



**BSM TECHNOLOGIES INC.**

**NOTICE OF MEETING**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**for the**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on**

**MARCH 21, 2019**

**DATED AS OF FEBRUARY 8, 2019**



**BSM TECHNOLOGIES INC.**

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

**To be Held on Thursday, March 21, 2019, at 4:00 p.m. (Toronto time)**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**”, or individually, a “**Shareholder**”) of common shares (the “**Common Shares**”) of BSM Technologies Inc. (the “**Corporation**”) will be held at the offices of Bennett Jones LLP, Suite 3400, One First Canadian Place, Toronto, Ontario, Canada, M5X 1A4 on Thursday, March 21, 2019, at 4:00 p.m. (Toronto time) for the following purposes:

1. to receive and consider the annual audited consolidated financial statements of the Corporation for the fiscal years ended September 30, 2018 and 2017, together with the auditors’ report thereon;
2. to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation (the “**Board**”) to fix their remuneration, as more particularly described under the heading “*Business of Meeting – Appointment of Auditors*” in the Corporation’s management information circular dated February 8, 2019 (the “**Circular**”);
3. to elect the directors of the Corporation for the ensuing year, as more particularly described under the heading “*Business of Meeting – Election of Directors*” in the Circular;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving certain amendments to the Corporation’s restricted share unit plan (the “**RSU Plan**”), and all unallocated restricted share units issuable pursuant to the RSU Plan, as more particularly described under the heading “*Business of Meeting – Approval of the RSU Plan Resolution*” in the Circular;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving certain amendments to the Corporation’s deferred share unit plan (the “**DSU Plan**”), including increasing the maximum number of Common Shares reserved for issuance under the DSU Plan by 350,000, from 1,000,000 to 1,350,000, and all unallocated deferred share units issuable pursuant to the DSU Plan, as more particularly described under the heading “*Business of Meeting – Approval of the DSU Plan Resolution*” in the Circular; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

This notice is accompanied by the Circular, either a form of proxy for a registered Shareholder or a voting instruction form for a beneficial Shareholder (collectively, the “**Meeting Materials**”). Shareholders may request to receive copies of the Corporation’s annual audited consolidated financial statements, together with the auditor’s report thereon and the related management’s discussion and analysis (“**MD&A**”) and/or interim consolidated financial statements and related MD&A by marking the appropriate box on the form of proxy or voting instruction form, as applicable. The annual audited consolidated financial statements of the Corporation for the fiscal years ended September 30, 2018 and 2017, together with the auditor’s report thereon and the related MD&A was sent to those Shareholders who previously requested to receive it. Otherwise, it is available upon request to the Corporation by email at [investorrelationsgroup@bsmtechnologies.com](mailto:investorrelationsgroup@bsmtechnologies.com) and can also be found under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com) or on the Corporation’s website at [www.bsmtechnologies.com](http://www.bsmtechnologies.com).

Similar to last year, the Corporation has again this year decided to deliver the Meeting Materials to Shareholders using the notice-and-access mechanism that came into effect on February 11, 2013 under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer*. Accordingly, the Corporation will deliver the Meeting Materials to Shareholders by posting the Meeting Materials on its website at

[www.bsmtechnologies.com](http://www.bsmtechnologies.com). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and also reduce the Corporation's printing and mailing costs. The Meeting Materials will be available on the Corporation's website as of February 12, 2019, and the Meeting Materials will remain on the website for one full year thereafter. In addition, the Meeting Materials will also be available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) as of February 12, 2019.

Prior to the Meeting, Shareholders who wish to receive paper copies of the Meeting Materials may request copies from the Corporation by calling (i) toll-free in North America at 1-888-822-2768, or (ii) direct from outside of North America at +1 (416) 675-5109. For up to one year after the Meeting, Shareholders who wish to receive paper copies of the Meeting Materials may request copies from the Corporation by (i) calling toll-free in North America at 1-888-822-2768, or (ii) emailing at [investorrelationsgroup@bsmtechnologies.com](mailto:investorrelationsgroup@bsmtechnologies.com). Meeting Materials will be sent to such Shareholders at no cost within i) three business days of their request, if such requests are made before the Meeting, and (ii) 10 calendar days of their request, if such requests are made after the Meeting. In order to receive paper copies of the Meeting Materials in advance of the Proxy Deposit Deadline (as defined herein), your request should be received no later than March 13, 2019.

If you would like more information about the "notice-and-access" rules, please contact the Corporation by calling toll-free in North America at 1-888-822-2768.

Shareholders are invited to attend the Meeting. *Registered Shareholders* who are unable to attend the Meeting in person are requested to complete, date and sign the form of proxy and send it to the Corporate Secretary of the Corporation c/o Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, Facsimile: 1-866-249-7775. Electronic voting is also available for this Meeting through [www.investorvote.com](http://www.investorvote.com) and telephone voting is available. Votes cast electronically or by telephone are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy. *Non-Registered Shareholders* who receive the Meeting Materials through their broker or other intermediary should complete and send the voting instruction form in accordance with the instructions provided by their broker or intermediary.

The Board has fixed the close of business on February 4, 2019, as the record date for determining Shareholders entitled to receive notice of and to vote at the Meeting and any adjournment(s) or postponement(s) thereof. Only Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

The Board has, by resolution, fixed 4:00 p.m. (Toronto time) on March 19, 2019, or 48 hours before the time of any adjourned or postponed Meeting (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario), as the time before which proxies to be used or acted upon at the Meeting or any adjournment(s) or postponement(s) thereof shall be deposited with the Corporation's transfer agent ("**Proxy Deposit Deadline**"). Late proxies may be accepted or rejected by the Chair of the Meeting in their discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

DATED at Toronto, Ontario, this 8<sup>th</sup> day of February, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS OF BSM  
TECHNOLOGIES INC.**

(signed) "*Louis De Jong*"

Louis De Jong  
President and Chief Executive Officer

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## GENERAL INFORMATION RESPECTING THE MEETING

### Time, Date and Place of Meeting

This management information circular (the “**Circular**”) is provided in connection with the solicitation, by or on behalf of the management of BSM Technologies Inc. (the “**Corporation**”), of proxies for use at the Corporation’s annual general and special meeting (the “**Meeting**”) of the holders (collectively, the “**Shareholders**”, or individually, a “**Shareholder**”) of common shares (the “**Common Shares**”) of the Corporation to be held at the offices of Bennett Jones LLP, Suite 3400, One First Canadian Place, Toronto, Ontario, Canada, M5X 1A4 on Thursday, March 21, 2019, at 4:00 p.m. (Toronto time) for the purposes set forth in the accompanying notice of meeting (the “**Notice**”). References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof. Unless otherwise stated herein, the information contained in this Circular is given as of February 8, 2019. Information in this Circular as to the Common Shares beneficially owned, controlled or directed, by certain Shareholders is not within the knowledge of the Corporation and, accordingly, has been obtained by the Corporation from publicly-disclosed information and/or furnished by such Shareholders.

### Currency

In this Circular, unless otherwise specified herein, all references to dollar amounts are to Canadian dollars. Canadian dollars are reported as \$ and United States (U.S.) dollars are reported as USD\$. Unless otherwise stated herein, all U.S. dollar amounts that have been converted into Canadian dollars, have been converted at the average daily exchange rate for fiscal 2018, published by the Bank of Canada, calculated through its *Daily Exchange Rates Lookup*: U.S. \$1.00 = CDN \$1.2836.

### Record Date

The Corporation has fixed the close of business on February 4, 2019, as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting (subject, in the case of voting by proxy, to the timely deposit of a properly completed, signed and dated proxy with the Corporation’s transfer agent and registrar, Computershare Investor Services Inc. (“**Computershare**”), as specified herein and in the Notice).

All Shareholders of record at the close of business on the Record Date are entitled to vote the Common Shares registered in such Shareholder’s name at that date on each matter to be acted upon at the Meeting. The failure of any Shareholder to receive a copy of the Notice does not deprive a Shareholder of the right to vote at the Meeting.

### Quorum

The quorum for the Meeting is two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent Shareholders so entitled, holding or representing in the aggregate not less than 25% of the issued Common Shares of the Corporation enjoying voting rights at such meeting.

### Solicitation of Proxies

**The enclosed proxy is being solicited by the management of the Corporation for use at the Meeting.** Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of communication by the directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor. The cost of any such solicitation will be borne by the Corporation.

In accordance with applicable securities law requirements, the Corporation will have distributed copies of the notice-and-access notification, the Notice, this Circular (if requested), and, as applicable, a form of proxy (which includes a consent to electronic delivery and a place to request copies of the Corporation's annual audited consolidated financial statements, together with the auditor's report thereon, and the related management's discussion and analysis ("MD&A") and/or interim consolidated financial statements and related MD&A) or a voting instruction form ("VIF") (collectively, the "Meeting Materials").

Similar to last year, the Corporation has again this year decided to use notice-and-access to deliver the Meeting Materials to Shareholders by posting the Meeting Materials on its website at [www.bsmtechnologies.com](http://www.bsmtechnologies.com). The Meeting Materials will also be available under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) as of February 12, 2019. Shareholders will receive a notice-and-access notification which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting. Please see "Notice-and-Access" below.

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), arrangements have been made with intermediaries (collectively, the "Intermediaries", or individually, an "Intermediary") or their nominees (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans) to forward the Meeting Materials to the Objecting Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward the Meeting Materials to Objecting Beneficial Shareholders unless an Objecting Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to Objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending the Meeting Materials directly to Non-Objecting Beneficial Shareholders (as defined below), through the services of Computershare.

Shareholders will also receive access to a supplementary mailing list return card to be used to request inclusion on the Corporation's supplementary mailing list for its annual and interim financial statements.

All references to Shareholders in this Circular, the accompanying instrument of proxy and the Notice are to registered Shareholders unless specifically noted otherwise.

### **Appointment and Revocation of Proxies**

The individuals named as proxyholders in the instrument of proxy accompanying this Circular are representatives of the Corporation's management. **A Shareholder who wishes to appoint another person (who need not be a Shareholder) as the Shareholder's representative at the Meeting may do so by either: (a) crossing out the names of the designated proxyholders and printing the other person's name in the blank space provided; or (b) completing another valid instrument of proxy.** In either case, the completed instrument of proxy must be delivered to Computershare at the place and within the time limits specified herein for the deposit of proxies. A Shareholder who appoints a proxy who is someone other than the designated proxyholders should notify the designated proxyholder(s), obtain the proxyholder's consent to act as proxy, and provide instructions on how the Shareholder's Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In all cases the instrument of proxy should be dated and executed by a Shareholder or an attorney duly authorized in writing (with proof of such authorization attached, in the case where an appointed attorney has executed the instrument of proxy).

An instrument of proxy will not be valid for the Meeting or any adjournment(s) or postponement(s) thereof unless it is completed and delivered to the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, Facsimile 1-866-249-7775, not less than 48 hours before the time for holding the Meeting or any adjournment(s) or postponement(s) thereof, excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario. Electronic voting is also available for this Meeting through



[www.investorvote.com](http://www.investorvote.com) and telephone voting is available. Votes cast electronically or by telephone are in all respects equivalent to and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy.

**In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it, any time before it is exercised, by an instrument in writing executed by such Shareholder or by Shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation (BSM Technologies Inc., 75 International Blvd., Suite 100, Toronto, Ontario, Canada, M9W 6L9. Attention: Corporate Secretary) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) or postponement(s) thereof, at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof.**

### **Voting of Proxies**

The persons named in the form of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent Shareholders that appoint them as proxy. Each Shareholder may instruct his or her proxy how to vote his or her Common Shares by completing the blanks on the proxy form.

Common Shares represented by properly executed proxy forms in favour of the person designated on the proxy form will be voted or withheld from voting in accordance with the instructions given on the proxy forms and if a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such instructions, such Common Shares **WILL BE VOTED FOR THE APPROVAL OF ALL RESOLUTIONS IN THIS CIRCULAR.**

**The form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice and with respect to any other matters which may properly come before the Meeting.** As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Advice to Beneficial Shareholders**

**The information set forth in this section is of significant importance to Shareholders who do not hold their Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities), which acts as a nominee for many Canadian brokerage firms. Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients.

The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders to ensure that their Common Shares are

voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails the VIFs or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instructions forms or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

### **Note to Non-Objecting Beneficial Shareholders**

Beneficial Shareholders fall into two categories – those who object to their identity being made known to the issuers of securities which they own (the “**Objecting Beneficial Shareholders**”) and those who do not object to their identity being made known to the issuers of the securities they own (the “**Non-Objecting Beneficial Shareholders**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their Non-Objecting Beneficial Shareholders from Intermediaries via their transfer agent in order to distribute the Meeting Materials directly to such Non-Objecting Beneficial Shareholders. The Corporation is taking advantage of those provisions of NI 54-101, which permit the Corporation to send the Meeting Materials directly to Non-Objecting Beneficial Shareholders.

If you are a Non-Objecting Beneficial Shareholder, and the Corporation or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding the Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified therein.

A Beneficial Shareholder may revoke a VIF or a waiver of the right to receive materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a VIF or of a waiver of the right to receive materials and to vote, which is not received by the Intermediary at least seven days prior to the Meeting.

### **Electronic Delivery of Documents**

Every year, as required by laws governing public companies, the Corporation delivers documentation to Shareholders. To make this process more convenient, Shareholders may choose to be notified by email when the Corporation’s documentation, including the Meeting Materials, is posted on the Corporation’s website ([www.bsmtechnologies.com](http://www.bsmtechnologies.com)) and, accordingly, such documentation will not be sent in paper form by mail unless requested.

Delivery in an electronic format, rather than paper, reduces costs to the Corporation and benefits the environment. Shareholders **who do not** consent to receive documentation through email notification will continue to receive such documentation by mail or otherwise, in accordance with securities laws.

By consenting to electronic delivery, Shareholders: (i) agree to receive all documents to which they are entitled electronically, rather than by mail; and (ii) understand that access to the Internet is required to receive a document electronically and certain system requirements must be installed (currently Adobe Acrobat Reader to view Adobe’s portable document format (“**PDF**”). Such documents may include the interim consolidated financial statements and corresponding MD&A, the annual audited consolidated financial statements and corresponding MD&A, the notice

of annual and/or special meetings of Shareholders, the related management information circular, other proxy-related materials and other corporate information about the Corporation.

At any time, the Corporation may elect not to send a document electronically, or a document may not be available electronically. In either case, a paper copy will be mailed to Shareholders.

Registered Shareholders can consent to electronic document delivery by completing and returning the consent included in the form of proxy accompanying the Meeting Materials to Computershare. Beneficial Shareholders can consent to electronic delivery by completing and returning the appropriate form received from the applicable Intermediary. The Corporation will notify Shareholders using the email address provided by the Shareholder on the form of proxy when the documents the Shareholder is entitled to receive are posted on the Corporation's website, with a link to the specific pages of the website containing the PDF document. Shareholders are not required to consent to electronic delivery.

### **Notice-and-Access**

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendment to securities laws governing the delivery of proxy-related materials by public companies. The notice-and-access mechanism came into effect on February 11, 2013 under NI 54-101. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily-accessible website, rather than mailing physical copies of the materials.

The Corporation has decided to deliver the Meeting Materials to Shareholders by posting the Meeting Materials on its website at [www.bsmtechnologies.com](http://www.bsmtechnologies.com). The Meeting Materials will be available on the Corporation's website as of February 12, 2019, and will remain on the website for one full year thereafter. In addition, the Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of February 12, 2019.

All Shareholders entitled to receive the Meeting Materials will receive a notice-and-access notification which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting.

Prior to the Meeting, Shareholders who wish to receive paper copies of the Meeting Materials may request copies from the Corporation by calling (i) toll-free in North America at 1-888-822-2768, or (ii) direct from outside of North America at +1 (416) 675-5109. For up to one year after the Meeting, Shareholders who wish to receive paper copies of the Meeting Materials may request copies from the Corporation by (i) calling toll-free in North America at 1-888-822-2768, or (ii) emailing at [investorrelationsgroup@bsmtechnologies.com](mailto:investorrelationsgroup@bsmtechnologies.com). Meeting Materials will be sent to such Shareholders at no cost within (i) three business days of their request, if such requests are made before the Meeting, and (ii) 10 calendar days of their request, if such requests are made after the Meeting. In order to receive paper copies of the Meeting Materials in advance of the Proxy Deposit Deadline (as defined herein), your request should be received no later than March 13, 2019.

If you would like more information about the "notice-and-access" rules, please contact the Corporation by calling toll-free in North America at 1-888-822-2768.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN BUSINESS OF MEETING**

No (i) director or executive officer of the Corporation who has held such position at any time since the beginning of the fiscal year ended September 30, 2018 ("**Fiscal 2018**"); (ii) proposed nominee for election as a director of the Corporation; or (iii) associate or affiliate of a person in (i) or (ii), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than directors and executive officers of the Corporation having an interest in the resolutions regarding approval of certain amendments to the Corporation's restricted share unit plan (the "**RSU Plan**") and certain amendments to the

Corporation’s deferred share unit plan (the “**DSU Plan**”), as such persons are eligible to participate in such plans. Please see “*Business of Meeting – Approval of the RSU Plan Resolution*” and “*Business of Meeting – Approval of the DSU Resolution*”.

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

The authorized capital of the Corporation consists of: (i) an unlimited number of Common Shares, of which 80,644,011 Common Shares are issued as at the Record Date, of which 1,199,575 Common Shares are issued in escrow, the release of which is subject to future performance conditions outlined in the applicable escrow agreements; (ii) an unlimited number of First Preferred Shares without nominal or par value, of which Nil First Preferred Shares are issued and outstanding as at the Record Date; and (iii) an unlimited number of Second Preferred Shares without nominal or par value, of which Nil Second Preferred Shares are issued and outstanding as at the Record Date. Each Common Share carries the right to one vote per Common Share. No other voting securities are issued and outstanding as of the Record Date.

To the knowledge of the directors and the executive officers of the Corporation, as at the Record Date, no person beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Common Shares, other than as set out below:

Name of Shareholder	Number of Common Shares <sup>(1)</sup>	Percentage of Common Shares <sup>(2)</sup>
Crescendo Advisors II LLC <sup>(3)</sup>	8,344,800	10.4%
DDS Wireless International Inc. <sup>(4)</sup>	9,769,783	12.1%
PenderFund Capital Management Ltd. <sup>(5)</sup>	8,410,892	10.4%

Notes:

- (1) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly-disclosed information and/or furnished by the Shareholder(s) listed above.
- (2) Calculated on a non-diluted basis on the basis of 80,644,011 Common Shares issued and outstanding as of the Record Date.
- (3) Crescendo Advisors II LLC (“**Crescendo Advisors**”) is the investment manager of Crescendo Partners II L.P., Series R2 and Crescendo Partners III L.P. (collectively, the “**Crescendo Funds**”) and in such capacity has discretionary investment management authority over the investment portfolio of the Crescendo Funds and has control or direction over the securities held by each of them. Crescendo Advisors, together with its joint actors, the Crescendo Funds and Jamarant Capital, L.P. (“**Jamarant**”), have ownership and control or direction over an aggregate of 8,344,800 Common Shares, representing approximately 10.4% of the issued and outstanding Common Shares. Jamarant is a company controlled by Messrs. Gregory Monahan and David D. Sgro who are directors of the Corporation.
- (4) DDS Wireless International Inc., together with its joint actor, Ghai Investments Ltd., have ownership and control or direction over an aggregate of 9,769,783 Common Shares, representing approximately 12.1% of the issued and outstanding Common Shares.
- (5) PenderFund Capital Management Ltd. (“**PenderFund**”) has ownership and control or direction over an aggregate of 8,410,892 Common Shares, representing approximately 10.4% of the issued and outstanding Common Shares. Mr. Kelly Edmison, a director of the Corporation, is the Chairman of PenderFund.

## **BUSINESS OF MEETING**

To the knowledge of the board of directors of the Corporation (the “**Board**”) and management of the Corporation, the only matters to be brought before the Meeting are those set out in the accompanying Notice and more particularly detailed below. **However, if other matters, which are not known to the management, should properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

### **Presentation of Financial Statements**

The annual audited consolidated financial statements of the Corporation for the fiscal years ended September 30, 2018, and 2017, together with the report of the auditors thereon (the “**FY2018 F/S**”), will be placed before the Meeting. The FY2018 F/S and the related MD&A (the “**FY2018 MD&A**”) were mailed to the Corporation’s

Shareholders who requested it and are additionally available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.bsmtechnologies.com](http://www.bsmtechnologies.com).

### **Appointment of Auditors**

The independent auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants ("PwC"), located at PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J 0B2. PwC were first appointed auditors of the Corporation on October 14, 2011. The Board reviews the annual audit fees and considers the issue of auditor independence in the context of all services provided to the Corporation. PwC did not have any reservation in their auditor's reports for the audited annual consolidated financial statements of the Corporation for the fiscal years ended September 30, 2018, and 2017. The Board proposes to nominate PwC for re-appointment as the auditor of the Corporation to hold office until the next annual meeting of Shareholders, and to obtain authorization to fix their remuneration.

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RESOLUTION AUTHORIZING THE APPOINTMENT OF PWC AS AUDITOR OF THE CORPORATION TO HOLD OFFICE FOR THE ENSUING YEAR AT A REMUNERATION TO BE FIXED BY THE BOARD, UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHAREHOLDER'S COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.**

### **Election of Directors**

The Corporation's articles of amendment dated December 19, 1996, provide that the Board shall consist of a minimum of three (3) and a maximum of eleven (11) directors. Currently, the Corporation has seven directors and the Board has fixed the number of directors to be elected at the Meeting at seven (7). At the Meeting, the seven (7) persons named hereunder will be proposed for election as directors of the Corporation. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of Shareholders, or until his or her successor is duly elected unless prior thereto he or she resigns or his or her office becomes vacated by reason of death or other cause.

### **Majority Voting Policy**

The Board adopted a policy regarding majority voting for the election of directors on January 19, 2012, which was amended by the Board on February 11, 2016. If, in an uncontested election of directors, the number of Common Shares "withheld" for any director nominee exceeds the number of Common Shares voted "for" such nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, such director shall immediately tender his or her written resignation to the Board. The Compensation, Governance and Nominating Committee of the Board (the "CGN Committee") will consider such offer of resignation and will make a recommendation to the Board concerning the acceptance or rejection of the resignation. The Board will accept the resignation absent exceptional circumstances, and such resignation will be effective when accepted by the Board. In its deliberations, the CGN Committee may consider such extenuating circumstances as it deems appropriate. The Board must take formal action on the CGN Committee's recommendation within 90 days of the date of the applicable meeting of Shareholders and promptly announce its decision by press release, a copy of which shall be provided to the Toronto Stock Exchange (the "TSX"). If the Board declines to accept the resignation, such press release will fully state the reason or reasons for its decision.

## Nominees

All seven (7) proposed nominees whose names are set out below (collectively, the “**Nominees**”, or individually, a “**Nominee**”) are currently directors of the Corporation and have been nominated by the Board for re-election as directors at the Meeting. The biographies of each Nominee are outlined below. For additional information regarding the current directors’ meeting attendance and fees, please see “*Director Compensation*” and “*Statement of Corporate Governance*”.

The table below sets forth the name, province or state and country of residence and principal occupation during the prior five-year period of each Nominee and the number of voting securities of the Corporation beneficially owned, or over which control or direction is exercised, directly or indirectly, by each Nominee. At the Meeting, Shareholders will be entitled to cast their votes for, or withhold their votes from, the election of each Nominee.

Name, Province or State and Country of Residence	Director Since	Present Principal Occupation and Positions Held during the Preceding Five Years <sup>(1)</sup>	Common Shares Beneficially Owned or Controlled		Options, DSUs and RSUs Beneficially Owned or Controlled <sup>(4)</sup>
			Number <sup>(2)</sup>	Percentage <sup>(3)</sup>	Number
<b>Andrew Gutman</b> <sup>(5)(6)</sup> Utah, United States	September 30, 2015	Consultant to the technology industry; formerly, CEO of Webtech Wireless Inc.	360,099	0.5%	138,335 DSUs
<b>Louis De Jong</b> Ontario, Canada	August 26, 2018	President and Chief Executive Officer of the Corporation (former Chief Financial Officer)	1,155,819	1.4%	1,175,000 Options 563,982 RSUs
<b>Kelly Edmison</b> <sup>(6)</sup> British Columbia, Canada	June 28, 2016	Chairman of Penderfund	0 <sup>(7)</sup>	0.0%	143,058 DSUs
<b>Frank Maw</b> <sup>(6)(8)</sup> Ontario, Canada	June 10, 2008	Consultant to information technology industry	88,400	0.1%	132,191 DSUs
<b>Leonard Metcalfe</b> <sup>(6)</sup> British Columbia, Canada	September 30, 2015	Retired	70,519	0.1%	150,854 DSUs
<b>Gregory Monahan</b> <sup>(6)</sup> Connecticut, United States	June 28, 2016	Senior Managing Director of Crescendo, L.P.	428,103 <sup>(10)</sup>	0.5%	107,213 DSUs
<b>David D. Sgro</b> <sup>(9)</sup> New Jersey, United States	June 28, 2016	Senior Managing Director of Crescendo, L.P.	428,103 <sup>(10)</sup>	0.5%	115,295 DSUs

### Notes:

- (1) The information as to principal occupations, not being within the direct knowledge of the Corporation, has been furnished by the respective Nominee.
- (2) The information as to the number of Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of the Corporation, has been furnished by the respective Nominees or obtained from the System for Electronic Disclosure by Insiders (“**SEDI**”) and may include Common Shares owned or controlled by their spouses and/or children and/or companies controlled by them or their spouses and/or children.
- (3) Percentage of total Common Shares is based on 80,644,011 Common Shares issued as of February 8, 2019.
- (4) Stock options (“**Options**”) are issued pursuant to the terms of the Options Plan, Restricted Share Units (“**RSUs**”) are issued pursuant to the terms of the RSU Plan, and Deferred Share Units (“**DSUs**”) are issued pursuant to the terms of the DSU Plan.

- (5) Member of the Audit Committee.
- (6) Member of the CGN Committee.
- (7) Mr. Edmison is the Chairman of PenderFund. PenderFund manages various mutual funds and pools which, collectively, beneficially own or control, directly or indirectly, an aggregate of 8,410,892 Common Shares. Notwithstanding Mr. Edmison's position with PenderFund, Mr. Edmison does not have control or direction, whether direct or indirect, over the securities of PenderFund. Please see "Voting Securities and Principal Holders Thereof" above for additional details.
- (8) Chair of the CGN Committee.
- (9) Chair of the Audit Committee.
- (10) Messrs. David D. Sgro and Gregory Monahan, through Jamarant, a company under their control, own or control, directly or indirectly, an aggregate of 428,103 Common Shares. In addition, Messrs. Sgro and Monahan are senior managing directors of the Crescendo Advisors which, through the Crescendo Funds, own an aggregate of 7,916,697 Common Shares. Notwithstanding Messrs. Sgro and Monahan positions with the Crescendo Funds, Messrs. Sgro and Monahan do not have control or direction, whether direct or indirect, over the securities of the Crescendo Funds. Please see "Voting Securities and Principal Holders Thereof" above for additional details.

As at the date of this Circular, to the Corporation's knowledge, the current and proposed directors of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 2,531,043 Common Shares, representing approximately 3.1% of the issued and outstanding Common Shares (on a non-diluted basis).

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF EACH OF THE NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER, OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS; HOWEVER, IF FOR ANY REASON, ANY OF THE NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER, OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.**

#### **Director Biographies**

##### **Andrew Gutman, Non-Executive Chairman of the Board, Independent Director**

Mr. Gutman joined the Corporation as a director in September 2015, and is a member of the CGN Committee and the Audit Committee. Mr. Gutman has more than 10 years of experience in private equity/venture capital, as well as 15 years of experience in managing and/or advising profitable, growth and acquisition oriented software companies. Mr. Gutman is a member of the Board of Directors of Cortex Business Solutions Inc. (TSXV:CBX), a supplier of e-business products and services. In addition to his prior role as the Chief Executive Officer of Webtech Wireless Inc., Mr. Gutman was the Chief Executive Officer of Speedware Corporation from 2001 to 2005 where he led the growth of the company from approximately \$15 million in revenues to \$62 million (\$16 million EBITDA) through a combination of acquisitions and successful execution of internal growth strategies. During this period, Speedware Corporation's market capitalization increased from about \$5 million in 2001 to \$143 million in 2005 when it was sold to Activant Solutions, Inc. Mr. Gutman is currently a consultant to several technology companies.

##### **Louis De Jong, Director and President and Chief Executive Officer**

Mr. De Jong is the President and Chief Executive Officer of the Corporation, and first joined the Corporation as its Chief Financial Officer in January 2014. Mr. De Jong has over 20 years of experience in the financial and investment industries. Mr. De Jong's previous roles include Managing Director at Jemekk Capital Management, Head of Canadian Equities at Credit Suisse, and Head of Institutional Sales at Sprott Securities. Mr. De Jong started his career as an accountant with PricewaterhouseCoopers LLP. Most recently Mr. De Jong founded and was the Managing Partner at De Jong & Co., a boutique merchant bank engaged in principal investment and financial advisory services. Mr. De Jong is both a CPA and CA Charterholder and he earned his Economics degree from the University of Western Ontario.

**Kelly Edmison, Independent Director**

Mr. Edmison joined the Corporation as a director in June 2016, and is a member of the CGN Committee. Mr. Edmison has been active in the business community for almost 40 years. Currently, Mr. Edmison is Chairman of Penderfund Capital Management Ltd., which manages a venture fund and a variety of value based mutual funds. Previously, Mr. Edmison was a lawyer for 25 years having spent his early years in Calgary and Hong Kong and then the core of his practicing years focused on the technology industry in Vancouver. In 2002, he founded Pender Financial and PenderFund Capital which he led until recently. For over 20 years, Mr. Edmison has been an officer and director of many public and private technology companies. Mr. Edmison is a graduate of the University of Toronto and Queen's University.

**Frank Maw, Independent Director**

Mr. Maw joined the Corporation as a director in June 2008, and is the Chair of the CGN Committee and a member of the Audit Committee. Mr. Maw is a past President of Motorola Canada Limited having retired after 35 years of senior management experience in the information and communications technology and the consumer products industries. Mr. Maw is a graduate of the University of Western Ontario and has served as the Chairman of ITAC (Information and Telecommunications Technology Association of Canada), as a director on the Toronto Board of Trade, as the Chairman of the Canadian Wireless Telecommunications Association and President of the original Paging Services Council of Canada. Mr. Maw was the Chairman of Netistix Technologies Corporation which was acquired by the Corporation in December 2007.

**Leonard Metcalfe, Independent Director**

Mr. Metcalfe joined the Corporation as a director in September 2015, and is a member of the CGN Committee. Mr. Metcalfe is the former Chairman, Chief Executive Officer and director of LMI Technologies Inc. and was with LMI Technologies Inc. from 1997 to 2011, when it was acquired by AUGUSTA Technologie AG. LMI Technologies Inc. supplied machine vision systems for various manufacturing industries from its offices in Canada, USA, Sweden, Ireland and The Netherlands. Mr. Metcalfe is a member of the International Society of Optical Engineers. Mr. Metcalfe received a Diploma of Technology in Control Electronics from the British Columbia Institute of Technology in Vancouver, in 1973.

**Gregory Monahan, Independent Director**

Mr. Monahan joined the Corporation as a director in June 2016, and is a member of the CGN Committee. Mr. Monahan has been a Senior Managing Director of Crescendo Partners, L.P., a New York-based investment firm, since December 2014 and has held various positions at Crescendo Partners since May 2005. He is also a Managing Member and Portfolio Manager for Jamarant Capital L.P., a private investment firm. Previously, Mr. Monahan was the co-founder of Bind Network Solutions, a consulting firm focused on network infrastructure and security. Mr. Monahan is currently on the Board of Directors of Absolute Software Corporation, a leader in firmware-embedded endpoint security and management for computers and ultra-portable devices. He also serves on the Board of Directors of Cott Corporation, a leading provider in the direct-to-consumer beverage services. He previously served on the Board of Directors of COM DEV International Ltd., a supplier of space equipment and services; SAExploration Holdings, Inc., a seismic data services company; ENTREC Corporation, a heavy haul and crane services provider; Bridgewater Systems Corporation, a telecommunications software provider; and O'Charley's Inc., a multi-concept restaurant company. Mr. Monahan earned his Bachelor of Science degree in Mechanical Engineering from Union College and his M.B.A from Columbia Business School.

**David D. Sgro, Independent Director**

Mr. Sgro joined the Corporation as a director in June 2016 and is the Chair of the Audit Committee. Mr. Sgro is a Senior Managing Director of Crescendo Partners, L.P., a New York-based investment firm, and has held various



positions at Crescendo Partners since May 2005. He is also a Managing Member and Head of Research for Jamarant Capital L.P., a private investment fund. Mr. Sgro is the current Chairman of the Board of Directors of Hill International, Inc (NYSE:HIL), a construction project management and claims consulting company, the Chairman of the Board of Directors and Chief Operating Officer of Allegro Merger Corp. (NASDAQ:ALGRU), a Special Purpose Acquisition Company, a member of the Board of Directors for Pangaea Logistics Solutions, Ltd. (NASDAQ:PANL), a provider of seaborne dry bulk transportation services to industrial customers, and a director, and member of the audit committee of NextDecade Corporation (NASDAQ:NEXT), which develops land-based and floating LNG projects. Previously, Mr. Sgro served on the Board of Directors of Imvescor Restaurant Group, Inc., a restaurant franchisor; Com Dev International Ltd., a supplier of space equipment and services; SAExploration Holdings, Inc., a provider of seismic data services to the oil and gas industries; Bridgewater Systems Corporation, a telecommunications software provider; and Harmony Merger Corp., Quartet Merger Corp., and Trio Merger Corp., special purpose acquisition companies. Mr. Sgro is a Chartered Financial Analyst (CFA) Charterholder and holds a B.S. in Finance from The College of New Jersey and an M.B.A. from Columbia Business School.

#### **Advance Notice By-Law**

On February 2, 2017, the Board repealed its previous By-Law and approved an amended By-Law No. 4 (“**Amended By-Law No. 4**”) in order to align the by-law with recent updates to evolving industry guidelines and to incorporate other amendments of a housekeeping nature. Shareholders confirmed Amended By-Law No. 4 on March 23, 2017.

Amended By-Law No. 4 sets deadlines of a prescribed number of days before a Shareholders’ meeting for a Shareholder to notify the Corporation of its intention to nominate one or more directors, and explains the information that must be included with the notice for it to be valid. Amended By-Law No. 4 applies at any annual meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors. As at the date of this Circular, the Corporation has not received any additional director nominations for the Meeting pursuant to the advance notice provisions of Amended By-Law No. 4.

#### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

The following information, not being within the knowledge of the Corporation, has been furnished by each respective Nominee.

No Nominee is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director or chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was the subject of an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

No Nominee: (i) is, as at the date of this Circular, or was within 10 years before the date hereof a director or executive officer of a corporation (including the Corporation) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director.

No Nominee has been subject to any: (i) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investor decision.

### **Approval of the RSU Plan Resolution**

The Board approved the adoption of the RSU Plan on April 7, 2014, which was subsequently approved by Shareholders on May 15, 2014. The Board approved the replenishment of previously redeemed RSUs and certain amendments to the RSU Plan on February 11, 2016, which was subsequently approved by Shareholders on March 23, 2016. For a detailed description of the RSU Plan, please see *"Securities Authorized for Issuance under Equity Compensation Plans – RSU Plan"*.

On February 5, 2019, the Board approved certain amendments to the RSU Plan (the **"RSU Plan Amendments"**). Notably, the RSU Plan Amendments include the following updates on account of governance and compensation best practices:

1. Adding a cover page and table of contents;
2. Updating the effective date of the RSU Plan;
3. Revising the definition of Affiliates to align with the TSX Company Manual;
4. Reorganizing and updating section references, definitions and inconsistent language in the RSU Plan;
5. Adding the following definition of Blackout Period;

**"Blackout Period"** means any blackout period imposed by the Corporation applicable to a Participant, during which specified individuals, including Insiders, may not trade in the securities of the Corporation (including, for greater certainty, any period during which specific individuals are restricted from trading because they possess material non-public information);"

6. Replacing the definition of "Retirement" with the following definitions:

**"Retirement"** means, in respect of any Participant, such Participant attaining the Retirement Age;

**"Retirement Age"** means 65 years of age, or as otherwise stipulated from time to time in the Corporation's retirement policy (as such policy may be established or revised from time to time at the discretion of the Corporation and subject to applicable laws), or as otherwise determined by the Committee;"

7. Revising the provisions relating to the vesting period of RSUs to include performance vesting conditions and clarifying CGN Committee discretion to accelerate the vesting of RSUs as follows:

"Except as otherwise provided in a Grant Letter or in the RSU Plan, all RSUs granted will vest: (i) in their entirety within three (3) years from the Grant Date (generally, on the third anniversary of the Grant Date); or (ii) upon the satisfaction of performance vesting conditions set forth in a Grant Letter.

The RSUs may vest according to time and/or performance vesting conditions set forth in a Grant Letter. The RSUs that are subject to the time vesting condition shall be deemed to have been 100% satisfied if the Participant is employed by the Corporation and/or an Affiliate on the Participant's Entitlement Date. The RSUs that are subject to the performance vesting condition(s) (as applicable) shall vest upon the satisfaction of the performance vesting conditions set forth in a Grant Letter and the Participant is employed by the Corporation and/or an Affiliate on the Participant's Entitlement Date.

Notwithstanding the foregoing, the Committee may, in its discretion, accelerate the terms of vesting of any Restricted Share Units in circumstances deemed appropriate by the Committee.”

8. Adding a clawback clause clarifying that all RSUs granted under the RSU Plan are subject to any incentive compensation clawback or recoupment policy current in effect or as may be adopted by the Committee and, as in each case, may be amended from time to time.

The foregoing summary of the RSU Plan Amendments is qualified in its entirety with reference to the full text of the RSU Plan, a copy of which is attached hereto as Schedule “B”.

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security-based compensation arrangement which does not have a fixed maximum number of securities issuable under it (an “**Evergreen Plan**”), all unallocated rights, options or other entitlements under such security-based compensation arrangement must be approved by a majority of the issuer’s directors and by the issuer’s security holders. Although the aggregate maximum number of Common Shares available for issuance from treasury under the RSU Plan is 3,500,000 Common Shares, the RSU Plan is considered an Evergreen Plan, because any issuance of Common Shares pursuant to the redemption of RSUs will automatically replenish the number of Common Shares available for RSU grants under the RSU Plan.

As of September 30, 2018, 1,591,997 RSUs are outstanding under the RSU Plan (representing approximately 1.9% of the Common Shares issued and outstanding as of September 30, 2018). Taking into account the 1,591,997 RSUs outstanding, a reserve of 1,908,003 Common Shares remains issuable for future RSU grants (when taken together with the Corporation’s other security based compensation arrangements), representing approximately 2.3% of the Common Shares issued and outstanding as of September 30, 2018. The annual burn rate of the RSU Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 1.2% in fiscal 2016, 1.8% in fiscal 2017, and 0.8% in Fiscal 2018.

Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution in the form set out below (the “**RSU Plan Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, approving all unallocated RSUs issuable pursuant to the RSU Plan. If the RSU Plan Resolution is not approved by the Shareholders at the Meeting, then all RSUs which have already been granted will not be affected; however, the Corporation will not be permitted to make further grants under the RSU Plan until Shareholder approval is obtained. In addition, RSUs that are redeemed, terminate or expire shall not be available for re-grant until the requisite Shareholder approval is obtained.

The Board and management of the Corporation recommend the approval of the RSU Plan Resolution. To be effective, the RSU Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RSU PLAN RESOLUTION, UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER, OR ITS COMMON SHARES ARE TO BE VOTED AGAINST THE RESOLUTION.**

The text of the resolution to be passed is set out below:

**“BE IT RESOLVED THAT:**

- (1) all unallocated restricted share units under the restricted share unit plan, as amended (the “**RSU Plan**”) of BSM Technologies Inc. (the “**Corporation**”) are hereby authorized and approved;
- (2) the amendments to the RSU Plan, as more particularly described in the Corporation’s management information circular dated February 8, 2019, be and are hereby approved;

- (3) the Corporation shall have the authority to continue to grant restricted share units under the RSU Plan until March 21, 2022, being the date that is three years from the date of this resolution; and
- (4) any one director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, all such agreements, forms, waivers, notices, certificate, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

### **Approval of the DSU Plan Resolution**

The Board approved the adoption of the DSU Plan on April 7, 2014, which was subsequently approved by Shareholders on May 15, 2014. The Board approved the replenishment of previously redeemed DSUs and certain amendments to the DSU Plan on February 11, 2016, which was subsequently approved by Shareholders on March 23, 2016. For a detailed description of the DSU Plan, please see "*Securities Authorized for Issuance under Equity Compensation Plans – DSU Plan*".

On February 5, 2019, the Board certain amendments to the DSU Plan (the "**DSU Plan Amendments**"). Notably, the DSU Plan Amendments include the following updates on account governance and compensation best practices:

1. Adding a cover page and table of contents;
2. Updating the effective date of the DSU Plan;
3. Revising the definition of Affiliates to align with the TSX Company Manual;
4. Updating the definition of Blackout Period;
5. Reorganizing and updating section references, definitions and inconsistent language in the DSU Plan;
6. increasing the maximum number of Common Shares reserved for issuance under the DSU Plan by 350,000, from 1,000,000 to 1,350,000, representing 1.7% of the current issued and outstanding Common Shares;
7. Adding a clawback clause clarifying that all DSUs granted under the DSU Plan are subject to any incentive compensation clawback or recoupment policy current in effect or as may be adopted by the Committee and, as in each case, may be amended from time to time;

The foregoing summary of the DSU Plan Amendments is qualified in its entirety with reference to the full text of the DSU Plan, a copy of which is attached hereto as Schedule "C".

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security-based compensation arrangement which does not have a fixed maximum number of securities issuable under it, all unallocated rights, options or other entitlements under such security-based compensation arrangement must be approved by a majority of the issuer's directors and by the issuer's security holders. Although the aggregate maximum number of Common Shares available for issuance from treasury under the DSU Plan is 1,000,000 Common Shares, the DSU Plan is considered an Evergreen Plan, because any issuance of Common Shares pursuant to the redemption of DSUs will automatically replenish the number of Common Shares available for DSU grants under the DSU Plan.

As of September 30, 2018, 610,344 DSUs are outstanding under the DSU Plan (representing approximately 0.7% of the Common Shares issued and outstanding as of September 30, 2018). Taking into account the 610,344 DSUs

outstanding, a reserve of 389,656 Common Shares remains issuable for future DSU grants (when taken together with the Corporation's other security based compensation arrangements), representing approximately 0.4% of the Common Shares issued and outstanding as at the date hereof. The annual burn rate of the DSU Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 0.2% in fiscal 2016, 0.3% in fiscal 2017 and 0.3% in Fiscal 2018.

Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution in the form set out below (the "**DSU Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving all unallocated DSUs issuable pursuant to the DSU Plan. If the DSU Plan Resolution is not approved by the Shareholders at the Meeting, then all DSUs which have already been granted will not be affected; however, the Corporation will not be permitted to make further grants under the DSU Plan until Shareholder approval is obtained. In addition, DSUs that are redeemed, terminate or expire shall not be available for re-grant until the requisite Shareholder approval is obtained.

The Board and management of the Corporation recommend the approval of the DSU Plan Resolution. To be effective, the DSU Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE DSU PLAN RESOLUTION, UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST THE RESOLUTION.**

The text of the resolution to be passed is set out below:

**"BE IT RESOLVED THAT:**

- (1) all unallocated options under the deferred share unit plan, as amended (the "**DSU Plan**") of BSM Technologies Inc. (the "**Corporation**") are hereby authorized and approved;
- (2) the amendments to the DSU Plan, including increasing the maximum number of Common Shares reserved for issuance under the DSU Plan by 350,000, from 1,000,000 to 1,350,000, as more particularly described in the Corporation's management information circular dated February 8, 2019, be and are hereby approved;
- (3) the Corporation shall have the authority to continue to grant deferred share units under the DSU Plan until March 21, 2022, being the date that is three years from the date of this resolution; and
- (4) any one director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, all such agreements, forms, waivers, notices, certificate, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

**Other Business**

If other items of business are properly brought before the Meeting or any adjournment(s) or postponement(s) thereof, you (or your proxyholder, if you are voting by proxy) can vote as you see fit. The Corporation is not aware of any other items of business to be considered at the Meeting.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The purpose of this compensation discussion and analysis (“**CD&A**”) is to describe and explain the Corporation’s executive compensation strategy, philosophy, objectives and processes and to discuss compensation decisions made by the Corporation in its most recently completed fiscal year, being Fiscal 2018. In this Circular, a Named Executive Officer (“**NEO**”) means each of the following individuals for Fiscal 2018: (i) the Corporation’s President and Chief Executive Officer (the “**CEO**”); (ii) the Corporation’s Chief Financial Officer (the “**CFO**”); (iii) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, whose total compensation at the end of Fiscal 2018 was, individually, more than \$150,000 for Fiscal 2018; and (iv) each individual who would be an NEO under (iii) above, but for the fact that such individual was neither an executive officer of the Corporation, nor serving in a similar capacity, at the end of Fiscal 2018.

The NEOs of the Corporation for Fiscal 2018 were: (1) Mr. Louis De Jong, current CEO and previous CFO; (2) Mr. Stephen De Bolster, Interim CFO; (3) Mr. Douglas Swanson, Chief Technology Officer; (4) Mr. Bryan Karp, Vice-President, Operations of BSM Analytics Inc. (“**BSM Analytics**”), a wholly owned indirect subsidiary of the Corporation; (5) Mr. Brendan Shaw, Vice-President, Sales of BSM Technologies Ltd. (“**BSM Ltd.**”), a wholly owned direct subsidiary of the Corporation; and (6) Mr. Aly Rahemtulla, former CEO.

### Compensation, Governance and Nominating Committee

The CGN Committee is appointed by the Board to assist in fulfilling its corporate governance responsibilities under applicable laws, to assist in setting director and executive officer compensation, to assist in administering the Corporation’s equity incentive plans and to develop and submit to the Board recommendations with respect to other compensation, governance and employee benefits matters as the CGN Committee sees fit. The CGN Committee’s assessment of corporate performance is based on a number of qualitative and/or quantitative factors including achievement of financial targets, execution of on-going projects and transactions, operational performance and progress on key growth initiatives. The CGN Committee’s decisions with respect to compensation paid to NEOs in Fiscal 2018 are described below. Please see “*Compensation Paid to NEOs in Fiscal 2018*”.

As of the date of this Circular, the CGN Committee is composed of five directors: Mr. Frank Maw (Chair), Mr. Andrew Gutman, Mr. Leonard Metcalfe, Mr. Gregory Monahan and Mr. Kelly Edmison. Each of the CGN Committee members has prior management experience determining compensation plans and compensation level in other organizations.

### Objectives and General Principles of the Compensation Program

The CGN Committee determines the compensation of the CEO, the CFO, and the Corporation’s Chief Technology Officer (collectively, the “**C-Level Officers**”). The C-level Officers then recommend to the CGN Committee the compensation program for the other senior officers of the Corporation, including the NEOs that are not C-Level Officers. Compensation for the C-Level Officers is determined based on the following objectives and general principles: (i) to attract and retain executives with the management skills required to execute on the Corporation’s objectives; (ii) to reward individual contributions in light of overall business results; (iii) to be competitive with the companies with whom the Corporation competes for talent; and (iv) to align the interests of the executives with the interests of Shareholders. When determining compensation for the other senior officers of the Corporation, the C-Level Officers follow similar objectives and general principles as those followed by the CGN Committee in determining the C-Level Officers compensation.

## **Elements of Compensation**

The Corporation's compensation program for the C-Level Officers, including NEOs that are not C-Level Officers, and the senior officers of the Corporation is comprised of the following four primary elements:

- (1) base salary;
- (2) annual incentive (bonus) compensation, either in the form of an annual compensation bonus plan or an annual sales commission plan, depending on the individual's role with the Corporation (collectively, the **"Annual Incentive Bonus Plans"**);
- (3) long-term incentive compensation through the participation in: (A) the Option Plan, which is described in this Circular under the heading *"Securities Authorized for Issuance under Equity Compensation Plans – Second Amended and Restated Stock Option Plan"*; and (B) the RSU Plan, which is described in this Circular under the heading *"Securities Authorized for Issuance under Equity Compensation Plans – Restricted Share Unit Plan"*; and
- (4) other perquisites and personal benefits.

The allocation of compensation among these different compensation elements is flexible and is intended to reflect market practices as well as the CGN Committee's discretionary assessment of an individual's past contribution and ability to contribute to future short-term and long-term business results. The CGN Committee and the C-Level Officers understand that retention of executive officers and other senior officers is critical to business continuity and succession planning of the Corporation.

## **Market Benchmarking**

In addition to using the knowledge and experience of the members of the CGN Committee in determining the key elements and the level of compensation for C-Level Officers and other senior officers, the CGN Committee periodically engages a third-party consultant to review the Corporation's C-Level Officers and director compensation. This process helps the CGN Committee ensure that the Corporation's C-Level Officers' and senior officers' compensation and benefits package is competitive with competitors and those outlined in the benchmarking analysis. When selecting the appropriate peer companies to survey, the CGN Committee considers companies with a similar revenue size and market capitalization or companies with projected similar revenue size and market capitalization. The CGN Committee did not engage a third-party consultant to assist in the review of the Corporation's executive officer and director compensation in Fiscal 2018 or in fiscal 2017. As determined in its sole discretion, the CGN Committee determined engaging a third-party consultant to provide a new review of the Corporation's C-Level Officers and director compensation was not necessary at this time.

## **How the Corporation Determines Compensation**

### **The Role of the Compensation, Governance & Nominating Committee**

The CGN Committee is responsible for, among other things, making recommendations to the Board with respect to remuneration of the C-Level Officers of the Corporation. In doing so, the CGN Committee uses information gathered from the independent compensation consultant, if engaged, and its own assessment of performance and feedback from the CEO to establish pay strategies for the C-Level Officers and senior officers. All of the C-Level Officers' compensation components and levels thereof are reviewed annually by the CGN Committee and are subject to review and final approval of the Board. The Board has ultimate discretion to increase or decrease, any and all elements of compensation for the C-Level Officers.

With respect to the other senior officers, the C-level Officers develop pay strategies and recommendations within the context of the Corporation's annual budget and general compensation philosophies outlined by the CGN

Committee and the Board. However, the authority to approve those strategies and recommendations resides with different parties according to the senior officers' role. Decisions relating to a specific senior officer's compensation are assigned to the respective C-level Officer responsible for such senior officer's functional area. Accordingly, to the extent that a non-C-Level Officer becomes a NEO, their compensation will have been set by that senior officer's functional C-level Officer. For employees below senior officers, the C-level Officer and their respective designees have the authority to approve pay strategies. However, the CGN Committee is responsible for approving actions related to other aspects of these employees' compensation, such as any grant of Options or RSUs and any fiscal performance bonus pool.

During Fiscal 2018, the Board accepted all of the recommendations of the CGN Committee. The CGN Committee has full discretion to adopt or alter management recommendations or to consult its own external advisors. The CGN Committee believes it is important to follow appropriate governance practices in carrying out its responsibilities with respect to the development and administration of executive compensation and benefit programs. Governance practices followed by the CGN Committee include holding *in-camera* sessions without management present and, when necessary, obtaining advice from external consultants.

#### The Role of Management

The CEO plays an important role in the compensation decision-making process for the Corporation. Specifically, the CGN Committee engage in active discussions with the CEO concerning the determination of performance objectives, including individual goals and initiatives for other members of the C-Level Officers and other senior officers, and whether, and to what extent, objectives for the previous year have been achieved for those individuals. The CEO also provides a self-assessment of their own individual performance objectives and/or results achieved to the CGN Committee.

The CEO makes recommendations to the CGN Committee regarding the amount and type of compensation awards for other members of the C-Level Officers and other senior officers. Other than individual and corporate goal setting and performance benchmarking, the CEO does not engage in discussions with the CGN Committee regarding their own compensation. The CGN Committee makes its own determination regarding the CEO's compensation, guided by an assessment of whether the Corporation met or exceeded its performance goals for the year in question and the CEO's success in meeting their individual goals, and makes a recommendation to the Board.

The CGN Committee has *in-camera* discussions to facilitate independent assessments of the performance of the CEO and the other C-Level Officers. The CGN Committee then determines the overall individual performance for each of the C-Level Officers and considers this before making a recommendation to the Board.

#### Corporate Performance

The Board approves an annual strategic plan and budget outlining corporate objectives in line with the Corporation's key long-term strategies for growth and value creation. These quantitative and qualitative objectives are used by the CGN Committee when making compensation recommendations to the Board for the C-Level Officers and other senior officers.

At the end of each fiscal year, the CGN Committee reviews the results achieved and discusses them with the CEO. For the purposes of compensation deliberations, the CGN Committee reviews actual corporate performance relative to an expected level of performance. The overall corporate performance provides context for the CGN Committee's review of individual performance by the C-Level Officers and other senior officers.

#### Individual Performance

The CGN Committee may recommend to the Board certain annual individual performance objectives for the C-Level Officers in order to align with the Corporation's corporate objectives and reflect key performance areas for each C-



Level Officer relative to their specific role. As with the corporate objectives, individual C-Level Officer performance objectives may include a combination of quantitative and qualitative measures.

A C-Level Officer's compensation relative to other C-Level Officers and senior officers is generally considered in establishing compensation levels. The difference between one C-Level Officer's compensation to that of another C-Level Officer reflects, in part, the difference in their relative responsibilities.

### **Determining Each Element of Compensation**

Each of the four (4) elements of C-Level Officer and senior officer compensation is determined as follows:

#### **(1) Base Salary**

The base salary for each C-Level Officer is determined based on their responsibilities, individual performance factors, overall corporate performance, benchmark data, and the assessment of such individual as determined by the CGN Committee. Similarly, the C-Level Officers take into account a senior officer's responsibilities, individual performance factors, overall corporate performance and other assessments when determining base salary for senior officers.

The base salaries for C-Level Officers and senior officers is reviewed annually by the CGN Committee or C-Level officers, as applicable. Base salary is considered as a part of the overall compensation package and is intended to attract and adequately remunerate the C-Level Officers and senior officers for properly fulfilling the minimum requirements of their position. Base salary provides compensation certainty to the C-Level Officers and senior officers and allows them to make decisions that may be beneficial to the Corporation, or its stakeholders, independent of considering the impact such decisions might have on their compensation that is tied to either short-term or long-term corporate performance.

#### **(2) Annual Incentive (Bonus) Compensation**

The Corporation provides annual incentive (bonus) compensation to the C-Level Officers and senior officers through the Annual Incentive Bonus Plans. Each C-Level Officer and senior officer is eligible to receive a bonus payment pursuant to the terms of their applicable Annual Incentive Bonus Plan. Through the process of creating and approving the Corporation's annual budget and strategic plan, the Corporation establishes financial and performance targets for the Corporation in respect of C-Level Officers' and the senior officers' Annual Incentive Bonus Plans.

The Annual Incentive Bonus Plans, are reviewed and approved by the CGN Committee and then recommended to the Board for final approval. Both the C-Level Officers' Annual Incentive Bonus Plan and the senior officers' Annual Incentive Bonus Plan are include certain financial and performance requirements set for the Corporation in an applicable fiscal year.

The CGN Committee attempts to align the financial and performance targets in the C-Level Officers' Annual Incentive Bonus Plan with those which the CGN Committee believes will enhance future Shareholder value. In Fiscal 2018, the key financial and performance targets were based on: (i) VC Adjusted EBITDA (as defined below); and (ii) Net Subscriber Growth (as defined below). Generally, the amounts available under the Annual Incentive Bonus Plan will be paid if the Corporation meets or exceeds its annual or quarterly targets for Adjusted EBITDA and net Subscriber growth as set out in the Corporation's annual budget. Amounts paid to individuals under these plans may be subject to an evaluation of the individual's performance with respect to job-specific management objectives.

From time to time, the CGN Committee may change the applicable financial and performance targets in order to provide continued incentives to C-Level Officers and other members of senior management

throughout the year, if it becomes clear that the quarterly and annual targets as originally outlined become unachievable.

(3) Long-term Incentive Compensation – Options and RSUs

The Corporation provides long-term incentive compensation to the C-Level Officers and senior officers through the granting of Options and RSUs. These long-term incentive arrangements are designed to motivate the C-Level Officers and senior officers to achieve longer-term sustainable business results, to align their interests with those of Shareholders and to attract and retain current and future C-Level Officers and senior officers. For a more detailed description of the considerations involved in granting Options and RSUs, please see “Share-Based and Option-Based Awards” below.

(4) Other Perquisites and Personal Benefits

The Corporation provides a management benefit plan to its C-Level Officers, which include, health, medical and insurance benefits, along with a health spending account. The Corporation believes its benefits program is reasonable and consistent with its overall executive compensation program and is based on competitive market practices. These perquisites are not afforded to all employees of the Corporation.

**Compensation Paid to NEOs in Fiscal 2018**

(1) Base Salary:

Base salaries for C-level Officers are reviewed annually by the CGN Committee. The C-level Officers determine the compensation program for all other NEOs. The following sets out the annualized base salary of each of the NEOs during Fiscal 2018:

NEO	Fiscal 2018 Annualized Base Salary
	(\$)
Louis De Jong, current President and Chief Executive Officer, and former Chief Financial Officer <sup>(1)</sup>	309,000
Stephen De Bolster, Interim Chief Financial Officer <sup>(2)</sup>	150,000
Bryan Karp, Vice-President, Operations of BSM Analytics <sup>(3)</sup>	256,722
Brendan Shaw, Vice-President, Sales of BSM Ltd. <sup>(3)</sup>	224,631
Douglas Swanson, Chief Technology Officer	225,000
Aly Rahemtulla, former President and Chief Executive Officer <sup>(4)</sup>	336,600

Notes:

- (1) Mr. De Jong was appointed President and Chief Executive Officer on August 26, 2018. Mr. De Jong’s base salary was increased from \$280,500 per annum to \$309,000 per annum, effective August 26, 2018, in connection with his appointment as President and Chief Executive Officer.
- (2) Mr. De Bolster was appointed Interim Chief Financial Officer on August 27, 2018. Mr. De Bolster’s base salary was increased from \$125,000 per annum to \$150,000 per annum, effective January 1, 2018. Subsequently, Mr. De Bolster’s base salary was increased from \$150,000 per annum to \$175,000 per annum, effective August 27, 2018, in connection with his appointment as Interim Chief Financial Officer.
- (3) For Fiscal 2018, compensation paid to Messrs. Karp and Shaw was converted to Canadian dollars using the average daily exchange rate published by the Bank of Canada, calculated through its *Daily Exchange Rates Lookup*, as follows: U.S. \$1.00 = CDN \$1.2836
- (4) Mr. Rahemtulla ceased to be the President and Chief Executive Officer on August 26, 2018.

(2) Annual Incentive (Bonus) Compensation:

In Fiscal 2018, the Corporation had four (4) separate Annual Incentive Bonus Plans applicable to a NEO, depending on the NEOs position. First, Messrs. Rahemtulla, De Jong, and Swanson, participated in the Corporation’s C-Level Officers variable compensation bonus plan (the “**FY2018 C-Level Bonus Plan**”). The FY2018 C-Level Bonus Plan, including the funds allocated to the FY2018 C-Level Bonus Plan, was based upon two (2) metrics: (a) the

Corporation’s VC Adjusted EBITDA (as defined below) performance in Fiscal 2018; and (b) the Corporation’s Net Subscriber Additions (as defined below) in Fiscal 2018. Two-thirds (2/3) of the FY2018 C-Level Bonus Plan was weighted to the VC Adjusted EBITDA metric and one-third (1/3) was weighted to the Net Subscriber Additions metric.

Second, senior officers, which included Mr. De Bolster but excluded other C-Level Officers and those senior officer’s in sales positions, participated in the Corporation’s senior officer variable compensation bonus plan (the “**FY2018 Senior Officers Bonus Plan**”, and together with the FY2018 C-Level Bonus Plan, the “**FY2018 Bonus Plans**”). The FY2018 Senior Officers Bonus Plan was based upon the same financial and key performance metrics as the FY2018 C-Level Bonus Plan but had lower target financial and key performance thresholds. In order for the C-Level Officers to be eligible for a bonus payment under the FY2018 C-Level Bonus Plan, the senior officers first needed to earn a bonus payment under the FY2018 Senior Officers Bonus Plan.

Third, Mr. Shaw participated in the Corporation’s rail, construction and security vertical compensation plan (the “**FY2018 Sales VP Commission Plan**”). The FY2018 Sales VP Commission Plan, and the amount of the funds allocated to the FY2018 Sales VP Commission Plan, was based upon the revenue generated by the Corporation’s rail, construction and security market vertical in Fiscal 2018.

Fourth, Mr. Karp participated in the BSM Analytics variable compensation bonus plan (the “**FY2018 BSM Analytics Bonus Plan**”). The FY2018 BSM Analytics Bonus Plan was funded by the Subscription Fee Revenue (as defined below) results of BSM Analytics. Amounts earned under this plan were pursuant to certain job-specific performance objectives.

“Adjusted EBITDA”, “VC Adjusted EBITDA” and “Subscription Fee Revenue” are non-GAAP measures and do not have any standardized meaning prescribed by the Corporation’s GAAP and are therefore unlikely to be comparable to similar measures presented by other reporting issuers. “Subscriber” and “Net Subscriber Additions” are key performance metrics of the Corporation and do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other issuers. Please see “*Non-GAAP Financial Measures and Key Performance Indicators*” below for additional details regarding these metrics.

(i) *FY2018 Bonus Plans*

Messrs. Rahemtulla and De Jong’s maximum potential bonus payment under the FY2018 C-Level Bonus Plan was 130% of their Fiscal 2018 base salary and their target potential bonus payment for meeting certain thresholds was 65% of their Fiscal 2018 base salary. Mr. Swanson’s maximum potential bonus payment under the FY2018 C-Level Bonus Plan was 100% of his Fiscal 2018 base salary and his target potential bonus payment for meeting certain thresholds was 50% of his Fiscal 2018 base salary. The maximum potential bonus payment and the target bonus payment under the FY2018 Senior Officers Bonus Plan, varied by senior officer and was determined by the C-Level Officers. The Corporation believes that these targets were sufficiently and appropriately difficult to reach, while still being achievable.

VC Adjusted EBITDA Component:

The performance requirements and funding levels in association with the VC Adjusted EBITDA component of the FY2018 Bonus Plans was as follows:

Fiscal 2018 VC Adjusted EBITDA Results <sup>(1)</sup>	FY2018 Senior Officers Bonus Plan Allocation	FY2018 C-Level Bonus Plan Allocation
(\$)	(\$)	(\$)
0 – 6,990,000	Nil	Nil
6,990,001 – 7,611,000	0 – 171,000	0 – 60,000
7,611,001 – 8,110,000	171,001 – 267,000	60,001 – 344,000

Fiscal 2018 VC Adjusted EBITDA Results <sup>(1)</sup>	FY2018 Senior Officers Bonus Plan Allocation	FY2018 C-Level Bonus Plan Allocation
(\$)	(\$)	(\$)
8,110,001 – 10,403,000 (for outperformance)	267,001 – 496,000	344,001 – 688,000

Note:

(1) VC Adjusted EBITDA means: (i) the Corporation's Adjusted EBITDA results; plus (ii) the amount that the Corporation accrued as bonus compensation under the FY2018 Bonus Plans in the Corporation's Adjusted EBITDA calculation. VC Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning prescribed by the Corporation's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Please see "Non-GAAP Financial Measures and Key Performance Indicators" below for additional details regarding this metric.

Net Subscriber Addition Component:

The Net Subscriber Addition component of the FY2018 Bonus Plans was measured as follows:

Number of Net Subscriber Additions in Fiscal 2018 <sup>(1)</sup>	FY2018 Senior Officers Bonus Plan Allocation	FY2018 C-Level Bonus Plan Allocation
(#)	(\$)	(\$)
0 – 5,850	nil	nil
5,851 – 7,800	0 – 133,000	0 – 172,000
7,801 – 9,500	133,001 – 155,000	172,001 – 215,000
9,501 – 11,700	155,001 – 248,000	215,001 – 344,000

Note:

(1) A Subscriber is defined by the Corporation as a customer's individual asset monitored by a telematics device. Net Subscriber Addition occur when the Corporation invoices for subscription services for a new customer asset not previously in the Corporation's Subscriber base. Subscriber and Net Subscriber Addition are key performance metrics of the Corporation and do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other issuers. Please see "Non-GAAP Financial Measures and Key Performance Indicators" below for additional details regarding this metric.

In Fiscal 2018, the Corporation generated approximately \$5,523,000 of VC Adjusted EBITDA and 2,900 Net Subscriber Additions. As a result, no allocation of funds was made to the FY2018 Bonus Plans and no bonus payments were made pursuant to the FY2018 Bonus Plans.

(ii) *FY2018 Sales VP Commission Plan*

Under the terms of the FY2018 Sales VP Commission Plan, Mr. Shaw received commission payments totalling approximately US\$67,722.

(iii) *FY2018 BSM Analytics Bonus Plan*

Under the terms of the FY2018 BSM Analytics Bonus Plan, Mr. Karp received a bonus payment totalling approximately US\$40,000 due to BSM Analytics' Subscription Fee Revenue performance and individual job-specific performance against objectives in Fiscal 2018.

(3) Long-Term Incentive Compensation:

For Fiscal 2018, the CGN Committee uses the following metrics for determining certain RSU grants to C-Level Officers (excluding Mr. De Bolster): (x) Fiscal 2018 base salary, plus Fiscal 2018 bonus award, if any; (y) multiplied by 40%; (z) divided by the volume weighted average price of the Common Shares on the TSX for Fiscal 2018. Pursuant to the terms of the RSU Plan, in December 2018, Mr. De Jong received a grant of 88,600 RSUs and Mr. Swanson received a grant of 71,800 RSUs. Effective August 26, 2018, Mr. Rahemtulla was no longer with the Corporation, and, accordingly, did not receive a RSU grant.

For Fiscal 2018, the CGN Committee uses one of the two following metrics for determining certain RSU grants to certain senior officers: Option 1: (x) Fiscal 2018 base salary; plus Fiscal 2018 bonus award, if any; (y) multiplied by 20%; (z) divided by the volume weighted average price of the Common Shares on the TSX for Fiscal 2018; or Option 2: (x) Fiscal 2018 base salary; plus Fiscal 2018 bonus award, if any; (y) multiplied by 10%; (z) divided by the volume weighted average price of the Common Shares on the TSX for Fiscal 2018. Pursuant to the terms of the RSU Plan, in December 2018, Mr. De Bolster received a grant of 23,800 RSUs and Mr. Shaw received a grant of 13,700 RSUs. Mr. Karp was not eligible to participate in these RSU grants.

**Compensation Plan Changes for Fiscal 2019**

(1) Base Salary:

The following sets out the changes to the annualized base salary of each of the NEOs for fiscal 2019, if any:

NEO	Fiscal 2019 Annualized Base Salary
Louis De Jong, President and Chief Executive Officer and former Chief Financial Officer	\$309,000
Stephen De Bolster, Interim Chief Financial Officer	\$175,000
Bryan Karp, Vice-President, Operations of BSM Analytics	US\$200,000
Brendan Shaw, Vice-President, Sales of BSM Ltd.	US\$175,000
Douglas Swanson, Chief Technology Officer	\$225,000

(2) Annual Incentive Bonus Plans:

For fiscal 2019, the Corporation’s C-Level Officers variable compensation bonus plan (the “**FY2019 C-Level Bonus Plan**”) is based upon two metrics: (x) the Corporation’s Annual Subscription Fee Revenue Growth (as defined below) in fiscal 2019; and (y) the achievement of management by objective (“**MBO**”) targets in fiscal 2019. Fifty percent (50%) of the FY2019 C-Level Bonus Plan is weighted to the Annual Subscription Fee Revenue Growth metric and fifty percent (50%) is weighted to the MBO metric. Messrs. De Jong and Swanson are eligible to participate in the FY2019 C-Level Bonus Plan.

For fiscal 2019, certain senior officers (including Mr. De Bolster but excluding other C-Level Officers and those senior officers in sales positions) are eligible to participate in the Corporation’s senior officer variable compensation bonus plan (the “**FY2019 Senior Officers Bonus Plan**”, together with the FY2019 C-Level Bonus Plan, the “**FY2019 Bonus Plans**”), which are based upon the same two (2) metrics as the FY2019 C-Level Bonus Plan. Like Fiscal 2018, the FY2019 Senior Officers Bonus Plan has lower thresholds and prior to C-Level Officers being eligible for a bonus payment under the FY2019 C-Level Bonus Plan, the senior officers first need to earn a bonus payment under the FY2019 Senior Officers Bonus Plan.

If the Corporation’s performance is sufficient to allocate funds for the FY2019 Bonus Plans, then the C-Level Officers’ bonus payments related to achieving MBO targets will be determined by the CGN Committee. For senior officers, the C-Level Officers’ will provide recommendations to the CGN Committee on bonus payments related to achieving their applicable MBO targets. Any bonuses earned pursuant to the MBO target component of the FY2019 Bonus Plans requires approval by the Board, at its sole discretion, based on the recommendation of the CGN Committee.

(3) Long Term Incentive Compensation:

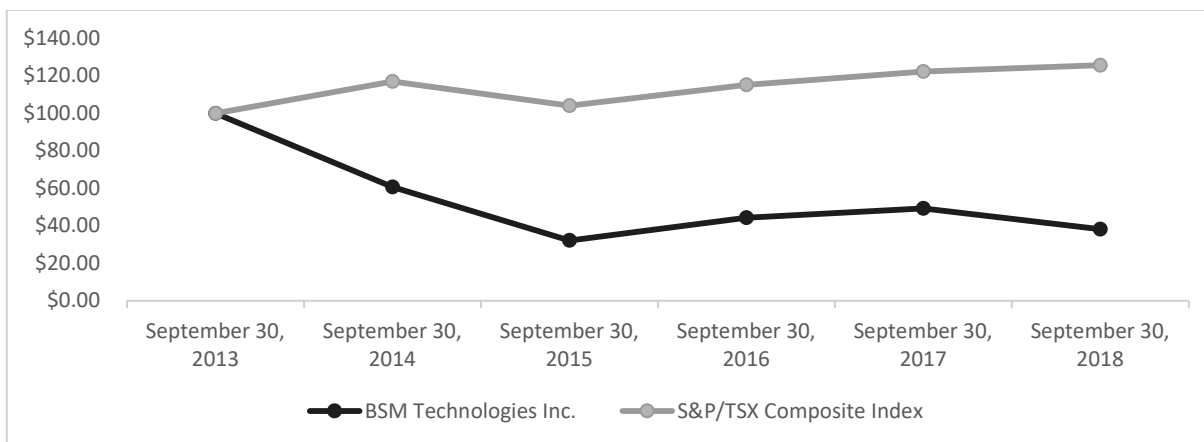
For fiscal 2019, absent any special one-time grants, the CGN Committee will utilize the same metrics as Fiscal 2018 for determining certain RSU grants to C-Level Officers and senior officers.

(4) Perquisites and Personal Benefits:

For fiscal 2019, the CGN Committee is not contemplating any changes to the C-Level Officers perquisites and personal benefits.

**Share Performance Chart**

The following graph and chart shows the Shareholder return on the Common Shares for the five-year period from September 30, 2013, and ending September 30, 2018, together with the cumulative return for the S&P/TSX Composite Index for the same period, based on the closing price of the Common Shares on the last trading day of each fiscal year. The chart assumes an initial investment of \$100.00.



	September 30, 2013	September 30, 2014	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018
BSM Technologies Inc.	\$100.00	\$60.71	\$32.14	\$44.29	\$49.29	\$38.21
S&P/TSX Composite Index	\$100.00	\$116.99	\$104.06	\$115.16	\$122.26	\$125.70

The trend in the graph and table above illustrates that the performance of the Common Shares overall has performed below the performance of the S&P/TSX Composite Index over the past five fiscal years. As described above, the compensation for NEOs is influenced by a variety of factors including corporate and individual performance as well as the share price performance. The C-Level Officers and senior officers are compensated in large part based on their performance in meeting corporate targets, as well as general market compensation trends. In addition, a portion of the C-Level Officers’ and senior officers’ overall compensation is comprised of share-based awards, and accordingly, overall C-Level Officer and senior officer compensation generally increases in periods where the Corporation’s share price increases and decreases in periods where the Corporation’s share price decreases.

**Share-Based and Option-Based Awards**

*Option Plan*

On August 17, 2015, the Board approved the adoption of the Option Plan, which was subsequently approved by Shareholders on September 23, 2015. Participants in the Option Plan benefit only if, and to the extent that, the market value of the Common Shares at the time Options are exercised is greater than the exercise price of the Options (which, for greater certainty, is determined at the time of grant). For a detailed description of the Option

Plan, please see *“Securities Authorized for Issuance under Equity Compensation Plans – Second Amended and Restated Stock Option Plan”*.

The granting of Options and vesting periods are recommended by the CGN Committee and approved by the Board. The CGN Committee takes into consideration a number of factors prior to the grant of Options including, but not limited to, an individual’s level of responsibility within the Corporation, previous Option grants and the individual’s status in light of their position, ongoing responsibilities and prevailing market conditions. The NEOs are instrumental in making recommendations to the CGN Committee for Options granted to other employees. In the context of the Corporation’s evolving compensation philosophy, policies and practices, the CGN Committee reviews the criteria for granting Options during its ongoing review of the Corporation’s compensation philosophy, policies and practices.

#### *RSU Plan*

The Board approved the adoption of the RSU Plan on April 7, 2014, which were subsequently approved by Shareholders on May 15, 2014. The Board approved the replenishment of previously redeemed RSUs and certain amendments to the RSU Plan on February 11, 2016, which was subsequently approved by Shareholders on March 23, 2016. On February 11, 2016, the Board approved certain amendments to the RSU Plan, which were subsequently approved by Shareholders on March 23, 2016. Generally, participants benefit only if they remain with the Corporation three years from the grant date of any RSUs, after which they will be issued a Common Share of the Corporation. On February 5, 2019, the Board approved the RSU Plan Amendments, which include certain updates on account of governance and compensation best practices. If the RSU Plan Amendments are approved by Shareholders at the Meeting, RSUs granted will vest: (i) in their entirety within three (3) years from the Grant Date (generally, on the third anniversary of the Grant Date); or (ii) upon the satisfaction of performance vesting conditions set forth in a Grant Letter. For a detailed description of the RSU Plan, please see *“Securities Authorized for Issuance under Equity Compensation Plans – RSU Plan”*.

The granting of RSUs are recommended by the CGN Committee and approved by the Board. Grants of RSUs are made both on a discretionary basis and, for C-Level Officers, based on the criteria set forth below. Generally, RSU grants will be made after the release of the Corporation’s annual audited consolidated financial statements or interim consolidated financial statements. Both the CGN Committee and the Board review previous share-based and option-based awards when considering new grants. In addition, subject to the terms and conditions of the RSU Plan, generally, the amount of RSUs granted to C-Level Officers will be based determined in accordance with the following formula: (x) the previous fiscal year’s base salary; plus the previous fiscal year’s bonus award, if any; (y) multiplied by 40%; (z) divided by the volume weighted average price of the Common Shares on the TSX, for the Corporation’s previous fiscal year.

#### **Compensation Risk**

When setting compensation levels, the Corporation seeks to alleviate risk by having a balance of short-term and long-term compensation. As a part of reviewing compensation levels, the Corporation seeks an appropriate balance of base pay, variable pay opportunities based on the achievement of business objectives, Option grants and Common Share ownership to balance short-term and long-term interests of the Corporation by tying compensation to the achievement of the business objectives of the Corporation, while also ensuring that the C-Level Officers and senior management of the Corporation have sufficient equity exposure to align their interests with the interests of Shareholders.

The Corporation believes that the compensation policies it has established reflect an appropriate mixture of guaranteed compensation, incentive-based compensation through annual incentive bonus plans and risk mitigation. The CGN Committee believes that its compensation policies and practices will not lead to inappropriate or excessive risk taking on the part of the C-Level Officers or any employees of the Corporation. However, the CGN Committee has not specifically considered the implications of the risks associated with the Corporation’s compensation policies or practices

## **Financial Instruments**

Pursuant to the Corporation’s insider trading policy, the C-Level Officers, senior officers and other employees of the Corporation are prohibited from engaging in the following transactions with respect to the Corporation’s securities: (i) short sales; (ii) monetization of equity awards (e.g. Options, RSUs or DSUs) before vesting; (iii) transactions in derivatives on the Corporation’s securities such as put and call options; and (iv) any other hedging or equity monetization transactions where the C-Level Officers’ or senior officers’ economic interest and risk exposure in the Corporation’s securities are changed, such as collars or forward sale contracts. To the Corporation’s knowledge, no C-Level Officer, senior officer or director of the Corporation has entered into or purchased any such financial instruments.

## **Non-GAAP Financial Measures and Key Performance Indicators**

### **Non-GAAP Financial Measures**

This Circular refers to “Adjusted EBITDA”, “VC Adjusted EBITDA”, and “Subscription Fee Revenue”, “Annual Subscription Fee Revenue Growth”, which are non-GAAP financial measures under applicable securities laws. Non-GAAP financial measures do not have any standardized meaning under the Corporation’s GAAP determined in accordance with IFRS and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that that the disclosure of these items are meant to add to, and not replace, the discussion of financial results or cash flows from operations as determined by the Corporation’s GAAP under IFRS. These non-GAAP financial measures are identified and defined as follows:

<b>Non-GAAP Measure</b>	<b>Why We Use It</b>	<b>How We Calculate or Define It</b>	<b>Most Comparable IFRS Financial Measure</b>
Adjusted EBITDA	The Corporation believes that Adjusted EBITDA provides useful information to its investors because it excludes transactions not related to the core cash operating business activities and normalizes for certain non-recurring charges recognized in net income, allowing for a meaningful analysis of the performance of the Corporation’s core operating activities. The Corporation believes that Adjusted EBITDA provides a meaningful continuity with respect to the comparison of the Corporation’s operating results over time.	Adjusted EBITDA is defined by the Corporation as net income adjusted for the impact of: <ul style="list-style-type: none"> <li>• financing activities;</li> <li>• depreciation of capital assets and the amortization of intangible assets;</li> <li>• taxes with respect to various jurisdictions;</li> <li>• acquisition, integration and restructuring related costs</li> <li>• share-based compensation expenses;</li> <li>• write-off of goodwill or other impairments to any financial and non-financial assets;</li> <li>• fair value adjustments;</li> <li>• costs related to certain legal actions; and</li> <li>• foreign exchange gains and losses recognized in net income.</li> </ul>	Net Income/(Loss)

“VC Adjusted EBITDA” is a further refinement of Adjusted EBITDA that takes into account the amount that the Corporation accrues as bonus compensation in the Corporation’s Adjusted EBITDA calculation.

“Subscription Fee Revenue” is comprised of recurring software application subscription fees which are charged to customers for access to our data portal and platforms, and for the data reported from their monitored assets. Subscription fees are generally invoiced monthly and are charged to customers on a per asset basis where those



assets are vehicles, equipment or other types of stationary and mobile equipment. Subscription Fee Revenue is a disaggregated component of total revenue. Subscription Fee Revenue, together with revenues from other products and services such as hardware revenue or professional services revenue, comprises total revenue as determined in accordance with the Corporation's GAAP.

"Annual Subscription Fee Revenue Growth" is calculated as the difference between Subscription Fee Revenue recognized by the Corporation during a fiscal year as disclosed in the Corporation's management discussion and analysis for such fiscal year, and the Corporation's Subscription Fee Revenue target for such fiscal year, determined in accordance with the Corporation's budgeting process and as approved by the Board.

Key Performance Indicators

This Circular refers to certain key performance indicators such as "Subscriber", "Subscriber Additions", "Subscriber Churn" and "Net Subscriber Additions". These key performance indicators do not have any standardized and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that the disclosure of these items are meant to add to, and not replace, the discussion of financial results or cash flows from operations as determined by GAAP.

A "Subscriber" is defined as a customer's individual asset monitored by a telematics device. A Subscriber is an important metric for our investors because it provides an indication of our ability to generate Subscription Fee Revenue from providing recurring service to our customers. Subscriber additions occur when we bill for Subscription Fee Revenue to a new device not previously in our Subscriber base, and Subscriber churn occurs when we no longer bill the Subscriber for Subscription Fee Revenue due to cancellation or expiry of the subscription services.

"Subscriber Additions" is the gross number of Subscribers added to the Company's Subscriber base in a given period and "Subscriber Churn" is the gross number of Subscribers reduced from the Company's Subscriber base due either a temporary or permanent deactivation of subscription services for a monitored asset.

"Net Subscribers" are defined by the Corporation as: (x) Subscribers Additions; less (y) Subscriber Churn in a specified period.

**Summary Compensation Table – Named Executive Officers**

The following table sets forth the compensation awarded or paid to the Corporation's NEOs for the last three fiscal years ended September 30:

Summary Compensation Table								
Name and Principal position	Year <sup>(1)</sup>	Base Salary	Share-Based Awards <sup>(2)</sup>	Option-Based Awards <sup>(3)</sup>	Non-equity Incentive Plan Compensation	Pension Value <sup>(4)</sup>	All Other Compensation <sup>(5)</sup>	Total Compensation
					Annual Incentive Plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Louis De Jong President and Chief Executive Officer (August 26, 2018 - Present)	2018	283,084 <sup>(6)</sup>	66,450	440,090 <sup>(7)(8)</sup>	Nil	Nil	23,005	812,629
	2017	275,000	93,368	Nil	Nil	Nil	23,005	391,373
	2016	275,000	538,151	Nil	154,754	Nil	20,000	987,905

Summary Compensation Table								
Name and Principal position	Year <sup>(1)</sup>	Base Salary	Share-Based Awards <sup>(2)</sup>	Option-Based Awards <sup>(3)</sup>	Non-equity Incentive Plan Compensation	Pension Value <sup>(4)</sup>	All Other Compensation <sup>(5)</sup>	Total Compensation
					Annual Incentive Plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Stephen De Bolster</b> Interim Chief Financial Officer (August 26, 2018 – President)	2018	146,016 <sup>(9)</sup>	17,850	Nil	Nil	Nil	Nil	163,866
	2017	117,789	75,900	Nil	Nil	Nil	Nil	193,689
	2016	101,923	19,200	Nil	Nil	Nil	Nil	121,123
<b>Bryan Karp<sup>(10)</sup></b> Vice-President – Operations, BSM Analytics (October 3, 2016 – Present)	2018	256,722	128,000	Nil	51,344	Nil	Nil	436,066
	2017	262,723	Nil	159,000 <sup>(11)</sup>	52,545	Nil	7,356	481,624
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Brendan Shaw<sup>(10)(12)</sup></b> Vice-President, Sales of BSM Ltd. (August 19, 2014 – Present)	2018	224,631	10,275	Nil	86,929	Nil	15,934	337,769
	2017	229,882	83,200	Nil	101,034	Nil	16,307	430,423
	2016	198,920	Nil	Nil	74,830	Nil	15,973	289,724
<b>Douglas Swanson</b> Chief Technology Officer (April 3, 2017 – President)	2018	225,000	53,850	Nil	Nil	Nil	21,250	300,100
	2017	108,173	131,347	Nil	Nil	Nil	20,675	260,195
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Aly Rahemtulla</b> Former President and Chief Executive Officer (June 16, 2008 – August 26, 2018)	2018	305,402	Nil	100,340 <sup>(7)</sup>	Nil	Nil	48,890	454,632
	2017	330,000	112,042	Nil	Nil	Nil	50,205	492,247
	2016	330,000	651,430	Nil	185,705	Nil	47,385	1,214,520

Notes:

- (1) The Corporation's fiscal year end is September 30.
- (2) The amounts reflected in this column relate to RSU awards. RSU awards were valued using the fair market value of Common Shares on the TSX on the respective RSU award dates. Generally, RSU awards do not vest until the third anniversary of the RSU award date. The share-based awards reflected in this column have been included in the applicable fiscal year on the following basis: (i) the date of RSU award; or (ii) if granted in connection with services provided in an applicable fiscal year, the amount is allocated to that fiscal year notwithstanding the RSU award date occurs in a subsequent fiscal year.
- (3) The fair value of these Options, as at the date of grant, was estimated using the Black-Scholes-Merton option pricing model. Options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Corporation's future stock price and whether the granted Options become "in-the-money".
- (4) The Corporation currently does not have a defined benefit plan or a defined contribution plan.
- (5) "All other compensation" for Messrs. Rahemtulla and De Jong included a health spending account and a RRSP matching contribution from the Corporation in an amount up to 5% of their annual base salary per year, if a contribution is made. In addition, for Mr. Rahemtulla, "All

other compensation” included an annual car allowance and professional memberships. For Mr. Karp “All other compensation” includes the Corporation’s contribution in connection with Mr. Karp’s participation in the Corporation’s 401(k) plan. For Mr. Karp “All other compensation” includes benefits.

- (6) Mr. De Jong’s base salary was increased from \$280,500 per annum to \$309,000 per annum, effective August 26, 2018, in connection with his appointment as President and Chief Executive Officer.
- (7) On February 3, 2018, the Corporation granted Messrs. De Jong and Rahemtulla each 200,000 Options, respectively. These Options had an exercise price of \$1.30 per Common Share and an expiry date of February 23, 2023. The fair value of these Options, as at the date of grant, was estimated using the Black-Scholes-Merton option pricing model with the following assumptions: four year expected term; 47.0% volatility; risk-free interest rate of 1.95% per annum; and a dividend yield of 0%.
- (8) On August 29, 2018, the Corporation granted Mr. De Jong 750,000 Options. These Options had an exercise price of \$1.25 per Common Share and an expiry date of August 29, 2023. The fair value of these Options, as at the date of grant, was estimated using the Black-Scholes-Merton option pricing model with the following assumptions: four year expected term; 45.0% volatility; risk-free interest rate of 2.20% per annum; and a dividend yield of 0%.
- (9) Mr. De Bolster’s base salary was increased from \$125,000 per annum to \$150,000 per annum, effective January 1, 2018. Furthermore, effective August 27, 2018, Mr. De Bolster’s base salary was increased from \$150,000 per annum to \$175,000 per annum, in connection with his appointment as Interim Chief Financial Officer.
- (10) For Fiscal 2018, compensation paid to Messrs. Karp and Shaw was converted to Canadian dollars using the average daily exchange rate published by the Bank of Canada, calculated through its *Daily Exchange Rates Lookup*, as follows: U.S. \$1.00 = CDN \$1.2836. For fiscal 2017, compensation paid to Messrs. Karp and Shaw was converted to Canadian dollars converted to Canadian dollars using the average daily exchange rate published by the Bank of Canada, calculated through its *Daily Exchange Rates Lookup*, as follows: US\$1.00 = \$1.3136. For fiscal 2016, compensation paid to Mr. Shaw was converted to Canadian dollars converted to Canadian dollars using the average daily exchange rate published by the Bank of Canada, calculated through its *Daily Exchange Rates Lookup*, as follows: US\$1.00 = \$1.3261.
- (11) On October 6, 2016, the Corporation granted Mr. Karp 300,000 Options. These Options have an exercise price of \$1.27 per Common Share and an expiry date of October 5, 2021. The fair value of these Options, as at the date of grant, was estimated using the Black-Scholes-Merton option pricing model with the following assumptions: four year expected term; 54.0% volatility; risk-free interest rate of 0.66% per annum; and a dividend yield of 0%.
- (12) Mr. Shaw provides services through Scienz Corp., a corporation he owns.

## **Incentive Plan Awards – Named Executive Officers**

### **Outstanding Option-Based Awards**

The following table sets forth details of all Option based awards outstanding for each NEO of the Corporation as of September 30, 2018:

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>
	(#)	(\$)		(\$)
<b>Louis De Jong</b> President and Chief Executive Officer	225,000 200,000 750,000	3.21 1.30 1.25	01/06/2019 02/23/2023 08/29/2023	Nil
<b>Stephen De Bolster</b> Interim Chief Financial Officer <sup>(2)</sup>	25,000	2.30	05/20/2019	Nil
<b>Bryan Karp</b> Vice-President – Operations, BSM Analytics	300,000	1.27	10/05/2021	Nil
<b>Brendan Shaw</b> Vice-President, Sales of BSM Ltd.	Nil	Nil	Nil	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>
	(#)	(\$)		(\$)
<b>Douglas Swanson</b> Chief Technology Officer	Nil	Nil	Nil	Nil
<b>Aly Rahemtulla</b> Former President and Chief Executive Officer <sup>(3)</sup>	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated by multiplying the difference between the closing price of the Common Shares on the TSX on September 30, 2018, which was \$1.07, and the Option exercise price by the number of outstanding Options. Where the difference is negative, the Options are not “in-the-money” and no value is ascribed. These granted options may or may not ever be exercised. Whether granted Options are exercised or not will be based primarily, but not singularly, on the Corporation’s future stock price and whether the granted Options become “in-the-money”.
- (2) Mr. De Bolster was appointed Interim Chief Financial Officer on August 27, 2018.
- (3) Mr. Rahemtulla ceased to be the President and Chief Executive Officer on August 26, 2018.

**Outstanding Share-Based Awards**

The following table sets forth details of all share-based awards outstanding for each NEO of the Corporation as of September 30, 2018:

	Share-based Awards			
	Number of shares or units of shares that have not vested	Expiration date	Market or payout value of share-based awards that have not vested <sup>(1)</sup>	Market Value or payout value of vested share based awards not paid out or distributed <sup>(2)</sup>
	(\$)		(\$)	(\$)
<b>Louis De Jong</b> President and Chief Executive Officer	96,500 RSUs	12/18/2018	103,255	Nil
	225,000 RSUs	08/17/2019	240,750	Nil
	177,438 RSUs	01/06/2020	189,859	Nil
	72,944 RSUs	12/15/2020	78,050	Nil
<b>Stephen De Bolster</b> Interim Chief Financial Officer <sup>(3)</sup>	15,000 RSUs	10/02/2019	16,050	Nil
	25,000 RSUs	02/13/2020	26,750	Nil
	30,000 RSUs	12/15/2020	32,100	Nil
<b>Bryan Karp</b> Vice-President – Operations, BSM Analytics	100,000 RSUs	12/15/2020	107,000	Nil
<b>Brendan Shaw</b> Vice-President, Sales of BSM Ltd.	65,000 RSUs	10/02/2019	69,550	Nil
<b>Douglas Swanson</b> Chief Technology Officer	66,667 RSUs	05/15/2020	71,334	Nil
	23,448 RSUs	12/15/2020	25,089	Nil
<b>Aly Rahemtulla</b>	Nil	Nil	Nil	Nil

	Share-based Awards			
	Number of shares or units of shares that have not vested	Expiration date	Market or payout value of share-based awards that have not vested <sup>(1)</sup>	Market Value or payout value of vested share based awards not paid out or distributed <sup>(2)</sup>
	(\$)		(\$)	(\$)
Former President and Chief Executive Officer <sup>(4)</sup>				

**Notes:**

- (1) Calculated by multiplying the closing price of the Common Shares on the TSX on September 30, 2018, which was \$1.07, and the number of RSUs.
- (2) Pursuant to the RSU Plan, generally, RSUs do not vest until the third anniversary of the RSU award date.
- (3) Mr. De Bolster was appointed Interim Chief Financial Officer on August 27, 2018.
- (4) Mr. Rahemtulla ceased to be the President and Chief Executive Officer on August 26, 2018.

**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth for each of the NEOs, the value of Option and share-based awards which vested during the year ended September 30, 2018, and the value of non-equity incentive plan compensation earned during the year ended September 30, 2018:

Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year <sup>(3)</sup>
	\$	\$	\$
<b>Louis De Jong</b> President and Chief Executive Officer	Nil	148,117	Nil
<b>Stephen De Bolster</b> Interim Chief Financial Officer <sup>(4)</sup>	Nil	12,900	Nil
<b>Bryan Karp</b> Vice-President – Operations, BSM Analytics	Nil	Nil	51,344
<b>Brendan Shaw</b> Vice-President, Sales of BSM Ltd.	Nil	45,150	86,929
<b>Douglas Swanson</b> Chief Technology Officer	Nil	Nil	Nil
<b>Aly Rahemtulla</b> Former President and Chief Executive Officer <sup>(5)</sup>	Nil	624,060	Nil

**Notes:**

- (1) Calculated by multiplying the difference between the market price of the Common Shares on the vesting date and the exercise price of the Options by the number of Options. Where the difference is negative, the Options are not “in-the-money” and no value is ascribed. These Options may or may not ever be exercised. Whether Options are exercised or not will be based primarily, but not singularly, on the Corporation’s future stock price and whether the Options become “in-the-money”.
- (2) Generally, RSUs do not vest and become redeemable until the third anniversary of the date of the RSU award date. The amount is calculated by multiplying the number of RSUs by the market price of the Common Shares on the TSX on the vesting date.
- (3) For Fiscal 2018, compensation paid to Messrs. Karp and Shaw was converted to Canadian dollars using the average daily exchange rate published by the Bank of Canada, calculated through its *Daily Exchange Rates Lookup*, as follows: U.S. \$1.00 = CDN \$1.2836.
- (4) Mr. De Bolster was appointed Interim Chief Financial Officer on August 27, 2018.
- (5) Mr. Rahemtulla ceased to be the President and Chief Executive Officer on August 26, 2018.

## **Pension Plan Benefits**

No benefits were paid and no benefits are proposed to be paid to any of the NEOs under any pension or retirement plan.

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

### **Employee Agreements**

The Corporation has written employment agreements or consultant agreements with all of the NEOs. Under these employment or consultant agreements, the NEOs are required to work full time, or provide a minimum amount of hours of service, for the Corporation and are eligible to receive annual incentive (bonus) compensation and long term incentive compensation. The material terms and conditions of the NEO employment agreements or consultant agreements are set out below:

#### **Louis De Jong**

Mr. De Jong provides services as the President and Chief Executive Officer of the Corporation pursuant to an employment agreement dated February 11, 2016, as amended (the “**De Jong Employment Agreement**”). Pursuant to the De Jong Employment Agreement, Mr. De Jong is currently entitled to: (i) a base salary which is reviewed annually by the CGN Committee and the Board; (ii) participation in the Corporation’s equity incentive plans, including the Option Plan and the RSU Plan; (iii) participation in the Corporation’s annual executive performance cash bonus plan, as may be amended from time to time, which has the potential to pay up to 130% of his annual base salary, subject to the achievement of certain quantitative and qualitative targets set out in the applicable bonus plan; (iv) participation in the Corporation’s executive benefits plan, including a health spending account worth up to \$12,500; (v) reimbursement of his reasonable expenses in connection with the business of the Corporation; and (vi) participation in the Corporation’s RRSP matching plan whereby the Corporation will match 100% of Mr. De Jong’s personal RRSP contribution in a calendar year, if any, up to a maximum of 5% of Mr. De Jong’s annual base salary per year.

Subject to the terms and conditions of the annual executive performance cash bonus plan, Mr. De Jong’s annual performance bonus, if any, will be paid in cash, less applicable source deductions, within a reasonable period after the end of the applicable fiscal year. The De Jong Employment Agreement is for an indefinite term, unless the employment of Mr. De Jong is terminated earlier in accordance with the provisions of the De Jong Employment Agreement.

The De Jong Employment Agreement contains non-solicitation and non-competition restrictive covenants.

#### **Stephen De Bolster**

Mr. De Bolster provides services as the Interim Chief Financial Officer of the Corporation pursuant to an employment agreement dated January 17, 2018, as amended (the “**De Bolster Employment Agreement**”). Pursuant to the De Bolster Employment Agreement, Mr. De Bolster is currently entitled to: (i) a base salary which is reviewed annually; (ii) participation in the Corporation’s equity incentive plans, including the Option Plan and the RSU Plan; (iii) participation in the Corporation’s senior officer bonus plan, as may be amended from time to time, which has the potential to pay up to 25% of his annual cash compensation; and (iv) reimbursement of his reasonable expenses in connection with the business of the Corporation.

The De Bolster Employment Agreement is for an indefinite term, unless the employment of Mr. De Bolster is terminated earlier in accordance with the provisions of the De Bolster Employment Agreement. The De Bolster Employment Agreement contains non-solicitation and non-competition restrictive covenants.

Douglas Swanson

Mr. Swanson provides services as the Chief Technology Officer of the Corporation pursuant to an employment agreement dated April 3, 2017, as amended (the “**Swanson Employment Agreement**”). Pursuant to the Swanson Employment Agreement, Mr. Swanson is currently entitled to: (i) a base salary which is reviewed annually; (ii) participation in the Corporation’s equity incentive plans, including the Option Plan and the RSU Plan; (iii) participation in the Corporation’s annual executive performance cash bonus plan, as may be amended from time to time, which has the potential to pay up to 100% of his annual base salary, subject to the achievement of certain quantitative and qualitative targets set out in the applicable bonus plan; (iv) participation in the Corporation’s executive benefits plan, including a health spending account worth up to \$12,500; (v) reimbursement of his reasonable expenses in connection with the business of the Corporation; and (vi) participation in the Corporation’s RRSP matching plan whereby the Corporation will match 100% of Mr. Swanson’s personal RRSP contribution in a calendar year, if any, up to a maximum of 5% of Mr. Swanson’s annual base salary per year.

The Swanson Employment Agreement is for an indefinite term, unless the employment of Mr. Swanson is terminated earlier in accordance with the provisions of the Swanson Employment Agreement.

The Swanson Employment Agreement contains non-solicitation and non-competition restrictive covenants.

Bryan Karp

Mr. Karp provides services as the Vice-President, Operations of BSM Analytics pursuant to an employment agreement dated October 1, 2016 (the “**Karp Employment Agreement**”). Pursuant to the Karp Employment Agreement, Mr. Karp is currently entitled to: (i) a base salary which is reviewed annually; (ii) participation in the Corporation’s equity incentive plans, including the Option Plan and the RSU Plan; (iii) participation in a discretionary incentive compensation plan; (iv) participation in BSM Analytics’ benefits plans; and (v) reimbursement of his reasonable expenses in connection with the business of the Corporation.

The Karp Employment Agreement is an at-will employment agreement and may be terminated by either BSM Analytics or Mr. Karp, subject to the termination provisions contained therein. The Karp Employment Agreement contains non-solicitation and non-competition restrictive covenants.

Brendan Shaw

Mr. Shaw provides services as a Vice-President, Sales of BSM Ltd. pursuant to a consultant agreement dated August 19, 2014, as amended from time to time (the “**Shaw Consultant Agreement**”). Pursuant to the Shaw Consultant Agreement, Mr. Shaw is currently entitled to: (i) contractor fee; (ii) participation in sales commission plans; (iv) participation in BSM Analytics’ benefits plans; and (v) reimbursement of his reasonable expenses in connection with the business of the Corporation.

The Shaw Consultant Agreement may be terminated at any time by mutual consent of either party or upon four (4) months notice provided by either party. The Shaw Consultant Agreement contains non-solicitation restrictive covenants.

Aly Rahemtulla

Mr. Rahemtulla ceased being the President and Chief Executive Officer of the Corporation on August 26, 2018.

## **Estimated Incremental Payments on Change of Control, Termination Without Cause, All Other Termination**

### **Termination without Cause**

#### **Louis De Jong**

In the event that the De Jong Employment Agreement is terminated without cause, Mr. De Jong is entitled to: (a) payment of all accrued base salary and accrued but unused vacation pay to the date of termination; (b) reimbursement of approved business expenses incurred to the date of termination, in accordance with the Corporation's policies then in effect; (c) payment of the previous year's unpaid bonus award, if any, if unpaid; (d) a lump sum payment equal to the average amount of the previous two years bonus award; (e) at Mr. De Jong's election either: (i) a continuation of Mr. De Jong's base salary then in effect for a period of 12 months from the date of termination; or (ii) a lump sum payment equal to 12 months of Mr. De Jong's base salary then in effect at the date of termination; and (f) a continuation of all of Mr. De Jong's benefits for the minimum period required by the *Employment Standards Act* (Ontario) (the "ESA") and, to the extent permitted by applicable benefits plans, a continuation of medical benefits (excluding any long-term disability and short-term disability) for a total period of 12 months from the date of termination.

In order to receive the payments and benefits conferred upon a termination without cause in excess of the ESA, Mr. De Jong will be required to sign a release in favour of the Corporation in exchange for the payments and benefits set out above.

#### **Stephen De Bolster**

In the event that the De Bolster Employment Agreement is terminated without cause, Mr. De Bolster is entitled to: (a) payment of all accrued wages and accrued but unused vacation pay to the date of termination; (b) reimbursement of approved business expenses incurred to the date of termination, in accordance with the Corporation's policies then in effect; (c) any performance bonus, calculated pro-rata through to the end of the minimum statutory notice period prescribed by the ESA, as determined pursuant to the terms and conditions of the senior officer's bonus plan; (d) the minimum amount of notice of termination (or pay in lieu of notice), benefits continuation and severance pay (if any) under the ESA; and (e) a continuation of Mr. De Bolster's base salary then in effect for a period of four (4) months from the date of termination.

In order to receive the payments and benefits conferred upon a termination without cause in excess of the ESA, Mr. De Bolster will be required to sign a release in favour of the Corporation in exchange for the payments and benefits set out above.

#### **Douglas Swanson**

In the event that the Swanson Employment Agreement is terminated without cause, Mr. Swanson is entitled to: (a) payment of all accrued base salary and accrued but unused vacation pay to the date of termination; (b) reimbursement of approved business expenses incurred to the date of termination, in accordance with the Corporation's policies then in effect; (c) any performance bonus, calculated pro-rata through to the end of the minimum notice period prescribed by the ESA, as determined pursuant to the terms and conditions of the executive bonus plan; (d) a continuation of the Mr. Swanson's base salary as follows: (i) if the termination occurs prior to the 12 month anniversary of his start date, a continuation of Mr. Swanson's base salary then in effect for a period of six (6) months from the date of termination; or (ii) if the termination occurs at any time on or after the 12 month anniversary of his start date, a continuation of Mr. Swanson's base salary then in effect for a period of 12 months from the date of termination; and (e) a continuation of all of the Executive's benefits for the minimum period required by the ESA and, to the extent permitted by applicable benefits plans, a continuation of medical benefits (excluding any LTD and STD) for: (i) if terminated without cause prior to the 12 month anniversary of his start date, a total period of six (6) months from the date of termination; or (ii) if terminated without cause any time after the



12 anniversary of his start date, a total period of 12 months from the date of termination. For the purpose of the calculation of pro-rata performance bonus in accordance with (c) above, “pro-rata” is calculated by deriving a percentage based on the number of days of employment in the Corporation’s fiscal year prior to the date on which Mr. Swanson is provided with notice of termination. For example, if Mr. Swanson was employed for 200 of the 365 days in the Corporation’s fiscal year, Mr. Swanson would have worked 55% of the fiscal year, and accordingly, would be eligible to receive 55% of the eligible performance bonus as determined pursuant to the terms and conditions of the executive bonus plan.

In order to receive the payments and benefits conferred upon a termination without cause in excess of the ESA, Mr. Swanson will be required to sign a release in favour of the Corporation in exchange for the payments and benefits set out above.

#### Bryan Karp

If the Karp Employment Agreement is terminated without cause or for Good Reason, Mr. Karp is entitled to: (a) any unpaid compensation, benefits and expenses earned or accrued under the Karp Employment Agreement up to and including the effective date of termination; (b) eight weeks base salary; (c) for a period of eight weeks following the date of termination, BSM Analytics agrees to reimburse Mr. Karp for the full premium costs associated with receiving, should Mr. Karp elect so, continuation coverage for medical and dental benefits under the *Consolidated Omnibus Budget Reconciliation Act of 1985*, as amended for Mr. Karp and those of Mr. Karp’s covered dependents who participated immediately prior to Mr. Karp’s termination of employment. For purposes of the Karp Employment Agreement, “Good Reason” means a material breach by BSM Analytics of any term of the Karp Employment Agreement, including a reduction in Mr. Karp’s base salary or material diminution in duties without Mr. Karp’s consent, or a relocation of BSM Analytics’ principal office of more than 50 miles, which breach is not cured within 30 days of written notice of the material breach by Mr. Karp to BSM Analytics.

In order to receive the payments and benefits conferred upon a termination without cause, Mr. Karp will be required to sign a release in favour of the Corporation in exchange for the payments and benefits set out above.

#### Brendan Shaw

The Corporation may terminate the Shaw Consultant Agreement upon providing four (4) months written notice or at any time upon the mutual consent of the parties.

#### Aly Rahemtulla

Mr. Rahemtulla ceased being the President and Chief Executive Officer of the Corporation on August 26, 2018. As part of Mr. Rahemtulla’s departure, Mr. Rahemtulla: (i) is receiving a base salary continuance for 22 months, until June 27, 2020; (ii) is receiving medical benefits (excluding long-term disability and short-term disability), until June 27, 2020; (iii) received a lump sum payment of \$33,000 representing his monthly automobile allowance for 22 months; (iv) received full group benefits extension until October 22, 2018; and (v) partial vesting of his outstanding RSUs. Each of the entitlements above were subject to applicable statutory withholdings. Mr. Rahemtulla is also subject to certain non-solicitation and non-competition restrictive covenants. In exchange for these payments and benefits, Mr. Rahemtulla has signed a release in favour of the Corporation.

#### **Payment on Termination Without Cause**

The following table provides details regarding the estimated incremental payments from the Corporation to each of the currently employed NEOs in the event of termination without cause, assuming that such termination was effective on September 30, 2018.

Name	Severance Period	Termination Payment	Pro Rated Bonus/Other	Option based Awards <sup>(1)</sup>	Share based Awards <sup>(2)</sup>	Total Incremental Payment
	(# of months)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Louis De Jong</b> President and Chief Executive Officer	12	309,000	Nil	Nil	396,254	<b>705,254</b>
<b>Stephen De Bolster</b> Interim Chief Financial Officer	4	58,333	Nil	Nil	33,639	<b>91,972</b>
<b>Bryan Karp</b> Vice-President – Operations, BSM Analytics	1.85 <sup>(3)</sup>	39,578	Nil	Nil	28,240	<b>67,818</b>
<b>Brendan Shaw</b> Vice-President, Sales of BSM Ltd.	4	74,877	Nil	Nil	46,176	<b>121,053</b>
<b>Douglas Swanson</b> Chief Technology Officer	12	225,000	Nil	Nil	39,390	<b>264,390</b>
<b>TOTALS</b>	<b>N/A</b>	<b>706,788</b>	<b>Nil</b>	<b>Nil</b>	<b>543,699</b>	<b>1,250,487</b>

Notes:

- (1) The value option-based awards are calculated assuming an exercise of the Options and the closing price of the Common Shares on the TSX on September 30, 2018, of \$1.07, assuming a termination without cause (as defined in the applicable employment agreement) took place on that date.
- (2) The value share-based awards are calculated by multiplying the number of RSUs by the closing price of the Common Shares on the TSX on September 30, 2018, which was \$1.07, assuming termination without cause took place on that date.
- (3) Mr. Karp's severance period is eight (8) weeks and was converted to months for purposes of the table.

## Change of Control

### Louis De Jong

Pursuant to the De Jong Employment Agreement, in the event of a Change of Control (as defined below), at Mr. De Jong's election, of which Mr. De Jong shall advise the Corporation by notice in writing within 30 days of the relevant Change of Control event, the De Jong Employment shall be deemed to have been terminated by the Corporation without cause, in which case Mr. De Jong shall be entitled to the compensation and benefits that Mr. De Jong would have received had Mr. De Jong been terminated without cause (as outlined under "Payment on Termination Without Cause" above). In addition, upon a Change of Control, all grants, rights to purchase securities of the Corporation pursuant to the Option Plan or the RSU Plan, which are then held by Mr. De Jong and which have not vested shall immediately vest and become exercisable immediately prior to such Change of Control, notwithstanding any plan language to the contrary.

For purposes of the De Jong Employment Agreement, "Change of Control" means any of the following:

- (a) Any person or group of persons (excluding Mr. De Jong or any person associated with Mr. De Jong or a non-arm's length party of Mr. De Jong) acting jointly or in concert, becomes the direct or indirect beneficial owner of 40% or more of the outstanding voting securities of the Corporation;
- (b) the completion of a merger, amalgamation, arrangement, business combination or similar transaction with a person or group of persons that is not associated or affiliated (within the meaning of the Ontario *Business Corporations Act* (the "OBCA") with the Corporation that results in the voting securities outstanding

immediately prior thereto failing to represent at least 50% of the voting securities or right to acquire voting securities of the successor entity immediately thereafter; or

- (c) any sale, lease or transfer of all or substantially all of the Corporation's assets.

In order to receive the payments and benefits conferred upon a termination without cause, Mr. De Jong will be required to sign a release in favour of the Corporation in exchange for the payments and benefits set out above.

Stephen De Bolster

Pursuant to the De Bolster Employment Agreement, in the event that within the twelve (12) month period immediately following a Change of Control (as defined below), any of the following occur: (a) a material change (other than a change that is consistent with a promotion) in Mr. De Bolster's position, duties, responsibilities, title or office in effect immediately prior to any Change of Control; (b) a decrease in the Mr. De Bolster's base salary or a material decrease in Mr. De Bolster's bonus, benefits, vacation or other compensation; (c) any action or event that would constitute a constructive dismissal of Mr. De Bolster at common law; (d) a relocation of Mr. De Bolster's principal place of employment outside the greater Toronto regional district (collectively, a "Triggering Event"), then, at Mr. De Bolster's election, of which Mr. De Bolster must advise the Corporation by notice in writing within thirty (30) days of the relevant Triggering Event, his employment agreement will be deemed to have been terminated by the Corporation without cause and Mr. De Bolster will be entitled to the following: (a) payment of all accrued base salary and accrued but unused vacation pay to the date of termination; (b) reimbursement of approved business expenses incurred to the date of termination, in accordance with the Corporation's policies then in effect; (c) payment of the previous year's unpaid bonus award, if any, if unpaid; (d) a lump sum payment equal to the average amount of the previous two years bonus award; (e) a lump sum payment equal to nine (9) months of Mr. De Bolster's base salary then in effect at the date of termination; (f) a continuation of all of Mr. De Bolster's benefits for the minimum period required by the ESA and, to the extent permitted by applicable benefits plans, a continuation of medical benefits (excluding any long-term disability and short-term disability) for a total period of nine (9) months from the date of termination; and (g) all grants, rights to purchase securities of the Corporation pursuant to the Option Plan or RSU Plan, which are then held by Mr. De Bolster and which have not vested shall immediately vest and become exercisable immediately prior to such Change of Control, notwithstanding any language to the contrary in the Option Plan or RSU Plan.

For purposes of the De Bolster Employment Agreement, "Change of Control" means any of the following:

- (a) any person or group of persons (excluding Mr. De Bolster or any person associated with Mr. De Bolster or a non-arm's length party of Mr. De Bolster) acting jointly or in concert, becomes the direct or indirect beneficial owner of 40% or more of the outstanding voting securities of the Corporation;
- (b) the completion of a merger, amalgamation, arrangement, business combination or similar transaction with a person or group of persons that is not associated or affiliated (within the meaning of the OBCA) with the Corporation that results in the voting securities outstanding immediately prior thereto failing to represent at least 50% of the voting securities or right to acquire voting securities of the successor entity immediately thereafter; or
- (c) any sale, lease or transfer of all or substantially all of the Corporation's assets.

Douglas Swanson

Pursuant to the Swanson Employment Agreement, in the event that within the twelve (12) month period immediately following a Change of Control (as defined below), any of the following occur: (a) a material change (other than a change that is consistent with a promotion) in Mr. Swanson's position, duties, responsibilities, title or office in effect immediately prior to any Change of Control; (b) a decrease in Mr. Swanson's base salary or a material

decrease in Mr. Swanson’s bonus, benefits, vacation or other compensation; or (c) any action or event that would constitute a constructive dismissal of Mr. Swanson at common law, then, at Mr. Swanson’s election, of which Mr. Swanson must advise the Corporation by notice in writing within thirty (30) days of the relevant event, the Swanson Employment Agreement will be deemed to have been terminated by the Corporation without cause. In addition, all grants, rights to purchase securities of the Corporation pursuant to Option Plan or the RSU Plan, which are then held by Mr. Swanson and which have not vested shall immediately vest and become exercisable immediately prior to such Change of Control.

For purposes of the Swanson Employment Agreement, “Change of Control” means any of the following:

- (a) any person or group of persons (excluding Mr. Swanson or any person associated with Mr. Swanson or a non-arm’s length party of Mr. Swanson) acting jointly or in concert, becomes the direct or indirect beneficial owner of 40% or more of the outstanding voting securities of the Corporation;
- (b) the completion of a merger, amalgamation, arrangement, business combination or similar transaction with a person or group of persons that is not associated or affiliated (within the meaning of the OBCA) with the Corporation that results in the voting securities outstanding immediately prior thereto failing to represent at least 50% of the voting securities or right to acquire voting securities of the successor entity immediately thereafter; or
- (c) any sale, lease or transfer of all or substantially all of the Corporation’s assets.

**Bryan Karp**

The Karp Employment Agreement does not include any change of control provisions.

**Brendan Shaw**

The Shaw Consultant Agreement does not include any change of control provisions.

**Payment on Change of Control**

The following table provides details regarding the estimated incremental payments from the Corporation to each of the currently employed NEOs on a change of control, assuming the applicable change of control occurred on September 30, 2018.

Name	Severance Period	Payment of Salary	Pro Rated Bonus/Other	Option based Awards <sup>(1)</sup>	Share based Awards <sup>(2)</sup>	Total Incremental Payment
	(# of months)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Louis De Jong</b> President and Chief Executive Officer	12	309,000	Nil	Nil	611,914	<b>920,914</b>
<b>Stephen De Bolster</b> Interim Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>
<b>Bryan Karp</b> Vice-President – Operations, BSM Analytics	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>

Name	Severance Period	Payment of Salary	Pro Rated Bonus/Other	Option based Awards <sup>(1)</sup>	Share based Awards <sup>(2)</sup>	Total Incremental Payment
	(# of months)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Brendan Shaw</b> Vice-President, Sales of BSM Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
<b>Douglas Swanson</b> Chief Technology Officer	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTALS</b>	<b>12</b>	<b>309,000</b>	Nil	Nil	<b>611,914</b>	<b>920,914</b>

Notes:

- (1) The option-based awards are calculated assuming exercise of the Options and the closing price of the Common Shares on the TSX on September 30, 2018, of \$1.07, assuming a change of control (as defined in the applicable employment agreement) took place on that date.
- (2) The share-based awards are calculated by multiplying the number of RSUs by the closing price of the Common Shares on the TSX on September 30, 2018, which was \$1.37, assuming termination without cause took place on that date.

**Other Termination Payments**

Louis De Jong

Pursuant to the De Jong Employment Agreement, in the event of:

- (a) a termination for cause, the Corporation will pay to Mr. De Jong all accrued base salary up to the termination date, any accrued but unused vacation pay and reimbursement for approved business expenses up to the termination date. Upon making these payments, the Corporation will have no further obligations under the De Jong Employment Agreement;
- (b) Mr. De Jong's death, the Corporation will pay to Mr. De Jong all accrued base salary to date, accrued but unused vacation pay and reimbursement for approved business expenses. Upon making these payments, the Corporation will have no further obligations under the De Jong Employment Agreement; and
- (c) Mr. De Jong becoming permanently incapacitated, the Corporation will provide to Mr. De Jong all accrued base salary to date of permanent incapacity, accrued but unused vacation pay, reimbursement for approved business expenses and the minimum severance pay (if any), benefits continuation and pay in lieu of notice required by the ESA, inclusive of a pro-rata performance bonus determined pursuant to the terms and conditions of the applicable bonus plan. Upon providing Mr. De Jong with these payments and benefits, the Corporation shall have no further obligations to Mr. De Jong.

Stephen De Bolster

Pursuant to the De Bolster Employment Agreement, in the event of:

- (a) a termination for just cause, the Corporation will pay to Mr. De Bolster all accrued base salary up to the termination date, any accrued but unused vacation pay and reimbursement for approved business expenses up to the termination date. Upon making these payments, the Corporation will have no further obligations under the De Bolster Employment Agreement. For purposes this paragraph "just cause" means as defined under the common law of the Province of Ontario and includes, but is not limited to, Mr. De Bolster or any member of Mr. De Bolster's immediate family making any personal profit arising out of or in

connection with a transaction to which the Corporation is a party, or with which it is associated, without making prior disclosure to and obtaining the written consent of, the Corporation, any conviction (including a guilty or no contest plea) for any criminal or summary offence related to Mr. De Bolster's employment with the Corporation, regardless of whether that conviction arises in Canada, the United States of America or elsewhere;

- (b) Mr. De Bolster's death, the Corporation will pay to Mr. De Bolster all accrued base salary to the date of death, accrued but unused vacation pay and reimbursement for approved business expenses. Upon making these payments, the Corporation will have no further obligations under the De Bolster Employment Agreement; and
- (c) Mr. De Bolster becoming permanently incapacitated, subject to the Corporation's compliance with the Ontario *Human Rights Code*, the Corporation will provide to Mr. De Bolster all accrued base salary to date of permanent incapacity, accrued but unused vacation pay, reimbursement for approved business expenses and the minimum severance pay (if any), benefits continuation and pay in lieu of notice required by the ESA. For purposes of this section, Mr. De Bolster shall be deemed to have suffered permanent incapacity when Mr. De Bolster suffers from any illness or injury that prevents him from performing his usual employment duties for a period of six (6) consecutive months and without prospect for change that can be reasonably accommodated by the Corporation. Upon providing Mr. De Bolster with these payments and benefits, the Corporation shall have no further obligations to Mr. De Bolster.

Douglas Swanson

Pursuant to the Swanson Employment Agreement, in the event of:

- (a) a termination for cause, as defined under common law, the Corporation will pay to Mr. Swanson all accrued base salary up to the termination date, any accrued but unused vacation pay and reimbursement for approved business expenses up to the termination date. Upon making these payments, the Corporation will have no further obligations under the Swanson Employment Agreement;
- (b) Mr. Swanson's death, the Corporation will pay to Mr. Swanson all accrued base salary to date, accrued but unused vacation pay and reimbursement for approved business expenses. Upon making these payments, the Corporation will have no further obligations under the Swanson Employment Agreement; and
- (c) Mr. Swanson becoming "permanently incapacitated", the Corporation will provide to Mr. Swanson all accrued base salary to date of permanent incapacitation, accrued but unused vacation pay to date of permanent incapacitation, reimbursement for approved business expenses and the minimum severance pay (if any), benefits continuation and pay in lieu of notice required by the ESA, inclusive of a pro-rata performance bonus determined pursuant to the terms and conditions of the executive bonus plan. For purposes of this section, Mr. Swanson will be deemed to have suffered permanent incapacity when Mr. Swanson suffers from any illness or injury that prevents him from performing his usual employment duties for a period of six (6) consecutive months and without prospect for change that can be reasonably accommodated by the Corporation. Upon providing Mr. Swanson with these payments and benefits, the Corporation shall have no further obligations to Mr. Swanson.

Bryan Karp

Pursuant to the Karp Employment Agreement, in the event that the Karp Employment Agreement is terminated for Cause (as defined below), Mr. Karp's right to receive any future compensation pursuant to the Karp Employment Agreement shall terminate, and the BSM Analytics' obligations to make such payments and provide such benefits

shall cease. Mr. Karp will be entitled, however, to any unpaid compensation, benefits and expenses earned or accrued under the Karp Employment Agreement up to and including the effective date of termination.

For purposes of the Karp Employment Agreement, the term “Cause” shall mean: (i) Any act of gross or willful misconduct by Mr. Karp which has a material adverse effect upon the BSM Analytics and/or any of the affiliates or results in material damage to BSM Analytics and/or any affiliate’s reputation; (ii) Mr. Karp’s violation of the United States *Foreign Corrupt Practices Act* of 1977 or the Canadian *Corruption of Foreign Public Officials Act*; (iii) Mr. Karp’s breach of any material term of the Karp Employment Agreement, which breach is not cured (if it is deemed capable of being cured by BSM Analytics, at its sole discretion) within 30 days of written notice of the breach by BSM Analytics to Mr. Karp; (iv) Mr. Karp’s conviction of a felony which could reasonably be expected to have an adverse effect upon BSM Analytics and/or any affiliate or could reasonably be expected to damage BSM Analytics’ and/or any affiliate’s reputation; (v) Mr. Karp’s embezzlement, fraud, intentional misappropriation of property of BSM Analytics and/or any affiliates, or any other act by Mr. Karp involving acts of dishonesty with respect to Mr. Karp and/or any affiliate; or (vi) Mr. Karp’s failure to follow the lawful directives of BSM Analytics’ management, which failure is not cured (if it is deemed capable of being cured by BSM Analytics, at its sole discretion) within 30 days of written notice of the failure by BSM Analytics to Mr. Karp.

Brendan Shaw

The Shaw Consultant Agreement does not include any other termination entitlements.

**DIRECTOR COMPENSATION**

**Compensation of Directors**

The Corporation pays directors, who are not also officers or otherwise employed by the Corporation, for serving on the Board. In making recommendations to the Board relating to director compensation, the CGN Committee considers directors’ compensation offered by similar companies, its directors’ time commitments and the risks and responsibilities that the directors of the Corporation assume. The Board does not provide per meeting compensation and provides a fixed annual cash compensation schedule and annual grant of DSUs pursuant to the terms of the DSU Plan.

**Director Compensation Table**

For the year ended September 30, 2018, the Corporation had seven directors, one of whom was also a NEO. Mr. Rahemtulla resigned from the Board effective August 26, 2018, and Mr. De Jong was subsequently appointed to the Board on August 26, 2018. For a description of the compensation paid to NEO’s of the Corporation who also acted as directors of the Corporation, please see “*Compensation and Analysis*”. Messrs. Rahemtulla and De Jong did not receive any compensation for their roles as a director of the Corporation. The following table is a summary of compensation paid to the directors of the Corporation, other than directors who are also NEOs, for the fiscal year ended September 30, 2018:

Name	Fees earned <sup>(1)</sup>	Share based awards <sup>(2)</sup>	Option based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Andrew Gutman	77,000	35,000	Nil	N/A	N/A	Nil	112,000
Kelly Edmison	Nil	56,000	Nil	N/A	N/A	Nil	56,000

Name	Fees earned <sup>(1)</sup>	Share based awards <sup>(2)</sup>	Option based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Frank Maw	32,400 <sup>(3)</sup>	39,100	Nil	N/A	N/A	Nil	71,500
Leonard Metcalfe	Nil	56,000	Nil	N/A	N/A	Nil	56,000
Gregory Monahan	19,250	36,750	Nil	N/A	N/A	Nil	56,000
David D. Sgro	26,375 <sup>(4)</sup>	43,875	Nil	N/A	N/A	Nil	70,250

**Notes:**

- (1) Directors may elect to receive all or a portion of their Board remuneration in the form of DSUs, excluding any Special Committee fees earned in the fiscal year. For Fiscal 2018: (i) Mr. Gutman elected to receive 0% of his annual Board retainer in the form of DSUs; (ii) Mr. Maw elected to receive 40% of his annual Board retainer in the form of DSUs; (iii) Mr. Metcalfe elected to receive 100% of his annual Board retainer in the form of DSUs; (iv) Mr. Sgro elected to receive 50% of his annual Board retainer in the form of DSUs; (v) Mr. Monahan elected to receive 50% of his annual Board retainer in the form of DSUs; and (vi) Mr. Edmison elected to receive 100% of his annual Board retainer in the form of DSUs. Each of the directors received \$3,000 in fees for being a member of a Special Committee during the fiscal year.
- (2) The amounts reflected relate to DSUs granted or earned during Fiscal 2018, including the fees elected by directors. The fair value of DSUs is calculated based on the market value of the Common Shares at the time of issuance of DSUs. The share-based awards reflected in this column have been included in the applicable fiscal year on the following basis: (i) the date of award; or (ii) if granted in connection with services provided in an applicable fiscal year, the amount is allocated to that fiscal year notwithstanding the award date occurs in a subsequent fiscal year.
- (3) Mr. Maw's retainer for acting as Chair of the CGN Committee was \$15,500.
- (4) Effective April 1, 2018, Mr. Sgro's retainer for acting as Chair of the Audit Committee was increased from \$15,500 to \$20,000.

**Outstanding Option Based Awards**

The following table is a summary of Option based awards granted to the directors of the Corporation, other than directors who are also NEOs, that were outstanding as at the fiscal year ended September 30, 2018:

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options
	(#)	(\$)		(\$)
Andrew Gutman	Nil	Nil	Nil	Nil
Kelly Edmison	Nil	Nil	Nil	Nil
Frank Maw	Nil	Nil	Nil	Nil
Leonard Metcalfe	Nil	Nil	Nil	Nil
Gregory Monahan	Nil	Nil	Nil	Nil
David D. Sgro	Nil	Nil	Nil	Nil

**Outstanding Share-Based Awards**

The following table is a summary of share-based awards granted to the directors of the Corporation, other than directors who are also NEOs, that were outstanding as at the fiscal year ended September 30, 2018:



Name	Share-based Awards		
	Number of shares or units of shares that have not vested	Expiration date <sup>(1)</sup>	Value of unvested share-based awards <sup>(2)</sup>
	(#)		(\$)
Andrew Gutman	115,360 DSUs	N/A	123,435
Frank Maw	104,936 DSUs	N/A	112,282
Leonard Metcalfe	114,093 DSUs	N/A	122,080
David D. Sgro	86,571 DSUs	N/A	92,631
Gregory Monahan	83,089 DSUs	N/A	88,905
Kelly Edmison	106,297 DSUs	N/A	113,738

**Notes:**

(1) DSUs do not vest until there is loss of directorship.

(2) Calculated by multiplying the closing price of the Common Shares on the TSX on September 30, 2018, which was \$1.07, and the number of DSUs.

**Incentive Plan Awards – Value Vested or Earned During the Fiscal Year Ended September 30, 2018**

The following table sets forth for each of the Corporation’s directors, other than directors who are also NEOs, the value of Option and share-based awards which vested during the year ended September 30, 2018, and the value of non-equity incentive plan compensation earned during the year ended September 30, 2018:

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year <sup>(1)</sup>	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
Andrew Gutman	Nil	Nil	Nil
Frank Maw	Nil	Nil	Nil
Leonard Metcalfe	Nil	Nil	Nil
David D. Sgro	Nil	Nil	Nil
Gregory Monahan	Nil	Nil	Nil
Kelly Edmison	Nil	Nil	Nil

**Notes:**

(1) DSUs do not vest until a loss of directorship.

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

**Second Amended and Restated Stock Option Plan**

On August 17, 2015, the Board approved the adoption of the Option Plan, which was subsequently approved by Shareholders on September 23, 2015. On February 8, 2018, the Board approved certain housekeeping amendments to the Option Plan, which did not require Shareholder approval.

The purpose of the Option Plan is to provide incentives to attract, retain and motivate the Corporation’s directors, officers, employees, and other eligible persons whose contributions are important to the future success of the Corporation. Under the Option Plan, Options may be granted to: (i) full-time employees or independent contractors of the Corporation or any of its subsidiaries working not less than 20 hours per week; (ii) consultants of the Corporation or any of its subsidiaries; or (iii) a director of the Corporation or any of its subsidiaries who is not a full-

time or a part-time employee or independent contractor of the Corporation working not less than 20 hours per week.

The total number of Common Shares which may be reserved and available for issuance under the Option Plan (together with any other security-based compensation arrangements of the Corporation) may not exceed 10% of the issued and outstanding Common Shares from time to time; provided, however, that the number of Common Shares reserved and available for issuance pursuant to the Option Plan (together with any other security-based compensation arrangements of the Corporation) shall not exceed 10,000,000 Common Shares. The exercise price of Options granted pursuant to the Option Plan is determined by the Board or the CGN committee at the time of grant and may not be less than the closing price of the Common Shares on the applicable stock exchange on the last trading day prior to the date of the grant of the Option (less any discount permitted by the TSX, if the Common Shares are listed on the TSX when the Option is granted). Where Options are granted to a 10% Holder (as defined in the Option Plan), the exercise price of the Options may not be less than 110% of the closing price of the Common Shares on the applicable stock exchange for the last trading day prior to the date of the grant of the Option.

As of September 30, 2018, 2,005,000 Options remain outstanding and unexercised, representing approximately 2.4% of the Corporation's outstanding Common Shares as of September 30, 2018, and , taking into account the restriction that the total number of Common Share available for issuance under all security-based compensation arrangement must not exceed 10% of the issued and outstanding Common Shares, 1,416,309 Options are unallocated and available for future grants as of September 30, 2018, representing approximately 1.7% of the Corporation's outstanding Common Shares as of September 30, 2018. The Corporation's annual burn rate, calculated as described in Section 613(p) of the TSX Company Manual, under the Option Plan was 0.0% in fiscal 2016, 1.5% in fiscal 2017 and 1.4% in Fiscal 2018.

*In lieu* of payment of the exercise price of an Option, a participant under the Option Plan may elect to effect a cashless exercise of an Option by surrender of the Option, in which event BSM will issue to the participant a number of Common Shares computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where:

- X = The Number of Common Shares to be issued to the participant
- Y = The number of vested unissued option shares (at the date of exercise)
- A = The Market Price (as defined in the Option Plan) of one Common Share (at the date of exercise)
- B = The Exercise Price (as defined in the Option Plan)

The number of Common Shares which may be issued under the Option Plan (together with any other security-based compensation arrangements of the Corporation) to any one person may not exceed 5% of the Common Shares issued and outstanding on a non-diluted basis from time to time. The number of Common Shares which may be: (i) issuable under the Option Plan to all insiders of the Corporation may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis from time to time; (ii) issued under the Option Plan to all insiders of the Corporation within a one-year period may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis from time to time; and (iii) issued under the Option Plan to any one insider within a one-year period may not exceed 5% of the issued and outstanding Common Shares on a non-diluted basis from time to time (in each case, together with any other security-based compensation arrangements of the Corporation). The number of Common Shares which may be issued under the Option Plan to all Outside Directors may not exceed 1% of Common Shares outstanding on a non-diluted basis from time to time and the equity award value of any grant of Options to Outside Directors shall not exceed \$100,000 per year per Outside Director. The Option Plan provides that, subject to certain exceptions, Options granted to U.S. participants will generally be considered incentive stock options within

the meaning of applicable U.S. legislation and will be entitled to preferential tax treatment. However, where certain conditions apply, Options granted to U.S. participants will be treated as non-qualified stock options.

Pursuant to the terms of the Option Plan, Options may be granted for a term not exceeding five years. Options are non-assignable and non-transferable, subject to limited exceptions as set out in the Option Plan. The Board has complete discretion to establish or modify vesting provisions for each Option granted.

In the circumstance where the end of the term of an Option falls within, or within 10 business days after the end of, a “black out” or similar period imposed under any insider trading policy or similar policy of the Corporation (but not, for greater certainty, a restrictive period resulting from the Corporation or its insiders being the subject of a cease trade order of a securities regulatory authority), then the end of the term of such Option shall be the 10<sup>th</sup> business day after the earlier of the end of such black out period or, provided the blackout period has ended, the expiry date.

Under the terms of the Option Plan, upon termination of the participant, Options are only exercisable to the extent that such Options would have vested. Where a participant is terminated for any reason other than death or disability, Options may be exercised no later than 30 days after the termination date, and in the case of termination by reason of death or disability, no later than 12 months following the date of death or disability, by the legal representative(s) of the estate of the participant. The Corporation does not have a formal policy for providing financial assistance to participants to facilitate the purchase of securities under the Option Plan.

The Board may terminate or amend the Option Plan at any time without Shareholder approval to: (a) make formal minor or technical modifications; (b) to correct any defect, supply any omission, or reconcile any inconsistency; (c) to change the vesting provisions of an Option; (d) to change the termination provisions of an Option or the Option Plan which does not entail an extension beyond the original expiry date of an Option; (e) to add or modify a cashless exercise feature providing for the payment in cash or securities on the exercise of Options; and (f) to add or change provisions relating to any form of financial assistance provided by the Corporation; provided however, that no amendment may be made without the consent of an adversely affected participant and Shareholder approval must be obtained in accordance with the requirements of the TSX to: (i) increase the number of Common Shares issuable under Options granted pursuant to the Option Plan; (ii) change the category of persons who qualify as eligible persons under the Option Plan; (iii) reduce the exercise price of an Option; (iv) cancel and re-issue an Option; (v) extend the term of an Option; (vi) make Options transferable or assignable other than by will or operation of law; (vii) a change to the insider participation limits set out in the Option Plan; (viii) change the level of Outside Director participation under the Option Plan; or (ix) a change to termination and amendment provisions of the Option Plan.

A copy of the Option Plan can be found under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) as Schedule “B” to the Corporation’s management information circular dated February 9, 2018, as filed on February 13, 2018. The Corporation will provide a copy of the Option Plan, as amended, free of charge to Shareholders upon request.

### **Restricted Share Unit Plan**

The Board approved the adoption of the RSU Plan on April 7, 2014, which was subsequently approved by Shareholders on May 15, 2014. The Board approved the replenishment of previously redeemed RSUs and certain amendments to the RSU Plan on February 11, 2016, which was subsequently approved by Shareholders on March 23, 2016. On February 11, 2016, the Board approved certain amendments to the RSU Plan, which were subsequently approved by Shareholders on March 23, 2016. On February 5, 2019, the Board approved the RSU Plan Amendments, which include certain updates on account of governance and compensation best practices. If the RSU Plan Amendments are approved by Shareholders at the Meeting, RSUs granted will vest: (i) in their entirety within three (3) years from the Grant Date (generally, on the third anniversary of the Grant Date); or (ii) upon the satisfaction of performance vesting conditions set forth in a Grant Letter.

The RSU Plan was established to motivate, attract and retain key officers, employees and consultants of the Corporation and to secure for the Corporation and the Shareholders the benefits inherent in the ownership of

Common Shares by such participants, it being generally recognized that RSUs aid in attracting, retaining and encouraging employees due to the opportunity offered to them to acquire a proprietary interest in the Corporation. Generally, participants benefit only if they remain with the Corporation three years from the grant date of any RSUs, after which they will be issued a Common Share of the Corporation, subject to the RSU Plan Amendments.

A summary of the material terms and conditions of the RSU Plan is provided below. For a description of the proposed RSU Plan Amendments, please see “*Business of Meeting – Approval of the RSU Plan Resolution*”.

The RSU Plan is administered by the CGN Committee and the CGN Committee has the full authority to administer the RSU Plan including the authority to interpret and construe any provision of the RSU Plan and to adopt, amend and rescind such rules and regulations for administering the RSU Plan as the CGN Committee may deem necessary in order to comply with the requirements of the RSU Plan. All actions taken and all interpretations and determinations made by the CGN Committee in good faith are final and conclusive and are binding on the participants and the Corporation. All costs incurred in connection with the RSU Plan are for the account of the Corporation.

As of September 30, 2018, 1,591,997 RSUs are outstanding under the RSU Plan (representing approximately 1.9% of the Common Shares issued and outstanding as of September 30, 2018). Taking into account the 1,591,997 RSUs outstanding, a reserve of 1,908,003 Common Shares remains issuable for future RSU grants (when taken together with the Corporation’s other security based compensation arrangements), representing approximately 2.3% of the Common Shares issued and outstanding as of September 30, 2018. The annual burn rate of the RSU Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 1.2% in fiscal 2016, 1.8% in fiscal 2017, and 0.8% in Fiscal 2018.

The aggregate maximum number of Common Shares available for issuance from treasury under the RSU Plan, subject to adjustment provisions contained therein, shall not exceed 3,500,000 Common Shares (representing 4.3% of the Common Shares outstanding as of the date of this Circular), or such greater number as may be approved from time to time by the Corporation’s disinterested Shareholders. Any Common Shares underlying a RSU which has been granted under the RSU Plan and which has been cancelled, terminated or redeemed in accordance with the terms of the RSU Plan will be automatically available for grant of a new RSU under the RSU Plan.

Under no circumstances may the number of Common Shares issuable under all Security Based Compensation Arrangements (as defined in the RSU Plan) of the Corporation, including the RSU Plan, exceed 10% of the total number of Common Shares then outstanding

The maximum number of Common Shares issuable to any one individual, at any time, pursuant to the RSU Plan and any other Security Based Compensation Arrangements of the Corporation, is 5% of the total number of Common Shares then outstanding.

The maximum number of Common Shares issuable to Insiders (as defined in the RSU Plan), at any time, pursuant to the RSU Plan and any other Security Based Compensation Arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to Insiders, within any one year period, pursuant to the RSU Plan and any other Security Based Compensation Arrangements of the Corporation is 10% of the total number of Common Shares then outstanding.

The maximum number of Common Shares issuable to Eligible Consultants (as defined in the RSU Plan), within any one year period, pursuant to the RSU Plan and any other Security Based Compensation Arrangements of the Corporation, is 2% of the total number of Common Shares then outstanding. The number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable RSU.

In the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on Common Shares, subject to the absolute discretion of the CGN Committee, the CGN Committee may elect to credit each participant with additional RSUs. In such case, the number of additional RSUs will be equal to the aggregate amount of dividends that would have been paid to the participant if the RSUs in the participant's account had been Common Shares divided by the Market Value (as defined in the RSU Plan) of a Common Share on the date on which dividends were paid by the Corporation. Any such additional RSUs awarded to a participant will vest on the participant's Entitlement Date (as defined in the RSU Plan) in respect of the particular RSU award to which the additional RSUs relate.

A RSU award granted to a participant will entitle the participant, subject to the participant's satisfaction of any conditions, restrictions, vesting period or limitations imposed under the RSU Plan or set out in a RSU grant letter, to receive one previously unissued fully paid and non-assessable Common Share for each RSU on the date when the RSU award is fully vested. Except as otherwise provided in a RSU grant letter or any other provision of the RSU Plan, RSUs granted pursuant to the RSU Plan will vest: (i) in their entirety within three (3) years from the Grant Date (generally, on the third anniversary of the Grant Date); or (ii) upon the satisfaction of performance vesting conditions set forth in a Grant Letter, subject to the RSU Plan Amendments.

Subject to the foregoing, in the event of:

- (a) the Retirement (as defined in the RSU Plan) or Termination (as defined in the RSU Plan) of a participant, all unvested RSUs credited to the participant shall immediately terminate and be of no further force or effect; provided, however, that the CGN Committee has the absolute discretion to modify the grant of the RSUs to provide that the unvested RSUs shall vest immediately prior to a participant's Termination or Retirement on such basis as the CGN Committee may determine in its absolute discretion.
- (b) the death of a participant, all unvested RSUs credited to the participant will vest on the date of death of such participant and the Common Shares underlying the RSUs credited to the participant's account shall be issued to the participant's estate as soon as reasonably practicable, but in any event no later than 90 days thereafter.
- (c) the disability of a participant (determined in accordance with the Corporation's normal disability practices), all unvested RSUs credited to the participant will vest within 60 days following the date on which the participant is determined to be totally disabled, and the Common Shares underlying such RSUs credited to the participant's account shall be issued to the participant as soon as reasonably practicable, but in any event no later than 30 days following receipt by the Corporation of notice of total disability.
- (d) (i) a Change of Control (as defined in the RSU Plan); and (ii) within 12 months of such Change of Control, the Corporation terminates the employment of the participant for any reason other than just cause, then all unvested RSUs outstanding will immediately vest on the date of such Termination. In any event, upon a Change of Control, participants shall not be treated any more favourably than Shareholders with respect to the consideration that the participants would be entitled to receive for their Common Shares.

Unless otherwise determined by resolution of the CGN Committee, in the event that any RSUs vest during, or within 24 hours after a self-imposed blackout period on the trading of securities of the Corporation, such vesting will occur on the day immediately following the end of the blackout period, or such 24 hour period, as applicable.

No amount will be paid to, or in respect of, a participant under the RSU Plan or pursuant to any other arrangement, and no additional RSUs will be granted to a participant to compensate the participant for any downward fluctuations in the Market Value of a Common Share nor will any other form of benefit be conferred upon, or in respect of, a participant for such a purpose.

The Corporation may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Corporation or its Affiliate are required by any law or regulation of any governmental

authority whatsoever to withhold in connection with any issuance or delivery of Common Shares made under the RSU Plan. For greater certainty, immediately upon the issuance of any Common Shares in satisfaction of a RSU, the Corporation shall be entitled to sell on behalf and for the account of a participant a given number of Common Shares sufficient to cover any applicable withholding taxes and other amounts to be withheld by the Corporation in connection with the participant's vested RSUs.

The Board or the CGN Committee, as the case may be, may discontinue the RSU Plan at any time without first obtaining shareholder approval, provided that, without the consent of a participant, such discontinuance may not in any manner adversely affect the participant's rights under any RSU granted under the RSU Plan.

The Board or the CGN Committee may, subject to receipt of requisite regulatory and Shareholder approval, make the following amendments to the RSU Plan:

- (a) increase the number of RSUs which may be issued pursuant to the RSU Plan;
- (b) change the definition of "participant" under the RSU Plan which would have the potential of narrowing, broadening or increasing Insider participation;
- (c) amendments that may lead to significant or unreasonable dilution to the Corporation's outstanding securities, or that may provide additional benefits to participants at the expense of the Corporation or its Shareholders;
- (d) amendments to remove or to exceed the Insider participation limits in the Plan; or
- (e) amendments to the non-assignment section of the RSU Plan that would permit RSUs, or any other right or interest of a participant under the RSU Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Board or the CGN Committee may, subject to receipt of requisite regulatory approval (where required), but not subject to Shareholder approval, in its sole discretion make all other amendments to the RSU Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature, including typographical, clerical and grammatical errors;
- (b) the addition or a change to the vesting provisions of a RSU or the RSU Plan;
- (c) a change to the termination provisions of a RSU or the RSU Plan;
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the RSU granted under the RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a participant to whom a RSU has been granted may from time to time be a resident, citizen or otherwise subject to tax therein.

Except pursuant to a will or by the laws of descent and distribution, no RSU and no other right or interest of a participant is assignable or transferable.

The foregoing summary of the RSU Plan, as amended, is qualified in its entirety with reference to the full text of the RSU Plan, a copy of which is attached hereto as Schedule "B". The Corporation will provide a copy of the RSU Plan, as amended, free of charge to Shareholders upon request.

## **Deferred Share Unit Plan**

The Board approved the adoption of the DSU Plan on April 7, 2014, which was subsequently approved by Shareholders on May 15, 2014. The Board approved the replenishment of previously redeemed DSUs and certain amendments to the DSU Plan on February 11, 2016, which was subsequently approved by Shareholders on March 23, 2016. On February 5, 2019, the Board approved the DSU Plan Amendments, which include certain updates on account of governance and compensation best practices.

The DSU Plan was established to strengthen the alignment of interests between the Eligible Directors (as defined in the DSU Plan) and the Shareholders by linking a portion of annual director compensation, as determined by the CGN Committee from time to time, to the future value of the Common Shares. A summary of the material terms and conditions of the DSU Plan is provided below.

As of September 30, 2018, 610,344 DSUs are outstanding under the DSU Plan (representing approximately 0.7% of the Common Shares issued and outstanding as of September 30, 2018). Taking into account the 610,344 DSUs outstanding, a reserve of 389,656 Common Shares remains issuable for future DSU grants (when taken together with the Corporation's other security based compensation arrangements), representing approximately 0.4% of the Common Shares issued and outstanding as at the date hereof. The annual burn rate of the DSU Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 0.2% in fiscal 2016, 0.3% in fiscal 2017 and 0.3% in Fiscal 2018.

The DSU Plan is administered by the CGN Committee and the CGN Committee has full discretionary authority to administer the DSU Plan including the authority to interpret and construe any provision of the DSU Plan and to adopt, amend and rescind such rules and regulations for administering the DSU Plan as the CGN Committee may deem necessary in order to comply with the requirements of the DSU Plan. All costs incurred in connection with the DSU Plan shall be for the account of the Corporation.

The aggregate maximum number of Common Shares available for issuance from treasury under the DSU Plan, subject to adjustment provisions contained therein, shall not exceed 1,000,000 Common Shares (representing 1.2% of the Common Shares outstanding as of the date of this Circular), or such greater number as may be approved from time to time by the Shareholders. Any Common Shares underlying a DSU which has been granted under the DSU Plan and which has expired, been redeemed, cancelled or otherwise not redeemed in accordance with the terms of the DSU Plan will be automatically available for grant of a new DSU under the DSU Plan.

Under no circumstances may the number of Common Shares issuable under all Security Based Compensation Arrangements (as defined in the DSU Plan) of the Corporation, including the DSU Plan, exceed 10% of the total number of Common Shares then outstanding

The maximum number of Common Shares issuable to Insiders (as defined in the DSU Plan), at any time, pursuant to the DSU Plan and any other Security Based Compensation Arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to Insiders, within any one year period, pursuant to the DSU Plan and any other Security Based Compensation Arrangements of the Corporation is 10% of the total number of Common Shares then outstanding. The number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable DSU.

The maximum number of Common Shares issuable to any one individual, at any time, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation, is 5% of the total number of Common Shares then outstanding.

Subject to the terms of the DSU Plan and the compensation policies of the Board, Eligible Directors may file an Election Notice (as defined in the DSU Plan) in respect of such Director's Remuneration (as defined in the DSU Plan)

payable for the following year or the Corporation may require the Eligible Director to receive a portion of such Director's Remuneration in the form of Deferred Share Units (the "**Entitlement**"). Notwithstanding the foregoing, subject to the terms of the DSU Plan, if an Eligible Director meets the Minimum Director Share Ownership Requirement (as defined in the DSU Plan) then in effect (or if there is no Minimum Director Share Ownership Requirement), an Eligible Director may elect to receive their Entitlement entirely in cash, or to receive any portion of their Entitlement in cash or DSUs at their discretion. If an Eligible Director has not met the Minimum Director Share Ownership Requirement, such Eligible Director must elect to receive at least 50% and up to 100% of the Entitlement in DSUs and, if an Eligible Director fails to make such election, they will be deemed to have elected to receive between 50-100% of their Entitlement in DSUs as determined by the GCN Committee in its discretion. Subject to the discretion of the CGN Committee, an Election Notice can be made only once annually and will apply for the full duration of the Eligible Director's current term in respect of which the Entitlement is payable or until a replacement Election Notice is made for a subsequent year. The DSU Grant Date (as defined in the DSU Plan) in respect of an Eligible Director, at the discretion of the CGN Committee, shall be either: (i) the date on which the elected portion of the Eligible Director's Entitlement would otherwise be paid in cash, or (ii) the first business day following the public release of the Corporation's audited annual financial statements for the immediately preceding fiscal year. Notwithstanding any of the foregoing, the CGN Committee shall have the authority, subject to applicable securities laws, to make any special grant of DSUs to Eligible Directors, in such numbers, and at any time as the CGN Committee deems appropriate.

The DSU Plan will at all times remain unfunded and the obligations of the Corporation under the DSU Plan shall be general unsecured obligations of the Corporation.

In the event that a dividend (other than stock dividend) is declared and paid by the Corporation on Common Shares, subject to the absolute discretion of the CGN Committee, the CGN Committee may elect to credit each participant with additional DSUs. In such case, the number of additional DSUs will be equal to the aggregate amount of dividends that would have been paid to the participant if the DSUs in the participant's account had been Common Shares divided by the Market Value (as defined in the DSU Plan) of a Common Share on the date on which such dividends were paid.

Where DSUs have been granted to a participant with reference to such Director's Remuneration for a year, in the event that the participant resigns or is otherwise no longer an Eligible Director during such year, only a *pro rata* portion of the DSUs granted for such year will vest and the participant will only be entitled to a DSU Payment (as defined in the DSU Plan) in respect of such DSUs.

As soon as reasonably practicable following the Separation Date (as defined in the DSU Plan) for each participant, the Corporation shall issue to such participant one previously unissued fully paid and non-assessable Common Share for each outstanding whole DSU held by such participant on such relevant Separation Date. Fractional DSUs shall be cancelled. In all events, such issuance of Common Shares will occur no later than December 31 of the year following the year of the participant's Separation Date.

Unless otherwise determined by resolution of the CGN Committee, in the event that a Separation Date occurs during or within 24 hours after a self-imposed blackout period on the trading of securities of the Corporation, such Separation Date will be deemed to occur on the day immediately following the end of the blackout period, or such 24 hour period, as applicable.

The DSU Plan will remain in effect until it is terminated by the Board, subject to the requirements of the stock exchange upon which the Common Shares are then listed.

The Corporation may take such steps as it considers necessary or appropriate for the withholding of any taxes which the Corporation is required to withhold by any law or regulation of any governmental authority whatsoever.



The CGN Committee may from time to time in the absolute discretion of the CGN Committee amend (without Shareholder approval), modify and change the provisions of the DSU Plan, provided that any amendment, modification or change to the provisions of the DSU Plan which would:

- (a) materially increase the benefits of the holder under the DSU Plan to the detriment of the Corporation and its Shareholders;
- (b) increase the number of Common Shares, other than by virtue of a dividend, which may be issued pursuant to the DSU Plan;
- (c) permit DSUs to be transferred other than for normal estate settlement purposes;
- (d) materially modify the requirements as to eligibility for participation in the DSU Plan;
- (e) remove or to exceed the Insider participation limits in the DSU Plan;

shall only be effective upon such amendment, modification or change being approved by the Shareholders, if required by the TSX or any other stock exchange on which the Common Shares are listed, or any other regulatory authorities having jurisdiction over the Corporation or its securities.

The Board or the CGN Committee may, subject to receipt of requisite regulatory approval (where required), but not subject to Shareholder approval, in its sole discretion make all other amendments to the DSU Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature, including typographical, clerical and grammatical errors;
- (b) a change to the termination provisions of a DSU or the DSU Plan;
- (c) amendments to reflect changes to applicable securities laws; and
- (d) amendments to ensure that the DSUs granted under the DSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a participant may from time to time be a resident, or otherwise subject to tax therein.

Except as otherwise may be expressly provided for under the DSU Plan or pursuant to a will or by the laws of descent and distribution, no DSU and no other right or interest of a participant is assignable or transferable, and any such assignment or transfer in violation of the DSU Plan shall be null and void.

The foregoing summary of the DSU Plan, as amended, is qualified in its entirety with reference to the full text of the DSU Plan, a copy of which is attached hereto as Schedule "C". The Corporation will provide a copy of the DSU Plan, as amended, free of charge to Shareholders upon request.

## Equity Compensation Plan Information

The following table is a summary of compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the fiscal year ended September 30, 2018:

Plan Category	Number of securities to be issued upon exercise or vesting of outstanding Options, Replacement BSM Options <sup>(1)</sup> , RSUs and DSUs Column (A) <sup>(2)</sup>	Weighted average exercise price of outstanding Options and Replacement BSM Options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) <sup>(3)</sup>
	(#)	(\$)	(#)
Equity compensation plans approved by security holders	4,384,411	1.36	3,713,969
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>4,384,411</b>	<b>1.36</b>	<b>3,713,969</b>

### Notes:

- (1) On September 30, 2015, the Corporation acquired all of the issued and outstanding common shares (“**Webtech Shares**”) of Webtech Wireless Inc. (“**Webtech**”) and Webtech became a wholly-owned subsidiary of the Corporation, in connection with the business combination of the Corporation and Webtech by way of a court-approved plan of arrangement (the “**Webtech Acquisition**”) involving the Corporation, Webtech and 1044266 B.C. Ltd. (“**Subco**”), a wholly-owned subsidiary of the Corporation. As part of the Webtech Acquisition, Webtech was amalgamated with Subco to form a new corporate entity continuing under the name of “Webtech Wireless Inc.”. Under the terms of the Webtech Acquisition, each Webtech Share was exchanged for the issuance by the Corporation of \$0.52 in cash plus 2.136 Common Shares of the Corporation. In addition, all of the outstanding options of Webtech, whether vested or unvested, were deemed to have been exchanged under the Webtech Acquisition for an option (each whole option, a “**Replacement BSM Option**”) to acquire Common Shares of the Corporation. The term to expiry, conditions to and manner of exercising the Replacement BSM Options are the same as the Webtech option for which it was exchanged. Further information with respect to the Webtech Acquisition can be found in the joint management information circular of the Corporation and Webtech dated August 19, 2015, which is available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation’s website at [www.bsmtechnologies.com](http://www.bsmtechnologies.com).
- (2) Represents the number of Common Shares available for issuance upon: (i) exercise of outstanding Options which have been granted under the Option Plan as at September 30, 2018; (ii) exercise of outstanding Replacement BSM Options which have been granted in connection with the Webtech Acquisition as at September 30, 2018; (iii) vesting of outstanding RSUs which have been granted under the RSU Plan as at September 30, 2018; (iv) vesting of outstanding DSUs which have been granted under the DSU Plan as at September 30, 2018. As at September 30, 2018, the Corporation had the following securities outstanding under its equity incentive plans: (i) 2,005,000 Options, (ii) 177,070 Replacement BSM Options; (iii) 1,591,997 RSUs; and (iv) 610,344 DSUs.
- (3) Represents the maximum number of additional Common Shares issuable under: (i) the Option Plan; (ii) Replacement BSM Options; (iii) the RSU Plan, and (iv) the DSU Plan. The aggregate number of Common Shares that may be reserved under the Option Plan, the Replacement BSM Options, the RSU Plan and the DSU Plan, collectively, shall not exceed 10% of the Corporation’s issued and outstanding Common Shares.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recent completed fiscal year of the Corporation was, a director or officer of the Corporation, a proposed nominee for election as a director of the Corporation, or any associate of any one of the foregoing persons is, or at any time since the beginning of the most recent completed fiscal year of the Corporation has been, indebted to the Corporation or any of its subsidiaries (other than in respect of amounts which constitute routine indebtedness) or was indebted to another entity, where such indebtedness is, or was at any time during the most recent completed fiscal year of the Corporation, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries. For the purposes of this paragraph, “support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, after reasonable inquiry, other than as disclosed herein, no “informed persons” of the Corporation (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), nor any Nominee, nor any person who beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to the issued Common Shares, 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 fiscal year or in any proposed transaction which has materially affected the Corporation or would materially affect the Corporation, or any of its subsidiaries.

## MANAGEMENT CONTRACTS

No management functions of the Corporation and its subsidiaries are performed to any substantial degree by persons other than the directors and executive officers of the Corporation or its subsidiaries.

## STATEMENT OF CORPORATE GOVERNANCE

Effective June 30, 2006, the securities regulatory authorities in Canada adopted National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”). NP 58-201 contains a series of guidelines for effective corporate governance. The guidelines deal with such matters as the constitution and independence of corporate boards, their functions, the experience and education of board members and other items dealing with sound corporate governance.

Pursuant to NI 58-101, the Corporation is required to provide disclosure in this Circular of its corporate governance practices in accordance with Form 58-101F1, which disclosure is set out below.

### **Board of Directors**

The Board is of the view that maintaining effective corporate governance practices is an important factor which contributes to the general success of the Corporation. The Corporation has reviewed its own corporate governance practices in light of the NI 58-101 guidelines. In certain cases, the Corporation’s practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been uniformly adopted. The Corporation will continue to review and implement corporate governance guidelines as the business of the Corporation progresses.

### **Composition of the Board**

As of the date this Circular, the Board is composed of seven directors, a majority of whom are independent based upon the criteria set forth in NI 58-101. Messrs. Gutman, Maw, Metcalfe, Sgro, Monahan and Edmison are independent directors. Mr. De Jong is not an independent director as he is the President and Chief Executive Officer of the Corporation. Prior to September 30, 2018, pursuant to Section 1.2 of NI 58-101, Mr. Gutman, the Chairman of the Board, was deemed to have a material relationship with the Corporation by virtue of his role as Chief Executive Officer of Webtech prior to the Webtech Acquisition. Mr. Gutman is no longer deemed to have a material relationship with the Corporation pursuant to Section 1.2 of NI 58-101. As such, the Chairman of the Board, Mr. Gutman, is considered to be independent based upon the criteria set forth in NI 58-101 as of the date hereof.

The independent directors did not hold any regularly scheduled meetings during the fiscal year ended September 30, 2018, at which non-independent directors and members of management were not in attendance. To facilitate open and candid discussion among the independent directors, at Board meetings, as applicable, non-independent directors have been asked to leave the meeting. In addition, any item which could involve a potential conflict of interest among one or more directors is voted on by those directors that are not related to the conflict in question.

It is anticipated that independent directors' meetings will be held as deemed appropriate during the current fiscal year.

### **Meetings of the Board**

The Board held 12 meetings during the fiscal year ended September 30, 2018. The members of the Board and their attendance are set forth below:

<b>Board of Directors</b>		
<b>Name of Director</b>	<b>Independent<sup>(1)</sup></b>	<b>Meeting Attendance</b>
Andrew Gutman <sup>(2)</sup>	Yes <sup>(3)</sup>	12/12
Louis De Jong	No	1/1
Kelly Edmison	Yes	12/12
Frank Maw <sup>(4)</sup>	Yes	12/12
Leonard Metcalfe	Yes	12/12
Gregory Monahan	Yes	12/12
David D. Sgro <sup>(5)</sup>	Yes	12/12
Aly Rahemtulla <sup>(6)</sup>	No	11/11

**Notes:**

- (1) To be considered independent, a member of the Board must not have any direct or indirect or "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. Messrs. Rahemtulla and De Jong were not independent by virtue of their positions as executives of the Corporation.
- (2) Non-Executive Chairman of the Board.
- (3) Prior to September 30, 2018, pursuant to Section 1.2 of NI 58-101, Mr. Gutman was deemed to have a material relationship with the Corporation by virtue of his role as Chief Executive Officer of Webtech prior to the Webtech Acquisition. Mr. Gutman is no longer deemed to have a material relationship with the Corporation pursuant to Section 1.2 of NI 58-101 and is independent.
- (4) Mr. Maw is the Chair of the CGN Committee.
- (5) Mr. Sgro is the Chair of the Audit Committee.
- (6) Mr. Rahemtulla resigned as a member of the Board effective August 26, 2018.

### **Other Directorships**

The following table summarizes current directorships of other reporting issuers for the current directors of the Corporation:

<b>Director</b>	<b>Name of Reporting Issuer and Exchange</b>
Andrew Gutman	Cortex Business Solutions Inc. (TSX-V: CBX)
Louis De Jong	Enablence Technologies Inc. (TSX-V: ENA)
Kelly Edmison	Pender Growth Fund Inc. (TSX-V: PTF)
Frank Maw	N/A
Leonard Metcalfe	N/A
Gregory Monahan	Absolute Software Corporation (TSX: ABT) Cott Corporation (TSX: BCB) (NYSE: COT)(TSX :BCB)
David D. Sgro	Hill International, Inc. (NYSE: HIL) Allegro Merger Corp. (NASDAQ :ALGRU) Pangaea Logistics Solutions Ltd. (NASD: PANL) NextDecade Corporation (NASDAQ :NEXT)

### **Minimum Share Ownership Guidelines for Directors**

On April 7, 2014, the Board adopted a policy regarding the minimum share ownership for directors (the “**Director Share Ownership Guidelines**”), which was amended on December 15, 2016 and February 8, 2018. Pursuant to the Director Share Ownership Guidelines, each director is required to own Common Shares which have a market value equal to three times the director’s annual compensation (the “**Minimum Shareholding Requirement**”). Directors are required to meet the Minimum Shareholding Requirement within three years from the date a director is appointed to the Board. Thereafter, a director must maintain the Minimum Shareholding Requirement while they are a member of the Board.

When calculating the number of Common Shares owned for purposes of determining a director’s compliance with the Minimum Shareholding Requirement, the following may be used: (i) Common Shares owned or controlled, directly or indirectly (including, but not limited to, through open market purchases or acquired and held upon vesting of equity awards) by a director; (ii) Common Shares owned jointly or separately by a director’s spouse and/or children residing in the same household; (iii) Common Shares held in trust for the benefit of a director or the director’s spouse and/or children; (iv) Deferred Share Units held pursuant to the DSU Plan, as amended from time to time. For greater certainty, unvested Options do not count towards the Minimum Shareholding Requirement.

If a director meets the Minimum Shareholding Requirement, the director may elect to receive 0% to 100% of their annual compensation in DSUs for the upcoming fiscal year. If a director does not meet the Minimum Shareholding Requirement prior to the stipulated deadline, the director must elect to receive 50% to 100% of their annual compensation for the upcoming fiscal year in DSUs. In addition, in the event a director does not meet the Minimum Shareholding Requirement prior to the stipulated deadline or thereafter, the CGN Committee may exercise its discretion to declare a director ineligible to receive equity grants under any of the Corporation’s equity compensation plans.

### **Board Mandate**

The Board has adopted a written board mandate pursuant to which the Board assumes responsibility for the stewardship of the Corporation. The Board mandate is attached hereto as Schedule “A”. The Board’s primary responsibility is to develop and adopt the strategic direction of the Corporation and to, at least annually, review and approve a strategic plan as developed and proposed by management, which takes into account the business opportunities and risks of the Corporation. The Board is responsible for reviewing and approving the Corporation’s financial objectives, plans and actions, including significant capital allocations and expenditures. The Board is also responsible for, among other things: (i) monitoring corporate performance against the strategic and business plans; (ii) identifying principal business risks and implementing appropriate systems to manage such risks; (iii) monitoring and ensuring internal control and procedures; (iv) ensuring appropriate standards of corporate conduct; (v) reviewing and approving financial statements and management’s discussion and analysis; (vi) reviewing compensation of the members of the Board; (vii) reviewing and approving material transactions and annual budgets; (viii) developing the Corporation’s approach to corporate governance; and (ix) assessing its own effectiveness in fulfilling its mandate.

### **Position Descriptions**

The Board has developed written position descriptions for the Chair of the Board, the President and Chief Executive Officer, the Chair of the Audit Committee and the Chair of the CGN Committee. In addition, the Audit Committee and the CGN Committee each have a written charter.

### **Board Orientation, Continuing Education**

While the Board does not have a formal orientation and training program for new member of the Board, new Board members are provided with:

- (i) information respecting the functioning of the Board and its committees;
- (ii) information respecting the nature and operation of the business of the Corporation;
- (iii) access to recent, publicly-filed documents of the Corporation and the Corporation's internal financial information;
- (iv) access to management, including the C-Level Officers and consultants; and
- (v) a summary of significant corporate and securities responsibilities.

New directors of the Corporation are provided with insight from other Board members and management regarding the contribution which they are expected to make to the Board in terms of both time and resource commitments. Board members are also encouraged to communicate with management, auditors, and consultants to keep themselves current with industry trends and developments and changes in legislation; and to attend related industry seminars and visit the Corporation's operations, to ensure that each member of the Board maintains the skills and knowledge necessary to meet their obligations as directors. Members of the Board have full access to the Corporation's records.

The Board educates itself through the annual budget review process and through the detailed reviews of operational and strategic issues during Board meetings. In addition, the CGN Committee is also responsible for providing continuing education opportunities to existing directors to ensure that each member maintains the skills and knowledge necessary to meet their obligations as directors. The Board expects to select any new directors from persons who have the requisite knowledge and experience to ensure that the lack of formal policy will not detract from the performance of the Board.

### **Board and Committee Assessments**

The Board and its committees are regularly assessed with respect to their effectiveness and contribution. For Fiscal 2018, the Board used questionnaires for directors to complete in order to assess the effectiveness of the Board, the committees and the Chair of applicable committees. The CGN Committee and the Corporate Secretary compile the results of such questionnaires and provide a report to the Board for discussion and review. The purpose of this annual review process is to assist the Board in assessing:

- Board structure, composition, diversity, experience, mandate, roles and responsibilities and effectiveness;
- Committee meetings, composition, mandate, committee operations and effectiveness; and
- Director attendance, preparedness, contribution and participation, knowledge of the business and
- required skills and expertise.

In addition to the questionnaire, the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively by conducting informal assessments from time to time.

### **Ethical Business Conduct**

The Corporation has not adopted a written code of conduct and ethics. However, all directors of the Corporation have an obligation to perform their duties and assume their responsibilities in the best interests of the Corporation. The Corporation expects all of its directors to comply with the laws and regulations governing its conduct, and further, is committed to promoting integrity and maintaining the highest standard of ethical conduct in all of its activities. The Board views good corporate governance as an integral component to the success of the Corporation and to meet its responsibilities to Shareholders. In addition, the Corporation has established a whistleblower policy which outlines the procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting control or auditing matters as well as other issues.

Under the OBCA, being the applicable corporate statute governing to which the Corporation is subject, a director or officer of the Corporation must disclose to the Corporation, the nature and extent of any interest that such director or officer has in a material contract or material transaction, whether made or proposed, with the Corporation, if the director or officer: (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Subject to limited exceptions set out in the OBCA, the director cannot vote on any resolution to approve the contract or transaction and must recuse himself or herself from the decision-making process pertaining to a contract or transaction in which such director has an interest.

### **Nomination of Directors**

In collaboration with the CGN Committee, the full Board has the responsibility for identifying potential Board candidates. The Board monitors and assesses the mix of skills and competencies required in order for the Board to fulfil its role effectively. In addition, the Board discusses with each director his intention to continue to serve as a Board member in order to plan and prepare for succession at the Board level in a seamless manner.

### **Compensation of Directors and Officers**

The Board has established the CGN Committee which assists in determining compensation matters for the Corporation. The CGN Committee is set up to ensure that compensation is competitive within the industry and aligns the interests of such individuals with those of the Corporation.

Please see *“Executive Compensation – Compensation Discussion and Analysis”* for additional details with respect to the compensation provided to directors and officers of the Corporation.

### **Board Committees**

The Board has two committees: (i) the Audit Committee; and (ii) the CGN Committee. In addition, the Board may establish other committees from time to time to assist the Board in connection with specific matters. The Board oversees the operations of the committees, the appointment of their respective members, their compensation and their conduct. The Board has no intention at this time to establish other standing committees.

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Corporation has not adopted a formal policy with respect to director term limits or other mechanisms to force Board renewal. The Corporation believes that in taking into account the nature and size of the Board and the Corporation, it is more important to have relevant experience than to impose set time limits on a director’s tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Corporation. In lieu of imposing term limits, the Corporation periodically monitors director performance through formal and informal annual assessments, analyzes the skills and experience necessary for the Board and evaluates the need for director changes to ensure that the Corporation has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.

Directors who have served on the Board for an extended period of time are in a unique position to provide valuable insight into the operations and future of the Corporation based on their experience with a perspective on the Corporation’s history, performance and objectives. The Board believes it is important to have a balance between directors who have a long history and organizational understanding of the Corporation’s business with directors who bring new perspectives and ideas to the Board.

## **Representation of Women on the Board and Senior Management**

The Board adopted a diversity policy on December 20, 2018, outlining the Board's commitment to promoting diversity, including diversity in relation to gender, age, ethnic origin, religion, sexual orientation and disability. The Board recognizes that a truly diverse board will include and make good use of differences in the skills, experience, knowledge, gender, ethnic origin and other distinctions between directors. Without seeking to set a specific target for female representation on the Board, the Corporation recognizes the benefits of having a diverse Board, and the objective of this policy is to increase diversity at the Board level, with particular emphasis on gender diversity. The Corporation's focus has always been, and will continue to be, working to attract the highest quality executive officers and Board candidates with special focus on the skills, experience, character and behavioural qualities of each candidate.

During Fiscal 2018, 0% of the Corporation's directors and 0% of the Corporation's executive officers were women. The Corporation has not set a targeted number or percentage of female representation on its Board or for executive officer positions; however, the Board is mindful of the benefit of diversity in the Corporation's leadership positions and the need to maximize the effectiveness of the Board and management in their decision-making abilities. Accordingly, in searches for new directors or officers, the Board considers the level of female representation and diversity within its leadership ranks and this is just one of several factors used in its search process. The Corporation will continue to monitor developments in the area of diversity while reviewing its own practices in order to adopt a policy that is meaningful for the Corporation.

## **Audit Committee Information**

The Audit Committee is responsible for, among other things, monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation's external auditors. The Audit Committee is also responsible for reviewing the Corporation's annual audited consolidated financial statements, unaudited interim consolidated financial statements and management's discussion and analysis of financial results of operations for both annual and interim consolidated financial statements and review of related operations prior to their approval by the Board.

Further information regarding the Audit Committee is contained in the Corporation's current annual information form dated December 20, 2018 (the "AIF"), under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the AIF as Schedule "A" therein. The AIF is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.bsmtechnologies.com](http://www.bsmtechnologies.com).

## **Compensation, Governance & Nominating Committee**

The CGN Committee held four meetings in the fiscal year ended September 30, 2018. The members of the CGN Committee and their attendance are set forth below:

<b>Compensation, Governance and Nominating Committee</b>		
<b>Name of Director</b>	<b>Independent<sup>(1)</sup></b>	<b>Meeting Attendance</b>
Frank Maw <sup>(2)</sup>	Yes	4/4
Andrew Gutman	Yes <sup>(3)</sup>	4/4
Leonard Metcalfe	Yes	4/4
Gregory Monahan	Yes	4/4
Kelly Edmison	Yes	4/4

Notes:



- (1) To be considered independent, a member of the Board must not have any direct or indirect “material relationship” with the Corporation. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (2) Chair of the CGN Committee.
- (3) Prior to September 30, 2018, pursuant to Section 1.2 of NI 58-101, Mr. Gutman was deemed to have a material relationship with the Corporation by virtue of his role as Chief Executive Officer of Webtech prior to the Webtech Acquisition. Mr. Gutman is no longer deemed to have a material relationship with the Corporation pursuant to Section 1.2 of NI 58-101 and is independent.

### **Relevant Education and Experience**

For a general description of the CGN Committee member’s relevant education and experience, please see “*Business of Meeting – Election of Directors*”.

### **Responsibilities of the CGN Committee**

The CGN Committee is appointed by the Board. Some of the main responsibilities of the CGN Committee include:

- making recommendations to the Board in regards to the compensation of the Corporation’s directors and executive officers;
- reviewing all executive compensation policies and making recommendations to the Board, where appropriate, in relation to such policies;
- overseeing of the Corporation’s activities related to corporate governance, legal and regulatory compliance, Board composition, Board nominations and Board conduct and training;
- reviewing policies relating to corporate governance matters generally;
- reviewing and assessing the effectiveness of the Board and individual directors;
- establishing and maintaining position descriptions for the Chairman of the Board and the Chair of each of the Board’s committees;
- assisting the Board in identifying candidates for nomination as directors of the Corporation and recommending nominees to the Board;
- engaging and, as necessary, directing independent compensation consultants, independent counsel and other advisors as it determines necessary to carry out its duties; and
- reviewing the Board’s relationship with the Corporation’s management to ensure the Board is able to act independently of management.

## **GENERAL**

Except where otherwise indicated, information contained herein is given as of the 8<sup>th</sup> day of February, 2019.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation’s most recently completed fiscal year is provided in the comparative financial statements for the years ended September 30, 2018, and September 30, 2017, and the related MD&A. Inquiries including requests for copies of the Corporation’s financial statements and the related MD&A for the fiscal year ended September 30, 2018, may be directed to the Corporate Secretary of the Corporation at 75 International Blvd., Suite 100, Toronto, Ontario, Canada, M9W 6L9.

## **APPROVAL**

The contents of this Circular and the sending thereof to Shareholders, directors and the auditors of the Corporation, have been approved by the Board.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*(signed) "Louis De Jong"*

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Louis De Jong  
President and Chief Executive Officer

## **SCHEDULE "A"**

### **BOARD MANDATE**

The term "**Corporation**" herein shall refer to BSM Technologies Inc. and the term "**Board**" shall refer to the Board of Directors of the Corporation.

#### **1. PURPOSE**

The Board assumes responsibility for the stewardship of the Corporation.

Although directors may be nominated by certain persons to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

#### **2. RESPONSIBILITIES**

As an integral part of that stewardship responsibility, the Board has responsibility for the following matters (either itself, or through duly appointed and constituted committees of the Board in accordance with applicable laws):

- (a) The Board has primary responsibility for the development and adoption of the strategic direction of the Corporation. The Board contributes to the development of strategic direction by approving, at least annually, a strategic plan developed and proposed by management. The plan will take into account the business opportunities and business risks of the Corporation. The Board reviews with management from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these developments for the strategic direction of the Corporation. The Board reviews and approves the Corporation's financial objectives, plans and actions, including significant capital allocations and expenditures.
- (b) The Board monitors corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.
- (c) The Board identifies the principal business risks of the Corporation and ensures that there are appropriate systems put in place to manage these risks.
- (d) The Board monitors and ensures the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and its financial reporting procedures of the Corporation.
- (e) The Board is responsible for ensuring appropriate standards of corporate conduct including, adopting a corporate code of ethics for all employees and senior management, and monitoring compliance with such code, if appropriate.
- (f) The Board is responsible for the review and approval of annual financial statements, management's discussion and analysis related to such financial statements, and forecasts, if any.
- (g) The Board is responsible for reviewing the compensation of members of the Board to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and for reviewing the compensation of members of the senior management team to ensure that they are competitive within the industry and that the form of compensation aligns the interests of each such individual with those of the Corporation.
- (h) The Board reviews and approves material transactions not in the ordinary course of business.

- (i) The Board reviews and approves the budget on an annual basis, including the spending limits and authorizations, as recommended by the Audit Committee.
- (j) The Board ensures that there is in place appropriate succession planning, including the appointment, training and monitoring of senior management and members of the Board.
- (k) The Board is responsible for assessing its own effectiveness in fulfilling its mandate and evaluating the relevant disclosed relationships of each independent director and shall make an affirmative determination that such relationships do not preclude a determination that the director is independent.
- (l) The Board approves a disclosure policy that includes a framework for investor relations and a public disclosure policy.
- (m) The Board is responsible for satisfying itself as to the integrity of the President and Chief Executive Officer (the “**CEO**”) and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the organization. The Board is responsible for developing and approving goals and objectives, which the CEO is responsible for meeting.
- (n) The Board is responsible for developing the Corporation’s approach to corporate governance principles and guidelines that are specifically applicable to the Corporation.
- (o) The Board is responsible for performing such other functions as prescribed by law or assigned to the Board in the Corporation’s governing documents.

### 3. SIZE OF BOARD AND SELECTION PROCESS

- (a) The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The Board will determine a slate of nominees to be put to the shareholders for election based upon the following considerations and such other factors the Board considers relevant:
  - (i) the competencies and skills which the Board as a whole should possess;
  - (ii) the competencies and skills which each existing director possesses; and
  - (iii) the appropriate size of the Board to facilitate effective decision-making.
- (b) Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal upon compliance with the requirements of the *Business Corporations Act* (Ontario) (“**OBCA**”) and the Corporation’s by-laws or at the annual meeting in compliance with the requirements of the OBCA and the Corporation’s by-laws.
- (c) The Board also recommends the number of directors on the Board to shareholders for approval, subject to compliance with the requirements of the OBCA and the Corporation’s by-laws.
- (d) Between annual meetings, the Board may appoint directors to serve until the next annual meeting, subject to compliance with the requirements of the OBCA.
- (e) Individual Board members are responsible for assisting the Board in identifying and recommending new nominees for election to the Board, as needed or appropriate.
- (f) *Director orientation and continuing education* – The Board, together with the Compensation, Governance & Nominating Committee (the “**CGN Committee**”) is responsible for providing a comprehensive orientation and education program for new directors which deals with the following matters and such other matters the Board considers relevant:

- (i) the role of the Board and its committees;
- (ii) the nature and operation of the business of the Corporation; and
- (iii) the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board together with the CGN Committee, is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current, at the request of any individual director.

- (g) *Meetings* – The Board has at least four scheduled meetings a year. The Board is responsible for its agenda and may, if applicable, collaborate with senior management, including, but not limited to, the CEO. Prior to each Board meeting, a Board member, or the Corporate Secretary on behalf of the Board, shall circulate an agenda to the Board. Materials for each meeting will be distributed to directors in advance of the meetings. Directors are expected to make reasonable efforts to attend all meetings of the Board held in a given year, and are expected to make reasonable efforts to adequately review meeting materials in advance of all such meetings.
- (h) The independent directors or non-management directors shall meet at the end of each Board meeting without management and non-independent directors present. The Chairman of the Board shall chair these meetings, unless the Chairman of the Board is not an independent director, in which case the Lead Director shall chair these meetings. If a Lead Director has not been appointed, or is not independent, the independent directors shall appoint a chairman to chair these meetings. The independent directors shall appoint a person to maintain minutes of the meetings or, if no person is so appointed, the chair of the meeting shall maintain minutes of the meeting.
- (i) *Committees* – The Board has established the following standing committees to assist the Board in discharging its responsibilities: (i) the Audit Committee; and (ii) the CGN Committee. Special committees are established from time to time to assist the Board in connection with specific matters. The Board will appoint the members of each committee and may appoint the chair of each committee annually following the Corporation’s annual meeting of shareholders. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each standing committee are reviewed annually by the Board.
- (j) *Evaluation* – The CGN Committee performs an annual evaluation of the effectiveness of the Board as a whole and the committees of the Board.
- (k) *Compensation* – The CGN Committee recommends to the Board the compensation and benefits for non-management directors. The CGN Committee seeks to ensure that such compensation and benefits reflect the responsibilities and risks involved in being a director of the Corporation and align the interests of the directors with the best interests of the Corporation.
- (l) *Nomination* – The Board, the CGN Committee and the individual directors from time to time, will identify and recommend new nominees as directors of the Corporation, based upon the following considerations:
  - (i) the competencies and skills necessary for the Board as a whole to possess;
  - (ii) the competencies and skills necessary for each individual director to possess;
  - (iii) competencies and skills which each new nominee to the Board is expected to bring; and

- (iv) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Corporation.
- (m) *Access to independent advisors* – The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the CGN Committee, retain an outside advisor at the expense of the Corporation.

#### **4. CHAIRMAN OF THE BOARD OF DIRECTORS**

- (a) The Chairman of the Board shall be a director who is designated by the full Board to act as the leader of the Board.
- (b) The Chairman will be selected amongst the directors of the Corporation who have a sufficient level of experience with corporate governance issues to ensure the leadership and effectiveness of the Board.
- (c) The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

#### **5. RESPONSIBILITIES OF THE CHAIRMAN**

The following are the responsibilities of the Chairman. The Chairman may, where appropriate, delegate to or share with the CGN Committee and/or any other independent committee of the Board, certain of these responsibilities:

- (a) Chair all meetings of the Board in a manner that promotes meaningful discussion.
- (b) Provide leadership to the Board to enhance the Board's effectiveness, including:
  - (i) ensure that the responsibilities of the Board are well understood by both management and the Board;
  - (ii) ensure that the Board works as a cohesive team with open communication;
  - (iii) ensure that the resources available to the Board (in particular timely and relevant information) are adequate to support its work;
  - (iv) together with the CGN Committee, ensure that a process is in place by which the effectiveness of the Board and its committees (including size and composition) is assessed at least annually; and
  - (v) together with the CGN Committee, ensure that a process is in place by which the contribution of individual directors to the effectiveness of the Board is assessed at least annually.
- (c) Manage the Board, including:
  - (i)
  - (ii) prepare the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - (iii) adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - (iv) ensure meetings are appropriate in terms of frequency, length and content;
  - (v) ensure that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;

- (vi) ensure that a succession planning process is in place to appoint senior members of management and directors when necessary;
  - (vii) ensure procedures are established to identify, assess and recommend new nominees for appointment to the Board and its committees; and
  - (viii) together with any special committee appointed for such purpose, approach potential candidates once potential candidates are identified, to explore their interest in joining the Board and proposing new nominees for appointment to the Board and its committees.
- (d) If the Chairman is an independent director, the Chairman will:
- (i) in conjunction with the Chair of the CGN Committee, provide leadership to ensure that the Board functions independently of management of the Corporation;
  - (ii) chair meetings of independent directors or non-management directors held following Board meetings;
  - (iii) recommend, where necessary, the holding of special meetings of the Board;
  - (iv) review with the CEO items of importance for consideration by Board;
  - (v) consult and meet with any or all of the Corporation's independent directors, at the discretion of either party and represent such directors in discussions with management of the Corporation concerning corporate governance issues and other matters;
  - (vi) ensure that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Corporation, and together with the CEO and the Corporate Secretary, formulate an agenda for each Board meeting;
  - (vii) together with the Chair of the CGN Committee, ensure that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time;
  - (viii) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
  - (ix) together with the Chair of the CGN Committee, facilitate the process of conducting director evaluations; and
  - (x) promote best practices and high standards of corporate governance.
- (e) Act as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner. This involves working with CGN Committee to ensure that the Corporation is building a healthy governance culture.
- (f) At the request of the Board, represent the Corporation to external groups such as shareholders and other stakeholders, including community groups and governments.

## 6. LEAD DIRECTOR

- (a) The Board will appoint a Lead Director in circumstances in which the Chairman of the Board is not considered independent under applicable securities laws, in order to provide independent leadership to the Board and for the other purposes set forth below.
- (b) The Board may in its sole discretion, when the Chair is independent, from time to time, designate a Lead Director who is not independent to assist the Board in its functioning.
- (c) The CGN Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for appointing the Lead Director.
- (d) The Lead Director will hold office at the pleasure of the Board, until a successor has been duly elected or appointed or until the Lead Director resigns or is otherwise removed from the office by the Board.
- (e) The Lead Director will provide independent leadership to the Board and will facilitate the functioning of the Board independently of the Corporation's management. Together with the Chair of the Corporate Governance & Nominating Committee, the Lead Director will be responsible for the corporate governance practices of the Corporation.
- (f) The Lead Director will:
  - (i) in conjunction with the Chair of the CGN Committee, provide leadership to ensure that the Board functions independently of management of the Corporation;
  - (ii) chair meetings of independent directors or non-management directors held following Board meetings;
  - (iii) in the absence of the Chairman, act as chair of meetings of the Board;
  - (iv) recommend, where necessary, the holding of special meetings of the Board;
  - (v) review with the Chairman and the CEO items of importance for consideration by Board;
  - (vi) consult and meet with any or all of the Corporation's independent directors, at the discretion of either party and with or without the attendance of the Chairman, and represent such directors in discussions with management of the Corporation concerning corporate governance issues and other matters;
  - (vii) together with the Chairman, ensure that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Corporation, and together with the Chairman, the CEO and the Corporate Secretary, formulate an agenda for each Board meeting;
  - (viii) together with the Chairman and the Chair of the CGN Committee, ensure that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time;
  - (ix) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
  - (x) facilitate the process of conducting director evaluations;



(xi) promote best practices and high standards of corporate governance; and

(xii) perform such other duties and responsibilities as may be delegated to the Lead Director by the Board from time to time.

## **7. ACCOUNTABILITIES OF INDIVIDUAL DIRECTORS**

The accountabilities set out below are meant to serve as a framework to guide individual directors in their participation on the Board, with a view to enabling the Board to meet its duties and responsibilities. Principal accountabilities include:

- (a) assuming a stewardship role, overseeing the management of the business and affairs of the Corporation;
- (b) maintaining a clear understanding of the Corporation, including its strategic and financial plans and objectives, emerging trends and issues, significant strategic initiatives and capital allocations and expenditures, risks and management of those risks, internal systems, processes and controls, compliance with applicable laws and regulations, governance, audit and accounting principles and practices;
- (c) preparing for each Board and applicable Committee meeting by reviewing materials that have been provided in a timely manner and requesting, where appropriate, information that will allow the Director to properly participate in the Board's deliberations, make informed business judgments, and exercise oversight;
- (d) absent a compelling reason, attending every meeting of the Board and each Committee of which such Director is a member, and actively participating in deliberations and decisions. When attendance is not possible a Director should become familiar with the matters to be covered at the meeting;
- (e) voting on all decisions of the Board or any Committees of which such Director is a member, except when a conflict of interest may exist;
- (f) preventing personal interests from conflicting with, or appearing to conflict with, the interests of the Corporation and disclosing details of such conflicting interests should they arise; and
- (g) acting in the highest ethical manner and with integrity in all professional dealings.

## **8. MANDATE REVIEW**

The Board will annually review and reassess the adequacy of this Mandate for the Board.

As of December 13, 2017

**SCHEDULE "B"**  
**RESTRICTED SHARE PLAN**

- See attached.



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**RESTRICTED SHARE UNIT PLAN**

**for Eligible Employees and Eligible Consultants of BSM Technologies Inc.**

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**ADOPTED MAY 15, 2014**

**AMENDED EFFECTIVE SEPTEMBER 23, 2015, MARCH 23, 2016, AND FEBRUARY 5, 2019**

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**BSM TECHNOLOGIES INC.**

**RESTRICTED SHARE UNIT PLAN**

**AMENDED SEPTEMBER 23, 2015, MARCH 23, 2016, AND FEBRUARY 5, 2019**

**ARTICLE I. DEFINITIONS; CONSTRUCTION AND INTERPRETATION**

**Section 1.01 Definitions:** For the purposes of this Plan (as defined herein), unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- (a) **"Affiliate"** means an "affiliate" as defined in the TSX Company Manual, as amended from time to time;
- (b) **"Blackout Period"** means any blackout period imposed by the Corporation applicable to a Participant, during which specified individuals, including Insiders, may not trade in the securities of the Corporation (including, for greater certainty, any period during which specific individuals are restricted from trading because they possess material non-public information);
- (c) **"Board"** means the Board of Directors of the Corporation;
- (d) **"Change of Control"** means:
  - (i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or plan of arrangement in connection with any of the foregoing), other than solely involving the Corporation and any one or more of its Affiliates, with respect to which all or substantially all of the Persons who were the beneficial owners of the Common Shares and other securities of the Corporation immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Corporation or its successor;
  - (ii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
  - (iii) the sale, exchange or other disposition to a Person other than an Affiliate of the Corporation of all or substantially all of the Corporation's assets; or
  - (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Corporation or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change;
- (e) **"Committee"** means the Board or, if the Board so determines in accordance with Section 3.02 of this Plan, the committee of the Board authorized to administer this Plan which includes any compensation committee of the Board;
- (f) **"Common Shares"** means the common shares in the capital of the Corporation, as adjusted in accordance with the provisions of Article VII of this Plan;
- (g) **"Corporation"** means BSM Technologies Inc. and includes any successor thereof;

- (h) **“Director”** means a member of the Board from time to time;
- (i) **“Eligible Consultants”** means individuals, other than an Eligible Employee, that: (i) are engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Corporation or any Affiliate under a written contract between the Corporation or an Affiliate and the individual or corporation of which the individual consultant is an employee; (ii) 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; and (iii) does not provide services in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Corporation’s securities;
- (j) **“Eligible Employees”** means the employees of the Corporation or any Affiliate, including officers of the Corporation or any Affiliate, and including both full-time and part-time employees of the Corporation or any Affiliate;
- (k) **“Grant Date”** means the date that the RSU is granted to a Participant under this Plan, as evidenced by a Grant Letter;
- (l) **“Grant Letter”** has the meaning ascribed thereto in Section 4.02;
- (m) **“Insider”** means an “insider” as defined in the TSX Company Manual, as amended from time to time;
- (n) **“Market Value”** means the the closing trading price of the Common Shares on the applicable date, as reported by the TSX. If the Common Shares are not trading on the TSX, then the Market Value shall be determined based on the trading price on such stock exchange or over-the-counter market on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Committee. In the event that the Common Shares are not listed and posted for trading on any stock exchange or over-the-counter market, the Market Value shall be the fair market value of such Common Shares as determined by the Committee in its sole discretion;
- (o) **“Participant”** means each Eligible Employee and Eligible Consultant to whom RSUs are granted hereunder;
- (p) **“Participant’s Entitlement Date”** means the date on which a Participant’s RSU Award is fully vested, in accordance with the applicable Grant Letter;
- (q) **“Person”** means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof;
- (r) **“Plan”** means this Restricted Share Unit Plan, as same may be amended from time to time;
- (s) **“Resignation”** means the cessation of employment of the Participant with the Corporation or an Affiliate as a result of resignation;
- (t) **“Retirement”** means, in respect of any Participant, such Participant attaining the Retirement Age;
- (u) **“Retirement Age”** means 65 years of age, or as otherwise stipulated from time to time in the Corporation’s retirement policy (as such policy may be established or revised from time to time at the discretion of the Corporation and subject to applicable laws), or as otherwise determined by the Committee;

- (v) **“RSU”** means a restricted share unit credited by means of an entry on the books of the Corporation to a Participant, representing the right to receive on the Participant’s Entitlement Date one previously unissued Common Share for each RSU;
- (w) **“RSU Award”** means an award of RSUs under this Plan to a Participant;
- (x) **“Security Based Compensation Arrangement”** has the meaning ascribed thereto in Section 613 (or any successor thereto) of the TSX Company Manual (as the same may be amended from time to time), and includes, without limitation: (i) stock option plans for the benefit of employees, Insiders, service providers or any one of such groups; (ii) individual stock options granted to employees, service providers or Insiders if not granted pursuant to a plan previously approved by the Corporation’s security holders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or service provider which is financially assisted by the Corporation by any means whatsoever;
- (y) **“Termination”** means: (i) in the case of an Eligible Employee, the later of (x) the date of notification of termination of the employment of the Eligible Employee, and (y) the last day of work following notification of termination of the employment of the Eligible Employee with or without cause by the Corporation or an Affiliate, in each case, without regard to any period of reasonable notice or severance that may follow notification or last day of work, except where required by applicable employment standards legislation or the cessation of employment of the Eligible Employee with the Corporation or an Affiliate as a result of resignation or otherwise, other than the Retirement of the Eligible Employee; and (ii) in the case of an Eligible Consultant, the termination of the services of the Eligible Consultant by the Corporation or any Affiliate or the Eligible Consultant;
- (z) **“TSX”** means the Toronto Stock Exchange; and
- (aa) **“year”** means a calendar year unless otherwise specified.

**Section 1.02 Construction and Interpretation**

- (a) **Headings:** The headings of all Articles, Sections, and Paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.
- (b) **Context, Construction:** Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or *vice versa* where the context so requires. In this Plan, “including” and “includes” means including or includes, as the case may be, without limitation.
- (c) **References to this Restricted Share Unit Plan:** The words “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this Plan as a whole and not to any particular article, Section, paragraph or other part hereof.
- (d) **Discretion:** Whenever the Committee has discretion to administer this Plan, the term “discretion” means the sole and absolute discretion of the Committee.
- (e) **Canadian Funds:** Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

## ARTICLE II. PURPOSE OF THIS RESTRICTED SHARE UNIT PLAN

**Section 2.01 Purpose of the Restricted Share Unit Plan:** This Plan provides for the issuance of RSUs/Common Shares to Participants for the purpose of advancing the interests of the Corporation and its Affiliates through the motivation, attraction and retention of Eligible Employees and Eligible Consultants and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of of RSUs/Common Shares by Eligible Employees and Eligible Consultants, it being generally recognized that restricted share plans aid in attracting, retaining and encouraging employees due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

## ARTICLE III. ADMINISTRATION OF THIS RESTRICTED SHARE UNIT PLAN

**Section 3.01 Administration of the Restricted Share Unit Plan:** This Plan shall be administered by the Committee and the Committee shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Committee may deem necessary in order to comply with the requirements of this Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Committee shall, in addition to their rights as directors of the Corporation, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made in good faith. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Corporation.

**Section 3.02 Delegation to Committee:** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by the Committee.

**Section 3.03 Record Keeping:** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of RSUs granted to each Participant;
- (c) the number of Common Shares underlying RSUs issued to each Participant; and
- (d) all other relevant information, including all conditions set forth in a RSU grant letter.

**Section 3.04 Determination of Participants and Participation:** The Committee shall from time to time determine the Participants who may participate in this Plan. The Committee shall from time to time determine the Participants to whom RSU shall be granted and the provisions and restrictions with respect to such grant, all such determinations to be made in accordance with the terms and conditions of this Plan, and the Committee may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant.

**Section 3.05 Maximum Number of Common Shares:**

- (a) The aggregate maximum number of Common Shares made available for issuance from treasury under this Plan, subject to adjustment pursuant to Section 7.07, shall not exceed 3,500,000 Common Shares. Any Common Shares subject to a RSU which has been granted under this Plan and which has been



cancelled, terminated or redeemed in accordance with the terms of this Plan will be automatically available for grant of a new RSU under this Plan.

- (b) Under no circumstances may the number of Common Shares issuable under all Security Based Compensation Arrangements of the Corporation, including this Plan, exceed 10% of the total number of Common Shares then outstanding.
- (c) The maximum number of Common Shares issuable to any one individual, at any time, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation, is 5% of the total number of Common Shares then outstanding.
- (d) The maximum number of Common Shares issuable to Insiders, at any time, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to Insiders, within any one-year period, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation is 10% of the total number of Common Shares then outstanding. For purposes of this Section 3.05, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable RSU.
- (e) The maximum number of Common Shares issuable to Eligible Consultants, within any one-year period, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation, is 2% of the total number of Common Shares then outstanding. For purposes of this Section 3.05, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable RSU.

#### **ARTICLE IV. GRANT OF RESTRICTED SHARE UNITS**

**Section 4.01 Restricted Share Unit Plan:** This Plan is hereby established for Eligible Employees and Eligible Consultants.

**Section 4.02 Restricted Share Unit Grant Letter:** Each grant of a RSU under this Plan shall be evidenced by a grant letter from the Corporation to the Participant (each, a “**Grant Letter**”). Such Grant Letter shall be subject to all applicable terms and conditions of this Plan and may include any other terms and conditions which are not inconsistent with this Plan and which the Committee deems appropriate for inclusion in a Grant Letter. For the avoidance of doubt, the provisions of the various Grant Letters issued under this Plan need not be identical. To the extent that there is any inconsistency between this Plan and a Grant Letter or any other communications, this Plan shall prevail.

**Section 4.03 Grant of Restricted Share Units:** A RSU Award granted to a particular Participant will be a discretionary payment in consideration of past services rendered by the Participant to the Corporation or an Affiliate. The number of RSUs awarded will be credited to the Participant’s account, effective as of the Grant Date.

**Section 4.04 Payment of Dividends:** In the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on Common Shares, subject to the absolute discretion of the Committee, the Committee may elect to credit each Participant with additional RSUs. In such case, the number of additional RSUs will be equal to the aggregate amount of dividends that would have been paid to the Participant if the RSUs in the Participant’s account had been Common Shares divided by the Market Value of a Common Share on the date on which dividends were paid by the Corporation.

The additional RSUs awarded to a Participant under this Section 4.04 of this Plan will vest on the Participant’s Entitlement Date in respect of the particular RSU Award to which the additional RSUs relate.

## ARTICLE V. VESTING AND SETTLEMENT OF RESTRICTED SHARE UNITS

### Section 5.01 Vesting Period:

- (a) Except as otherwise provided in a Grant Letter or any other provision of this Plan, RSUs granted pursuant to Section 4.03 of this Plan shall vest: (i) in their entirety within three (3) years from the Grant Date (generally, on the third anniversary of the Grant Date); or (ii) upon the satisfaction of performance vesting conditions set forth in a Grant Letter.
- (b) The RSUs may vest according to time and/or performance vesting conditions set forth in a Grant Letter. The RSUs that are subject to the time vesting condition shall be deemed to have been 100% satisfied if the Participant is employed by the Corporation and/or an Affiliate on the Participant's Entitlement Date. The RSUs that are subject to the performance vesting condition(s) (as applicable) shall vest upon the satisfaction of the performance vesting conditions set forth in a Grant Letter and the Participant is employed by the Corporation and/or an Affiliate on the Participant's Entitlement Date.
- (c) Notwithstanding the foregoing, the Committee may, in its discretion, accelerate the terms of vesting of any RSUs in circumstances deemed appropriate by the Committee.

### Section 5.02 Termination of Employment:

Unless otherwise determined by the Committee, the following provisions apply in the event that a Participant ceases to be employed by the Corporation or an Affiliate:

- (a) **Retirement or Termination of a Participant:** In the event of the Retirement or Termination of a Participant, all unvested RSUs credited to the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Committee shall have the absolute discretion to modify the grant of the RSUs to provide that the unvested RSUs shall vest immediately prior to a Participant's Termination or Retirement on such basis as the Committee may determine in its absolute discretion.
- (b) **Death of a Participant:** In the event of the death of a Participant, all unvested RSUs credited to the Participant will vest on the date of death of such Participant. The Common Shares underlying the RSUs credited to the Participant's account shall be issued to the Participant's estate as soon as reasonably practicable, but in any event no later than 90 days thereafter.
- (c) **Disability of a Participant:** In the event of the disability of a Participant (determined in accordance with the Corporation's normal disability practices), all unvested RSUs credited to the Participant will vest within 60 days following the date on which the Participant is determined to be totally disabled, and the Common Shares underlying such RSUs credited to the Participant's account shall be issued to the Participant as soon as reasonably practicable, but in any event no later than 30 days following receipt by the Corporation of notice of total disability.
- (d) **Change of Control:** In the event of (i) a Change of Control; and (ii) within 12 months of such Change of Control, the Corporation terminates the employment of the Participant for any reason other than just cause, then all unvested RSUs outstanding shall immediately vest on the date of such Termination. In any event, upon a Change of Control, Participants shall not be treated any more favourably than shareholders of the Corporation with respect to the consideration that the Participants would be entitled to receive for their Common Shares.

**Section 5.03 Settlement of Restricted Share Units:** A RSU Award granted to a Participant will entitle the Participant, subject to the Participant's satisfaction of any conditions, restrictions, vesting period or limitations

imposed under this Plan or set out in a Grant Letter, to receive one previously unissued fully paid and non-assessable Common Share for each RSU on the date when the RSU Award is fully vested.

**Section 5.04 Trading Blackout Periods:** Unless otherwise determined by resolution of the Committee, in the event that any RSUs vest during, or within 24 hours after a Blackout Period, such vesting will occur on the day immediately following the end of the Blackout Period, or such 24 hour period, as applicable.

**Section 5.05 Redemption - Fully Paid Common Shares to the Participant:** Subject to Section 6.01, the Corporation will satisfy its obligation, on the redemption of the RSUs with the issue of previously unissued fully paid and non-assessable Common Shares.

**Section 5.06 No Adjustment:** For greater certainty, no amount will be paid to, or in respect of, a Participant under this Plan or pursuant to any other arrangement, and no additional RSUs will be granted to a Participant to compensate the Participant for any downward fluctuations in the Market Value of a Common Share nor will any other form of benefit be conferred upon, or in respect of, a Participant for such a purpose.

**Section 5.07 Necessary Approvals:** This Plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation and acceptance by the TSX or any regulatory authority having jurisdiction over the securities of the Corporation.

#### ARTICLE VI. WITHHOLDING TAXES

**Section 6.01 Withholding Taxes:** The Corporation or its Affiliates may take such steps as are considered necessary or appropriate to deduct any appropriate withholding taxes or other withholding liabilities which the Corporation or its Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Common Share including the withholding of the issue of Common Shares to be issued under this Plan, until such time as the Participant has paid the Corporation or its Affiliate for any amount which the Corporation and its Affiliates are required to withhold with respect to such taxes.

#### ARTICLE VII. GENERAL

**Section 7.01 Effective Time of Restricted Share Unit Plan:** This Plan was first adopted by the Board effective May 15, 2014, and was subsequently amended by the Board effective March 23, 2016, and February 5, 2019, with shareholders of the Corporation having ratified and/or approved this Plan at the Corporation's annual and special meetings held on May 15, 2014, March 23, 2016, and March 21, 2019. This Plan shall remain in effect until it is terminated by the Board.

**Section 7.02 Amendment of Restricted Share Unit Plan:** The Board or the Committee, as the case may be, may discontinue this Plan at any time without first obtaining shareholder approval, provided that, without the consent of a Participant, such discontinuance may not in any manner adversely affect the Participant's rights under any RSU granted under this Plan.

The Board or the Committee may, subject to receipt of requisite regulatory and shareholder approval, make the following amendments to this Plan:

- (a) increase the number of RSUs which may be issued pursuant to this Plan;
- (b) change the definition of "Participant" under this Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (c) amendments to the provisions of this Section 7.02;

- (d) amendments that may lead to significant or unreasonable dilution to the Corporation's outstanding securities, or that may provide additional benefits to Participants at the expense of the Corporation or its shareholders;
- (e) amendments to remove or to exceed the Insider participation limits in this Plan; or
- (f) amendments to Section 7.03 of this Plan that would permit RSUs, or any other right or interest of a Participant under this Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Board or the Committee may, subject to receipt of requisite regulatory approval (where required), but not subject to shareholder approval, in its sole discretion make all other amendments to this Plan that are not of the type contemplated above, including:

- (a) amendments of a housekeeping nature, including typographical, clerical and grammatical errors;
- (b) the addition or a change to the vesting provisions of a RSU or this Plan;
- (c) a change to the termination provisions of a RSU or this Plan;
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the RSUs granted under this Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a Participant to whom a RSU has been granted may from time to time be a resident, citizen or otherwise subject to tax therein.

**Section 7.03 Non-Assignable:** Except pursuant to a will or by the laws of descent and distribution, no RSU and no other right or interest of a Participant is assignable or transferable.

**Section 7.04 Clawback:** All RSUs granted under this Plan shall be and remain subject to any incentive compensation clawback or recoupment policy currently in effect or as may be adopted by the Committee and, in each case, as may be amended from time to time.

**Section 7.05 Rights as a Shareholder:** No holder of any RSUs shall have any rights as a shareholder of the Corporation until such time as Common Shares are issued in satisfaction of the Participant's RSUs. Subject to Section 4.04, and Section 5.03, no holder of any RSUs shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for shareholders of the Corporation for which the record date is prior to the date on which Common Shares are issued in satisfaction of the Participant's RSUs.

**Section 7.06 No Contract of Employment:** Nothing contained in this Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or its Affiliates nor interfere or be deemed to interfere in any way with any right of the Corporation or its Affiliates to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in this Plan by a Participant shall be voluntary.

**Section 7.07 Adjustment in Number of Common Shares Subject to the Restricted Share Unit Plan:** In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Shares available under this Plan; and
- (b) the number of Common Shares subject to or underlying any RSUs.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

**Section 7.08 No Representation or Warranty:** The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of this Plan.

**Section 7.09 Compliance with Applicable Law:** If any provision of this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith. For greater certainty, this Plan is also subject to the TSX Company Manual (as may be amended from time to time), or any successor policy.

**Section 7.10 Governing law:** This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**SCHEDULE "C"**

**DEFERRED SHARE UNIT PLAN**

- See attached.



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**DEFERRED SHARE UNIT PLAN**  
**for Eligible Directors of BSM Technologies Inc.**

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**ADOPTED MAY 15, 2014**  
**AMENDED EFFECTIVE SEPTEMBER 23, 2015, MARCH 23, 2016, AND FEBRUARY 5, 2019**

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**BSM TECHNOLOGIES INC.**

**DEFERRED SHARE UNIT PLAN**

**AMENDED SEPTEMBER 23, 2015, MARCH 23, 2016, AND FEBRUARY 5, 2019**

**ARTICLE I. DEFINITIONS; CONSTRUCTION AND INTERPRETATION**

**Section 1.01 Definitions:** For the purposes of this Plan (as defined herein), unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- (a) **“Affiliate”** means an “affiliate” as defined in the TSX Company Manual, as may be amended from time to time;
- (b) **“Blackout Period”** means any blackout period imposed by the Corporation applicable to a Participant, during which specified individuals, including Insiders, may not trade in the securities of the Corporation (including, for greater certainty, any period during which specific individuals are restricted from trading because they possess material non-public information);
- (c) **“Board”** means the board of directors of the Corporation;
- (d) **“Committee”** means the Board or if the Directors so determine in accordance with Section 3.02 of this Plan, the committee of the Directors authorized to administer this Plan which may include any compensation committee of the Board;
- (e) **“Common Shares”** means the common shares in the capital of the Corporation, as adjusted in accordance with the provisions of Article VII of this Plan;
- (f) **“Corporation”** means BSM Technologies Inc. and includes any successor thereof;
- (g) **“Director”** means a member of the Board from time to time;
- (h) **“Director’s Remuneration”** means all amounts payable to an Eligible Director by the Corporation in respect of the services provided to the Corporation by the Eligible Director each year, including:
  - (i) the annual base retainer fee for serving as a director;
  - (ii) the annual retainer fee for serving as a member of a board committee; and
  - (iii) the annual retainer fee for chairing the Board or a Board committee;

but, for greater certainty, excluding amounts received by an Eligible Director as a reimbursement for expenses incurred in attending meetings;

- (i) **“DSUs”** means a deferred share unit of the Corporation represented by a notional bookkeeping entry on the books of the Corporation, with each deferred share unit of the Corporation having a value, on any particular date, equal to the Market Value;
- (j) **“DSU Election”** has the meaning ascribed thereto in Section 4.02
- (k) **“Election Notice”** means an annual written notice to the Board, to be received no later than December 15 prior to the start of a year, evidencing the election of a Participant to receive an award of DSUs in lieu of receiving their Director’s Remuneration in cash in respect of the upcoming year;

- (l) **“Eligible Director”** means a person who is a Director and who, at the relevant time, is not otherwise an employee or a consultant of the Corporation or of any Affiliate, and such person shall continue to be an Eligible Director for so long as such person continues to be a member of the Board and is not otherwise an employee or a consultant of the Corporation or of any Affiliate;
- (m) **“Grant Letter”** has the meaning ascribed thereto in Section 4.03;
- (n) **“Insider”** means an “insider” as defined in the TSX Company Manual, as amended from time to time;
- (o) **“Market Value”** means the closing trading price of the Common Shares on the applicable date, as reported by the TSX. If the Common Shares are not trading on the TSX, then the Market Value shall be determined based on the trading price on such stock exchange or over-the-counter market on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Committee. In the event that the Common Shares are not listed and posted for trading on any stock exchange or over-the-counter market, the Market Value shall be the fair market value of such Common Shares as determined by the Committee in its sole discretion;
- (p) **“Minimum Director Share Ownership Requirement”** means the policy setting out the minimum number of Common Shares, DSUs and/or other securities or rights to acquire securities of the Corporation that an Eligible Director must attain and hold, including the time frame within which to satisfy such requirement, as may be established from time to time by the Board;
- (q) **“Participant”** means an Eligible Director who has been granted DSUs;
- (r) **“Plan”** means this Deferred Share Unit Plan, as same may be amended from time to time;
- (s) **“Security Based Compensation Arrangement”** has the meaning ascribed thereto in Section 613 (or any successor thereto) of the TSX Company Manual (as may be amended from time to time), and includes: (i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups; (ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Corporation’s security holders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Corporation by any means whatsoever;
- (t) **“Separation Date”** means the date on which the Participant ceases to be an Eligible Director for any reason whatsoever and is not an employee of the Corporation or any Affiliate;
- (u) **“TSX”** means the Toronto Stock Exchange; and
- (v) **“year”** means a calendar year unless otherwise specified.

#### **Section 1.02 Construction and Interpretation**

- (a) **Headings:** The headings of all Articles, Sections, and Paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.
- (b) **Context, Construction:** Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or *vice versa* where the context so requires. In this Plan, “including” and “includes” means including or includes, as the case may be, without limitation.

- (c) **References to this Plan:** The words “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this Plan as a whole and not to any particular article, Section, paragraph or other part hereof.
- (d) **Discretion:** Whenever the Committee has discretion to administer this Plan, the term “discretion” means the sole and absolute discretion of the Committee.
- (e) **Canadian Funds:** Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

## **ARTICLE II. PURPOSE OF THIS PLAN**

**Section 2.01 Purpose of this Plan:** The purpose of this Plan is to strengthen the alignment of interests between the Eligible Directors and the shareholders of the Corporation by linking a portion of annual director compensation, as determined by the Committee from time to time, to the future value of the Common Shares. In addition, this Plan has been adopted for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of directors of the Corporation, it being generally recognized that this Plan aids in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

## **ARTICLE III. ADMINISTRATION OF THIS PLAN**

**Section 3.01 Administration of this Plan:** This Plan shall be administered by the Committee and the Committee shall have full discretionary authority to administer this Plan including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Committee may deem necessary in order to comply with the requirements of this Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination made in good faith in connection with this Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Corporation.

**Section 3.02 Delegation to Committee:** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by the Committee.

**Section 3.03 Record Keeping:** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant in this Plan;
- (b) the number of DSUs granted to each Participant under this Plan;
- (c) the number of DSUs credited to a Participant;
- (d) the date on which DSUs were granted or credited to a Participant; and
- (e) the date of redemption of DSUs.

**Section 3.04 Maximum Number of Shares:**

- (a) The aggregate maximum number of Common Shares made available for issuance from treasury under this Plan, subject to adjustment pursuant to Section 7.06 hereof, shall not exceed 1,350,000 Common Shares, or such greater number as may be approved from time to time by the Corporation's shareholders. Any Common Shares subject to a DSU which has been granted under this Plan and which has expired, been redeemed, cancelled or otherwise not redeemed in accordance with the terms of this Plan will be automatically available for grant of a new DSU under this Plan.
- (b) Under no circumstances may the number of Common Shares issuable under all Security Based Compensation Arrangements of the Corporation, including this Plan, exceed 10% of the total number of Common Shares then outstanding.
- (c) The maximum number of Common Shares issuable to Insiders, at any time, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to Insiders, within any one year period, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation is 10% of the total number of Common Shares then outstanding. For purposes of this Section 3.04, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable DSU.
- (d) The maximum number of Common Shares issuable to any one individual, at any time, pursuant to this Plan and any other Security Based Compensation Arrangements of the Corporation, is 5% of the total number of Common Shares then outstanding.

**ARTICLE IV. GRANT OF DSUs**

**Section 4.01 This Plan:** A DSU Plan is established for Eligible Directors. DSUs granted under this Plan will be made on a quarterly basis after release of the Corporation's interim or annual financial results.

**Section 4.02 Issuance of DSUs:** Subject to the terms of this Plan and the compensation policies of the Board, Eligible Directors may provide an Election Notice in respect of their Director's Remuneration payable for the following year or the Corporation may require the Eligible Director to receive a portion of their Director's Remuneration in the form of DSUs (the "DSU Election"). Notwithstanding the foregoing, subject to the terms of this Plan, if an Eligible Director meets the Minimum Director Share Ownership Requirement then in effect (or if there is no Minimum Director Share Ownership Requirement), an Eligible Director may elect to either: (i) receive their Director's Remuneration entirely in cash; or (ii) receive any portion of their Director's Remuneration in cash or DSUs at their discretion. If an Eligible Director has not met the Minimum Director Share Ownership Requirement, such Eligible Director must elect to receive at least 50% and up to 100% of their Director's Remuneration in DSUs and, if an Eligible Director fails to make such election, they will be deemed to have elected to receive between 50-100% of their Director's Remuneration in DSUs as determined by the Committee in its discretion. Subject to the discretion of the Committee, an Election Notice can be made only once annually and will apply for the full duration of the Eligible Director's current term in respect of which the DSU Election is payable or until a replacement Election Notice is made for a subsequent year.

Notwithstanding any of the foregoing, the Committee shall have the authority, subject to applicable securities laws, to make any special grant of DSUs to Eligible Directors, in such numbers, and at any time as the Committee will deem appropriate.

This Plan will at all times remain unfunded and the obligations of the Corporation under this Plan shall be general unsecured obligations of the Corporation.

**Section 4.03 DSU Grant Letter:** Each grant of a DSU under this Plan shall be evidenced by a grant letter from the Corporation to the Participant (each, a “**Grant Letter**”). Such Grant Letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions which are not inconsistent with this Plan and which the Committee deems appropriate for inclusion in a Grant Letter. For the avoidance of doubt, the provisions of a Grant Letter issued under this Plan need not be identical, and may vary from Participant to Participant. To the extent that there is any inconsistency between this Plan and a Grant Letter or any other communications, this Plan shall prevail.

**Section 4.04 Dividends:** In the event that a dividend (other than stock dividend) is declared and paid by the Corporation on Common Shares, subject to the absolute discretion of the Committee, the Committee may elect to credit each Participant with additional DSUs. In such case, the number of additional DSUs will be equal to the aggregate amount of dividends that would have been paid to the Participant of the DSUs if the DSUs in the Participant’s account had been Common Shares divided by the Market Value of a Common Share on the date on which such dividends were paid.

#### ARTICLE V. SETTLEMENT OF DSUs

**Section 5.01 Redemption of DSUs:** Subject to Sections 6.01 and 7.04, as soon as commercially reasonable following the Separation Date for each Participant, the Corporation shall issue to such Participant one previously unissued fully paid and non-assessable Common Share for each outstanding whole DSU held by such Participant on such relevant Separation Date. For the avoidance of doubt, DSUs can only be settled with Common Shares and no cash settlement option exists under this Plan. Fractional DSUs shall be cancelled. In all events, such issuance of Common Shares will occur no later than December 31 of the year following the year of the Participant’s Separation Date.

**Section 5.02 Participant Resignations:** Where DSUs have been granted to a Participant with reference to their Director’s Remuneration for a year, in the event the Participant resigns or is otherwise no longer an Eligible Director during such year, only a *pro rata* portion of DSUs granted for such a year will vest.

**Section 5.03 Trading Blackout Period:** Unless otherwise determined by resolution of the Committee, in the event that a Separation Date occurs during or within 24 hours after a Blackout Period, such Separation Date will be deemed to occur on the day immediately following the end of the Blackout Period, or such 24 hour period, as applicable.

#### ARTICLE VI. WITHHOLDING TAXES

**Section 6.01 Withholding Taxes:** The Corporation or its Affiliates may take such steps as are considered necessary or appropriate to deduct any appropriate withholding taxes or other withholding liabilities which the Corporation or its Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Common Share including the withholding of the issue of Common Shares to be issued under this Plan, until such time as the Participant has paid the Corporation or its Affiliate for any amount which the Corporation and its Affiliates are required to withhold with respect to such taxes.

#### ARTICLE VII. GENERAL

**Section 7.01 Term of this Plan:** This Plan was adopted by the Board effective May 15, 2014, and was subsequently amended by the Board effective March 23, 2016, and February 5, 2019, with shareholders of the Corporation having ratified and/or approved this Plan at the Corporation’s annual general and special meetings held on May 15, 2014, March 23, 2016, and March 21, 2019. This Plan shall remain in effect until it is terminated by the Board. Upon termination of this Plan, the Corporation shall issue Common Shares with respect to all remaining DSUs under Section 5.01 above, as at the applicable Separation Date for each of the remaining Participants.

**Section 7.02 Amendment of this Plan:** The Committee may from time to time in the absolute discretion of the Committee amend (without shareholder approval), modify and change the provisions of this Plan, provided that any amendment, modification or change to the provisions of this Plan which would:

- (a) materially increase the benefits of the holder under this Plan to the detriment of the Corporation and its shareholders;
- (b) increase the number of Common Shares, other than by virtue of Section 7.06 of this Plan, which may be issued pursuant to this Plan;
- (c) amend the provisions in this Section 7.02;
- (d) permit DSUs to be transferred other than for normal estate settlement purposes;
- (e) materially modify the requirements as to eligibility for participation in this Plan;
- (f) remove or to exceed the Insider participation limits in this Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation, if required by the TSX or any other stock exchange on which the Common Shares are listed, or any other regulatory authorities having jurisdiction over the Corporation. In addition, any such amendment, modification or change of any provision of this Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

The Board or the Committee may, subject to receipt of requisite regulatory approval (where required), but not subject to shareholder approval, in its sole discretion make all other amendments to this Plan that are not of the type contemplated above, including:

- (a) amendments of a housekeeping nature, including typographical, clerical and grammatical errors;
- (b) a change to the termination provisions of a DSU or this Plan;
- (c) amendments to reflect changes to applicable securities laws; and
- (d) amendments to ensure that the DSUs granted under this Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a Participant may from time to time be a resident, or otherwise subject to tax therein.

**Section 7.03 Non-Assignable:** Except as otherwise may be expressly provided for under this Plan or pursuant to a will or by the laws of descent and distribution, no DSU and no other right or interest of a Participant is assignable or transferable, and any such assignment or transfer in violation of this Plan shall be null and void.

**Section 7.04 Clawback:** All DSUs granted under this Plan shall be and remain subject to any incentive compensation clawback or recoupment policy currently in effect or as may be adopted by the Committee and, in each case, as may be amended from time to time.

**Section 7.05 Rights as a Shareholder and Director:** No holder of any DSUs shall have any rights as a shareholder of the Corporation at any time. Nothing in this Plan shall confer on any Eligible Director the right to continue as a Director or interfere with right to remove such director.

**Section 7.06 Adjustment in Number of Payments Subject to this Plan:** In the event there is any change in the Common Shares, whether by reason of a stock dividend, stock split, reverse stock split, consolidation, subdivision, reclassification or otherwise, an appropriate proportionate adjustment shall be made by the Committee with respect to the number of DSUs then outstanding under this Plan as the Committee, in its sole discretion, may determine to

prevent dilution or enlargement of rights. All such adjustments, as determined by the Committee, shall be conclusive, final and binding for all purposes of this Plan.

**Section 7.07 No Representation or Warranty:** The Corporation makes no representation or warranty as to the future value of any DSUs issued in accordance with the provisions of this Plan. No amount will be paid to, or in respect of, a Participant under this Plan or pursuant to any other arrangement, and no additional DSUs will be granted to such Participant to compensate for a downward fluctuation in the price of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

**Section 7.08 Compliance with Applicable Law:** If any provision of this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith. For greater certainty, this Plan is also subject to TSX Company Manual (as may be amended from time to time), or any successor policy.

**Section 7.09 Governing Law:** This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

