as the Vice President of Environmental Affairs at Airlines for America (A4A). From 2015 through 2016, she served on the UN Secretary-General's High-Level Advisory Group for Sustainable Transport. Prior to joining A4A, Ms. Young was a Director/Partner at the law firm of Beveridge &amp; Diamond, PC.</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><i>Voting Securities Beneficially Owned</i></td> <td style="text-align: center;"><i>Percentage of Issued and Outstanding Voting Securities</i></td> </tr> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">0.00%</td> </tr> </table>	<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>	-	0.00%
<i>Voting Securities Beneficially Owned</i>	<i>Percentage of Issued and Outstanding Voting Securities</i>				
-	0.00%				



**"BE IT RESOLVED THAT:**

1. the 2023 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 2023 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 2023 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 2023 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 2023 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 2023 Stock Option Plan.**

**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 #500, 1212 – 31<sup>st</sup> Avenue NE, Calgary, Alberta, T2E 7S8, 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.**  
**2023 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) **"Common Shares"** means shares of the common share class in the share capital of the Corporation.
- (b) **"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.
- (c) **"Consultant Company"** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (d) **"Corporation"** means FLYHT Aerospace Solutions Ltd. and includes any successor corporation thereto.
- (e) **"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.
- (f) **"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.
- (g) **"Exchange"** means the TSX Venture Exchange.
- (h) **"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.
- (i) **"Option"** means an incentive stock option to purchase Common Shares granted under the Plan.
- (j) **"Optionee"** means the recipient of an Option.
- (k) **"Optioned Shares"** means the Common Shares under Options granted pursuant to the Plan; and **"Optioned Share"** means each such Common Share.
- (l) **"Plan"** means the program and procedures as structured and subject to the terms herein for the granting of Options to Directors, Employees and Consultants.
- (m) **"Affiliate", "Company", "disinterested Shareholders", "Distribution", "Discounted Market Price", "Insider", "Investor Relations Activities", "Market Price", "Prospectus", "Securities Laws", "Person"** and any undefined terms herein shall 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 (together with any other share based compensation arrangements of the Corporation) 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. The Corporation and any Optionee being granted Options hereunder are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

### **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 (together with any other share based compensation arrangements of the Corporation) 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 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 (together with any other share based compensation arrangements of the Corporation) 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 under the Plan (together with any other share based compensation arrangements of the Corporation) 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 (together with any other share based compensation arrangements of the Corporation).

Options granted to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than ¼ 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**

The maximum aggregate number of Common Shares of the Corporation that are issuable, granted or issued pursuant to the Plan (together with any other share based compensation arrangements of the Corporation) to Insiders (as a group) must not exceed 10% of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis) at any point in time (unless the Issuer has obtained the requisite disinterested shareholder approval pursuant to section 5.3 of TSXV Policy 4.4 (Security Based Compensation)).

The maximum aggregate number of Common Shares of the Corporation that are issuable pursuant to the Plan (together with any other share based compensation arrangements of the Corporation) granted or issued in any 12 month period to Insiders (as a group) must not exceed 10% of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis), calculated as at the date any Option is granted or issued to any Insider (unless the Issuer has obtained the requisite disinterested Shareholder approval pursuant to section 5.3 of TSXV Policy 4.4 (Security Based Compensation)).

Fractional Common Shares shall not be reserved, set aside, purchased or issued under the Plan. If the right to exercise any Option expires or is terminated for any reason without having been exercised, the Common Shares reserved and set aside for such 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 (together with any other share based compensation arrangements of the Corporation) 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 10 years.
- (c) No more than 5% of the issued Common Shares may be granted to any one individual in any 12 month period.
- (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 or extending the term 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 will 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 will 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 10 years from the date of grant of such Options; 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. Subject to compliance with Exchange Policy 4.4, the expiry date of an option granted hereunder will be automatically extended if such expiry date falls within a blackout period during which the Corporation prohibits Optionees from exercising their Options. Such automatic extension shall in no event exceed 10 business days following the end of such blackout period.

### **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.

Furthermore, any exercise of an Option must be exempt or not subject to registration under applicable United States federal and state securities laws. Any Options exercised by or on behalf of a person in the United States (as such term is defined in Regulation S promulgated under the United States Securities Act of 1933, as amended) will result in the certificate representing the Common Shares bearing a United States restrictive legend restricting transfer of the Common Shares under United States federal and state 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 {00646069 v1}

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.

#### **13. UNITED STATES TAX LAW MATTERS**

- (a) This Section 13 shall only apply to an Optionee who is a U.S. citizen, U.S. permanent resident or U.S. tax resident or an Optionee for whom a benefit under the Plan would otherwise be subject to U.S. taxation under the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Code**"), and the rulings and regulations in effect thereunder (a "**U.S. Optionee**"). This Section 13 does not and will not add to or modify the Plan in respect of any other category of Optionee who is not a U.S. Optionee.
- (b) Common Shares issued in settlement of an Option granted to a U.S. Optionee will be made in "service recipient stock," as described in U.S. Treasury Regulation 1.409A-1(b)(5)(iii)(E).
- (c) No Option shall be granted to a U.S. Optionee unless the Exercise Price of such Option shall be not less than 100% of the fair market value of a Common Share on the date of grant of such Option (determined by the Board or the Compensation Committee in a manner that satisfies the requirements of U.S. Treasury Regulation 1.409A-1(b)(5)(iv)).
- (d) It is the intention of the Corporation that no Option shall be "deferred compensation" subject to U.S. Code Section 409A, unless and to the extent that the Board or the Compensation Committee specifically determine otherwise, and the Plan and the terms and conditions of Options granted to U.S. Optionees shall be interpreted and administered accordingly.
- (e) Options granted to U.S. Optionees shall be non-qualified options and not as incentive stock options (within the meaning of U.S. Code Section 422).
- (f) Each Optionee is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such Optionee in connection with the Plan (including any taxes and penalties under U.S. Code Section 409A), and neither the Corporation nor any affiliate shall have any obligation to indemnify or otherwise hold such Optionee or beneficiary or the Optionee's estate harmless from any or all such taxes or penalties.
- (g) All provisions of the Plan shall continue to apply to a U.S. Optionee, except to the extent that they have been specifically modified by this Section 13.

**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. Other than Mr. Takalo, all of the members of the Audit Committee are independent directors. All members of the Audit Committee are financially literate. Jack Olcott will cease to act as a director of the Corporation (and therefore no longer be on the Audit Committee) as at the conclusion of the Corporation's annual and special meeting on May 11, 2023.

Relevant Education and Experience of Members of Audit Committee

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.

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. Jack Olcott will cease to act as a director of the Corporation (and therefore no longer be on the Audit Committee) as at the conclusion of the Corporation's annual and special meeting on May 11, 2023.

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.

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 be made available to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor, once approved.
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 appropriate and operating effectively for the Corporation and its subsidiaries and affiliates. This will include assessing with management the Corporation's material risk exposures relating to financial reporting matters and actions to identify, monitor and mitigate such exposures.
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. Review the Audit plan of the external auditors and direct the external auditor's examinations to particular areas.
4. Review control deficiencies, Critical audit matters and Key audit matters identified by the external auditor, together with management's response. The audit committee will confirm that internal control recommendations by the auditors have been implemented.
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 and MD&A, 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>
2021	\$177,192	\$8,828	\$41,697	\$9,462
2022	\$216,155	\$6,420	\$23,803	\$16,741

**Notes:**

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



**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

*Brent Rosenthal, Douglas Marlin, Jack Olcott, Jonina Jonsson, Mary McMillan and Michael Brown. Jonina Jonsson and Jack Olcott will cease to act as directors of the Corporation as at the conclusion of the Corporation's annual and special meeting on May 11, 2023. Should Nancy Young and Peter Large be elected at the Corporation's annual and special meeting on May 11, 2023, they each would be considered independent.*

(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 provided consultant services to the Corporation in Q1 2022.*

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.

*Jonina Jonsson is a member of the advisory board of Waltzing Mathilda Aviation LLC, Vice Chairman on the board of Icelandair, and a member of the advisory board of JetZero Inc. Jonina Jonsson will cease to act as a director of the Corporation as at the conclusion of the Corporation's annual and special meeting on May 11, 2023.*

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 its directors, officers, spokespersons and employees as it relates to communications with the public. Multiple policies form a formal code of conduct for its directors, officers, employees and consultants. The board of directors believes that the Corporation's size also facilitates informal review of and discussions with employees and consultants.*

*The Corporation has a whistleblower policy in place which is acknowledged by all employees upon hire, and which is periodically reviewed with all staff.*

*A comprehensive anti-corruption policy ensures all relevant staff and consultants are trained appropriately. Relevant consultants are required to attest to compliance on a regular basis and all business opportunities are evaluated with this policy in mind. Directors are informed of activities undertaken to minimize risk in this area.*

*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

*Brent Rosenthal, Douglas Marlin, Michael Brown, and Jonina Jonsson are members of the Corporation's Governance and Compensation Committee, which determines compensation for directors and officers. Jonina Jonsson will cease*

to act as a director of the Corporation as at the conclusion of the Corporation's annual and special meeting on May 11, 2023.

(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 designated groups; and (ii) a target number or percentage, or range, for members of 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.*

Table of Designated Group Representation				
Designated Group	Board of Directors		Officers	
	Number	Proportion	Number	Proportion
Women	2	28.5%	1	20%
Aboriginal peoples	-	-	-	-
Persons with disabilities	1	14.3%	-	-
Members of visible minorities	-	-	1	20%