COVALON TECHNOLOGIES LTD.

Notice of Annual and Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the "**Meeting**") of shareholders of Covalon Technologies Ltd. (the "**Corporation**") will be held on Wednesday, March 8, 2023, at 3:30 p.m. (Toronto time) in a virtual-only format where shareholders may attend and participate in the meeting via live webcast for the following purposes:

1. to present the financial statements of the Corporation for the year ended September 30, 2022, together with the report of the auditor thereon;

2. to elect directors for the ensuing year;

3. to reappoint PricewaterhouseCoopers LLP, Chartered Accountants, as the auditor of the Corporation and to authorize the directors of the Corporation to fix the remuneration to be paid to the auditor;

4. to consider and, if deemed advisable, to pass an ordinary resolution in the form set forth in Exhibit I to the accompanying management information circular (the "**Circular**") to approve and confirm effective the Corporation's 2023 Omnibus Long-Term Incentive Plan; and

5. to transact such other business as may properly come before the Meeting or any reconvened meeting following an adjournment or postponement thereof.

Accompanying this Notice of Meeting are a copy of the Circular and a form of proxy. These materials can also be viewed at www.sedar.com.

The Corporation is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast, where all shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Corporation and management as well as other shareholders. Shareholders will not be able to attend the Meeting in person. Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at https://virtual-meetings.tsxtrust.com/1416, Meeting ID 1416, using Password "covalon2023" (case sensitive). Non-registered shareholders (being shareholders who hold their shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to attend the Meeting as guests.

If you cannot attend the Meeting, please complete and sign the enclosed form of proxy and return it in the envelope provided to the Corporation's transfer agent, TSX Trust Company, by mail at 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, prior to 3:30 p.m. (Toronto time) on Monday, March 6, 2023, or 48 hours prior to any reconvened meeting following an adjournment or postponement of the Meeting. Please refer to the accompanying Circular for further information regarding completion and use of the proxy and other information pertaining to the Meeting.

DATED at Mississauga, Ontario this 1st day of February, 2023.

By Order of the Board of Directors

"Brian E. Pedlar"

Brian E. Pedlar
President and Chief Executive Officer

COVALON TECHNOLOGIES LTD.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Covalon Technologies Ltd. (the "Corporation") for use at the annual and special meeting (the "Meeting") of shareholders ("Shareholders") of the Corporation to be held on Wednesday, March 8, 2023, at 3:30 p.m. (Toronto time), and at any reconvened meeting following an adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (the "Notice of Meeting"). The solicitation will be primarily by mail but may also be solicited by telephone or electronic means of communication by directors, officers or designated agents of the Corporation. The cost of solicitation will be borne by the Corporation. The information contained herein is given as at Wednesday, January 18, 2023, unless otherwise indicated.

The Meeting will be held as a completely virtual meeting which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information shareholders will need to attend the Meeting online is provided below.

The Corporation will not be using the notice-and-access mechanism under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for distribution of the Notice of Meeting and the Circular to Shareholders.

RECORD DATE

The board of directors of the Corporation (the "**Board**") has fixed the close of business on Wednesday, January 18, 2023, as the record date (the "**Record Date**") for the purpose of determining Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting. Each Shareholder is entitled to one vote for each common share in the capital of the Corporation (a "**Common Share**" and, collectively, the "**Common Shares**") held and shown as registered in such holder's name on the list of Shareholders prepared as of the Record Date. The list of Shareholders will be available for inspection during usual business hours at the principal office of the Corporation's transfer agent, TSX Trust Company, located in Toronto, Ontario and will also be available for inspection at the Meeting.

PROXY INSTRUCTIONS

Shareholders who are unable to attend the Meeting may still vote by appointing a proxyholder (as defined below). The persons specified in the enclosed form of proxy are directors and/or officers of the Corporation.

A Shareholder has the right to appoint a person or company, who need not be a Shareholder, to represent such Shareholder at the Meeting or any reconvened meeting following an adjournment or postponement thereof other than the persons specified in the enclosed form of proxy (each, a "proxyholder"). Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. For Shareholders who wish to appoint a proxyholder, the completed form of proxy must be mailed in the enclosed envelope and received by TSX Trust Company, at the address on the proxy envelope provided prior to 3:30 p.m. (Toronto time) on Monday, March 6, 2023, or 48 hours prior to any reconvened meeting following an adjournment or postponement of the Meeting. In addition, Shareholders who wish to appoint a proxyholder must register such proxyholder with TSX Trust Company, as described below under "How to Appoint a Proxyholder". Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your form of proxy or voting instruction form. **Failure to register the proxyholder will result in the proxyholder not receiving a Control Number that is required to vote at the Meeting and only being able to attend as a guest.**

Enquiries regarding proxy forms can be made by Shareholders to the Corporation's transfer agent, TSX Trust Company, by mail at 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, or by telephone at 1-866-600-5869.

VOTING OF PROXIES

The enclosed form of proxy will be voted or withheld from voting with respect to the Common Shares represented thereby in accordance with the instructions of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of any specific instructions with respect to a particular matter, the Common Shares represented by such proxies will be voted at the Meeting in accordance with the best judgment of the person or persons voting such proxies.**

The enclosed form of proxy, when properly signed, confers discretionary authority upon the representatives designated therein with respect to amendments to, or variations of, matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of the Circular, management of the Corporation does not know of any such amendments, variations, or other matters. However, if any such amendments, variations or other matters which are not now known to management of the Corporation should properly come before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted thereon in accordance with the best judgment of the person or persons voting such proxies.

REVOCATION OF PROXIES

A registered holder of Common Shares who has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by such registered holder or by his, her or its attorney authorized in writing: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any reconvened meeting following an adjournment or postponement thereof, or (ii) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

A Non-Registered Holder (as defined below) who wishes to revoke a voting instruction form or a waiver of the right to receive meeting materials should contact his, her or its intermediary for instructions.

NON-REGISTERED HOLDERS

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Notice of Meeting, the Circular, and the enclosed form of proxy (collectively, the "**meeting materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived his, her or its right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. A Non-Registered Holder who has not waived the right to receive meeting materials will receive from his, her or its Intermediary a voting instruction form which must be completed and signed by the Non-Registered Holder and returned in accordance with the directions of the Intermediary. The purpose of this procedure is to permit the Non-Registered Holder to direct the voting of the Common Shares beneficially owned by such person.

Should a Non-Registered Holder wish to attend and vote at the Meeting virtually, the Non-Registered Holder should take the following steps:

1. Write his, her, its, or their name in the space provided for that purpose on the voting instruction form and return it in accordance with the directions of the Intermediary. The Intermediary will send the Non-Registered Holder a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder and which names the Non-Registered Holder as proxyholder. This form of proxy need not be signed by the Non-Registered Holder.

2. Deposit the form of proxy with TSX Trust Company in accordance with the instructions set out above.

3. Obtain a Control Number by contacting TSX Trust Company by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here https://tsxtrust.com/resource/en/75. Requests for Control Numbers must be made prior to 3:30pm (Toronto time) on March 6, 2023.

Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those regarding when and where the voting instruction form or form of proxy is to be delivered.

The Corporation is sending proxy-related materials directly to non-objecting beneficial owners under NI 54-101. Management of the Corporation does not intend to pay for Intermediaries to forward the meeting materials and voting instruction form to objecting beneficial owners under NI 54-101 and accordingly an objecting beneficial owner will not receive the meeting materials unless the objecting beneficial owner's Intermediary assumes the cost of delivery.

HOW TO VOTE AT THE MEETING

At the Meeting, registered holders may vote by completing a ballot online, as further described below under "How to Attend the Virtual Only Meeting". If you are a Non-Registered Holder and wish to attend, participate or vote at the Meeting, you MUST insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described below under "How to Appoint a Proxyholder". By doing so, you are instructing your intermediary to appoint you as its proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary.

Non-Registered Holders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to attend the Meeting as guests. This is because the Corporation and our transfer agent, TSX Trust Company, do not have a record of the Non-Registered Holders of the Corporation, and, as a result, will have no knowledge of your shareholdings or entitlement to vote unless you appoint yourself as proxyholder.

HOW TO APPOINT A PROXYHOLDER

The following applies to shareholders who wish to appoint a person (a "**third party proxyholder**") other than the management nominees identified in the form of proxy or voting instruction form as proxyholder, including non-registered shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

Shareholders who wish to appoint a third-party proxyholder to attend and participate at the Meeting as their proxyholder and vote their shares **MUST** submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder **AND** register that proxyholder with TSX Trust Company in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here https://tsxtrust.com/resource/en/75. If you are a non-registered Shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust Company in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here https://tsxtrust.com/resource/en/75. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your form of proxy or voting instruction form. **Failure to register the proxyholder will result in the**

proxyholder not receiving a Control Number that is required to vote at the Meeting and only being able to attend as a guest.

- **Step 1: Submit your form of proxy or voting instruction form**: To appoint a third-party proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form.

- **Step 2**: **Register your proxyholder**: To register a third-party proxyholder, shareholders must register that proxyholder with TSX Trust Company in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here https://tsxtrust.com/resource/en/75 by no later than 3:30pm (Toronto time) on March 6**,** 2023 so that TSX Trust Company may provide the proxyholder with a Control Number via email. **Without a Control Number, proxyholders will not be able to vote at the Meeting but will be able to participate as a guest.**

How to Attend the Virtual Only Meeting

The Corporation is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Control Number.

Attending the Meeting online enables registered shareholders and duly appointed proxyholders, including non-registered shareholders who have duly appointed third party proxyholders, to participate at the Meeting, ask questions and vote, all in real time. Registered shareholders and duly appointed third party proxyholders can vote at the appropriate times during the Meeting. Guests, including Non-Registered Holders who have not duly appointed a third-party proxyholder, can log into the Meeting as set out below. Guests can listen to the Meeting but are not able to vote.

- Log in online at https://virtual-meetings.tsxtrust.com/1416. Do not use Internet Explorer. We recommend that you log in at least 15 minutes before the Meeting starts.
- Click on "**I have a control number**" and then enter your 12-digit Control Number (on your proxy form) and Password "covalon2023" (case sensitive).
- When the ballots have been opened, click on the "Voting" icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

OR

- Click on "**I am a Guest**" and then complete the online form.

Registered shareholders: The Control Number located on the form of proxy or in the email notification you received is your Control Number. If, as a registered shareholder, you are using your Control Number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies for the Meeting and will be provided the opportunity to vote by online ballot on the matters put forth at the Meeting. If you do not wish to revoke a previously submitted proxy, as the case may be, you will not be able to participate at the Meeting online.

Duly appointed proxyholders: TSX Trust Company will provide the proxyholder with a Control Number by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described in "How to Appoint a Proxyholder" above.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

United States Beneficial Owners: To attend and vote at the virtual Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent, and then register in advance to attend the Meeting. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to TSX Trust Company. Requests for registration should be directed to:

TSX Trust Company
ATTM: Proxy Department
301-100 Adelaide Street West
Toronto, ON
M5H 4H1

Phone: 1.866.600.5869
Email: tsxtrustproxyvoting@tmx.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than March 6, 2023 by 3:30pm (Toronto time). You will receive a confirmation of your registration by email after TSX Trust Company receives your registration materials. You may attend the Meeting and vote your shares at https://virtual-meetings.tsxtrust.com/1416, Meeting ID 1416 during the Meeting. Please note that you are required to register your appointment at https://tsxtrust.com/resource/en/75.

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

As at the date hereof, to the knowledge of the directors and executive officers of the Corporation, none of the directors or executive officers of the Corporation who have been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than: (i) the election of directors; and (ii) the approval of the Corporation's 2023 Omnibus Long-Term Incentive Plan (the "**LTIP**").

VOTING SHARES AND PRINCIPAL HOLDERS

As of the close of business on January 18, 2023, there were 25,067,677 Common Shares outstanding. Each holder of Common Shares as of the Record Date will be entitled to ONE VOTE for each Common Share held on all matters proposed to come before the Meeting.

To the knowledge of the directors and executive officers of the Corporation, the following person(s) beneficially own, directly or indirectly, or exercise control or direction over 10% or more of the voting rights attached to all of the outstanding Common Shares:

Name	Approximate number of Common Shares beneficially owned, or controlled or directed, directly or indirectly	Approximate Percentage of total Common Shares
Abe Schwartz	8,160,912	32.56%
The Goldfarb Group[(1)]	4,111,563	16.40%

Notes:
(1) The Goldfarb Group, collectively beneficially owns, controls or directs an aggregate of 1,000,000 Common Share purchase warrants.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

The audited consolidated financial statements of the Corporation for the fiscal year ended September 30, 2022 and the report of the auditor thereon (the "**Financial Statements**") will be submitted to the Meeting. No vote will be taken on the Financial Statements. The Financial Statements together with the management's discussion and analysis thereon are available on SEDAR at www.sedar.com.

2. Election of Directors

The term of office of the present directors of the Corporation expires at the Meeting. The number of directors of the Corporation to be elected at the Meeting is seven and each nominee elected as a director of the Corporation will hold office until the close of business of the next annual meeting of shareholders or until his or her successor is elected or appointed, unless his or her office is earlier vacated.

The following table lists certain information concerning the persons proposed to be nominated for election as directors, all of whom are current directors of the Corporation:

Name, Province/State and Country of Residence	Position with the Corporation and Principal Occupation or Business	Director Since	Common Shares Beneficially Owned, Controlled or Directed and % of Issued and Outstanding Common Shares [1]
Amir Boloor [C] British Columbia, Canada	Chair, Board of Directors, Covalon Technologies Ltd. President, Caspian Equity Partners, Inc.	April 27, 2020	[2] 869,598 3.47%
Joseph Cordiano[A,C] Ontario, Canada	Director, Covalon Technologies Ltd. Principal, Cityzen Development Group	March 7, 2008	[3] 152,200 0.61%
Martin Goldfarb[4] Ontario, Canada	President, Goldfarb Ventures	_	[5] 4,111,563 16.40%
Samantha Nutt[A,C] Ontario, Canada	Director, Covalon Technologies Ltd. Founder and President, War Child Canada	March 9, 2022	[6] _
Brian Pedlar[M] Ontario, Canada	President, CEO and Director, Covalon Technologies Ltd.	January 14, 2010	883,876 3.53%
Abe Schwartz Ontario, Canada	Director, Covalon Technologies Ltd. President, Schwartz Technologies Corporation	March 7, 2008	8,160,912 32.56%
Ron Smith[A,C] Nova Scotia, Canada	Director, Covalon Technologies Ltd. Corporate Director	March 18, 2019	[7] 17,500 0.07%

[M] Indicates management.
[A] Audit Committee composition: As of the date hereof, Messrs. Ron Smith (Chair) and Joseph Cordiano and Dr. Samantha Nutt are members of the Audit Committee.
[C] Compensation and Governance Committee: As of the date hereof, Messrs. Joseph Cordiano (Chair), Amir Boloor, Dr. Samantha Nutt, and Messr. Ron Smith are members of the Compensation and Governance Committee.

Notes:
(1) Based on 25,067,677 Common Shares outstanding as of January 18, 2023.
(2) Mr. Boloor also owns 300,000 Common Share purchase warrants and 30,000 Common Share stock options.
(3) Mr. Cordiano also owns 50,200 Common Share purchase warrants and 40,000 Common Share stock options.

(4) Mr. Goldfarb previously served as a director from April 23, 2020 until March 9, 2022.
(5) The Goldfarb Group, collectively beneficially owns, controls, or directs an aggregate of 1,000,000 Common Share purchase warrants which are included in the number of common shares beneficially owned, controlled or directed by Mr. Goldfarb.
(6) Dr. Nutt owns 30,000 Common Share stock options.
(7) Mr. Smith also owns 12,500 Common Share purchase warrants and 60,000 Common Share stock options.

The respective nominees have furnished the information as to their beneficial ownership, or control or direction, of Common Shares and their principal occupations. Each of the directors and executive officers has been engaged in his or her present principal occupation for the previous five years, except as indicated in the following biographical information of each individual:

Amir Boloor is the President of Caspian Equity Partners, Inc. of Vancouver, British Columbia, a private investment firm he founded in 2012. He has specialized in helping entrepreneurs accelerate growth and optimize performance, while propelling long-term profitability and value. Prior to founding Caspian Equity Partners, Inc., Mr. Boloor held various positions in the Mergers & Acquisitions and Diversified Investment Banking groups of TD Securities Inc. where he advised Boards and Executive Teams of mid-market and large-cap companies on numerous strategic review mandates, initial public offerings, mergers, acquisitions, divestitures, corporate restructures, leveraged buyouts, and takeover defenses. Mr. Boloor has a Bachelor of Commerce degree in Finance (with Honours) from the University of British Columbia. Mr. Boloor is a Chartered Financial Analyst from the CFA Institute.

Joseph Cordiano joined Cityzen Development Group, a real estate development company, as a principal in 2006, where he is responsible for the sales and marketing as well as new business development of its Greater Toronto Area projects. During his 21 years of public service as a Member of the Ontario Provincial Legislature, Mr. Cordiano served as the Minister of Economic Development and Trade, GTA Regional Minister and as a member of the Priorities and Planning Committee of Cabinet. A graduate of the University of Toronto and The University of Toledo, Ohio, Mr. Cordiano holds an MBA.

Martin Goldfarb is an entrepreneur and a leading expert in the study of human behavior as it relates to the marketplace and society. He is Chairman of Almada Inc., President of Goldfarb Ventures, private equity companies and Principal at Goldfarb Intelligence Marketing. In 1966, Mr. Goldfarb established Goldfarb Consultants, a market research consulting firm, which he led until the sale of Goldfarb Consultants in 1998. Mr. Goldfarb has consulted to a number of national and international organizations. He also served as official pollster to the Liberal Party of Canada from 1973 to 1992. He was formerly Co-Chair of Kantar (WPP's market research division). Mr. Goldfarb is Chairman, President and CEO of The Goldfarb Corporation, a TSX and then a NEX Board of the TSX Venture Exchange ("**TSX-V**") company, until it became a private corporation in 2011. He is a director of NoNO Inc., a pharmaceutical research company. He was also Director and Chairman of Dayforce, a workforce performance software company until its sale. He was Chairman and Director of SMK Speedy International Inc., then a publicly listed company, until its sale in 2004. He was Director, investor, and non-executive Chair of Jempak until its sale. Mr. Goldfarb is former Director and Chairman of Workbrain and former Director of Altamira and Noma Industries Limited. He was a founder of Fast Company magazine. Mr. Goldfarb co-authored "Marching to a Different Drummer" in 1988 and "Affinity: Beyond Branding" in 2010. Mr. Goldfarb has a B.A. in Anthropology and an M.A. in Sociology from the University of Toronto. In 2009, Mr. Goldfarb was awarded an Honorary Doctorate of Laws from York University. He is an inaugural recipient of the University College, University of Toronto, Distinguished Alumni Award. In 1998, Mr. Goldfarb was designated an Officer of the Order of Canada in recognition of his pioneering work in the market research industry and philanthropic activities. Mr. Goldfarb sits on the Toronto General and Western Hospital Foundation board and is a member of the hospital's Peter Munk Cardiac Centre Innovation Committee.

Dr. Samantha Nutt (MD, MSc, CCFP, FCPC, C.M.) is a medical doctor, best-selling author and award-winning humanitarian. As Founder and President of War Child Canada and War Child USA, Dr. Nutt has worked with children and their families at the frontline of many of the world's major crises. With a career that has spanned more than two decades and dozens of conflict zones, her international work has benefited millions of war-affected children globally. Dr. Nutt has been appointed to the Order of Canada and is a recipient of the Order of Ontario. She graduated summa cum laude from McMaster University, earned an M.Sc. in Public Health with distinction from the London School of

Hygiene and Tropical Medicine, and holds a Fellowship in Community Medicine/Public Health (FRCPC) from the Royal College of Physicians and Surgeons of Canada. She is further certified by the College of Family Practice (CCFP) and completed a sub-specialization in women's health through the University of Toronto as a Women's Health Scholar. Dr. Nutt is the recipient of numerous honorary doctorates from universities in Canada and the U.S.A. She is a staff physician at Women's College Hospital in Toronto and an Assistant Professor of Medicine at the University of Toronto.

Brian Pedlar has been President and Chief Executive Officer of the Corporation since April 3, 2010 and a member of the Board since January 14, 2010. Previously, Mr. Pedlar was President of Pedlar Ventures Limited, a private venture investment and consulting firm based in Oakville, Ontario. He has served in senior executive positions with public companies including temporary Chief Financial Officer of Cygnal Technologies Corporation in October 2007; President of Cedara Software Corp. from 2005 to 2006; Chief Financial Officer of Cedara Software Corp. from 2004 to 2005; and Director of Finance of Cedara Software Corp. from 2000 to 2004. Mr. Pedlar has also held senior executive positions with Merge Healthcare and IMAX Corporation. Mr. Pedlar holds a BSc from Mount Allison University, a post-graduate diploma in Accounting from Wilfrid Laurier University, is a Canadian Chartered Public Accountant and Chartered Accountant.

Abe Schwartz is the President of Schwartz Technologies Corporation which he founded in 1985 to fund and actively develop early-stage companies engaged in healthcare and information technologies. Mr. Schwartz has been a Director of Covalon Technologies Ltd. since March 7, 2008. Mr. Schwartz has been actively building and managing companies from start-up to successful exit since his first software start-up in 1975. Mr. Schwartz has held executive positions and directorships in a number of public and private companies including CEO of Cedara Software Corp., a medical imaging company. Mr. Schwartz has over 45 years of experience in launching products, research and development, international distribution agreements, corporate reorganizations and turnarounds, venture capital financing and negotiating mergers and acquisitions.

Ron Smith (FCPA, FCA, ICD.D) is an independent director with years of Board experience in the private, not-for-profit, and public sectors. He serves on the boards of PRO Real Estate Investment Trust, the IWK Health Centre, Ombudsman for Banking Services and Investments (OBSI) and Engage Nova Scotia. He served as Interim CEO of Nova Scotia Business Inc. concurrently with his work as a director thereof. He was CFO of Nova Scotia Power and Emera Inc. prior to his retirement in 2005 and CFO of MT&T from 1987 to 1999 prior to the merger that created Bell Aliant. He has also served on the Canada Pension Plan Investment Board and Alamos Gold Inc. and was Chair of the Board of Governors of Acadia University from 2004 to 2009. Mr. Smith was the founding Chair of the Public Service Superannuation Plan Trustee Inc. from 2013 to 2022 and Chair of the National Board of The Arthritis Society from 2016 to 2018. Mr. Smith has the prestigious designation of Fellow of the Chartered Professional Accountants and holds the ICD.D designation from the Rotman School of Business.

Management does not anticipate that any of the nominees for election as a director will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

In the absence of voting instructions to withhold Common Shares from voting, the persons designated by management of the Corporation in the enclosed form of proxy, intend to vote to approve the election to the Board of the nominees set out above.

Management recommends voting **FOR** the resolution to elect each of the nominated directors.

3. Appointment of Auditor

PricewaterhouseCoopers LLP ("**PwC**"), Chartered Accountants, has been auditor of the Corporation since January 2019.

At the Meeting, it will be proposed that PwC, of PwC Centre, 354 Davis Road, Suite 600, Oakville ON, L6J 0C5, be reappointed as auditor of the Corporation to hold office until the next annual meeting of Shareholders and that the

Board be authorized to fix the auditor's remuneration. The Corporation obtained a letter from PwC containing a description of all relationships between the auditor and the Corporation, discussed with the auditor any of these relationships that may impact their objectivity and independence and satisfied itself as to the auditor's independence.

In the absence of instructions to withhold Common Shares from voting, the persons designated by management of the Corporation in the enclosed form of proxy, intend to vote to approve the appointment of PwC as the Corporation's auditor and to authorize the Board to fix the auditor's remuneration.

Management recommends voting **FOR** the resolution to approve the reappointment of PwC as auditor of the Corporation and the authorization of the Board to fix the auditor's remuneration.

4. Special Business – Approval of LTIP

As part of the ongoing review of the Corporation's compensation strategy, on January 24, 2023, the Board approved the adoption of the LTIP, a copy of which is attached as Exhibit I to this Circular, subject to approval, ratification and confirmation of the LTIP by the shareholders at the Meeting. The LTIP replaces the Corporation's 2019 Amended and Restated Stock Option Plan (the "**Legacy Plan**").

The objective of the LTIP is to provide for and encourage ownership of Common Shares by the directors, officers, consultants, and key employees of the Corporation so that such persons may increase their stake in the Corporation and benefit from increases in the value of the Common Shares. It is the view of management that the LTIP is a significant incentive for the directors, officers, consultants and key employees to continue, and to increase, their efforts in promoting the Corporation's operations to the mutual benefit of the Corporation, the Shareholders and such individuals.

Any existing options that were granted prior to the effective date of the LTIP pursuant to the Legacy Plan, which were last approved by the Shareholders on March 9, 2022, will continue in accordance with their terms. Upon the effective date of the LTIP, however, awards shall no longer be granted pursuant to the Legacy Plan and shall only be granted pursuant to the LTIP.

The LTIP will allow for a variety of equity-based awards that provide different types of incentives to be granted to certain of the Corporation's executive officers, employees and consultants, including stock options ("**Options**"), deferred share units ("**DSUs**"), restricted share units ("**RSUs**"), performance share units ("**PSUs**") and restricted shares ("**Restricted Shares**") (collectively, "**Awards**"). Each Award will represent the right to receive Shares, or in the case of DSUs, RSU and PSUs, Shares or cash, in accordance with the terms of the LTIP. The following discussion is qualified in its entirety by the text of the LTIP.

Under the terms of the LTIP, the Board, or if authorized by the Board, the Compensation Committee, may grant Awards to eligible participants, as applicable. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable.

The LTIP contains provisions for certain adjustments to Awards in the event of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares or other fundamental or similar corporate change.

The maximum number of Shares reserved for issuance, in the aggregate, under the LTIP and any other securities-based compensation arrangement, collectively, will be 10% of the aggregate number of Shares issued and outstanding from time to time, which represents 2,506,768 Shares as of the date of this Circular. As of the date of this Circular, a total of 1,057,500 Options are issued and outstanding under the Legacy Plan, representing approximately 4.2% of the issued and outstanding Shares. For the purposes of calculating the maximum number of Shares reserved for issuance under the LTIP and the Legacy Plan, any issuance from treasury by the Corporation that is issued in reliance upon an exemption under applicable stock exchange rules applicable to equity based compensation arrangements used as an inducement to person(s) not previously employed by and not previously an insider of the Corporation shall not be included. All of the Shares covered by the exercised, cancelled or terminated Awards will automatically become

available Shares for the purposes of Awards that may be subsequently granted under the LTIP. As a result, the LTIP is considered an "evergreen" plan.

The maximum number of Shares that may be: (i) issued to insiders of the Corporation within any one-year period; or (ii) issuable to insiders of the Corporation at any time, in each case, under the LTIP alone, or when combined with all of the Corporation's other security-based compensation arrangements, including the Legacy Plan, cannot exceed 10% of the aggregate number of Shares issued and outstanding from time to time determined on a non-diluted basis. The number of Shares that may be issuable to any one participant pursuant to Awards under the LTIP or under any other of the Corporation's other security-based compensation arrangements within any one-year period cannot exceed 5% of the aggregate number of Shares issued and outstanding from time to time determined on a non-diluted basis. The number of Shares that may be issuable to any consultant pursuant to Awards under the LTIP or under any other of the Corporation's other security-based compensation arrangements within any one-year period cannot exceed 2% of the aggregate number of Shares issued and outstanding from time to time determined on a non-diluted basis. Participants retained to provide investor relations services may not receive any Awards under the Plan other than Options, and the number of Shares issuable to any one participant retained to provide investor relations services pursuant to any Options granted under the Plan or under any other of the Corporation's other security-based compensation arrangements, within any one-year period, cannot exceed 2% aggregate number of Shares issued and outstanding from time to time determined on a non-diluted basis. Awards held by non-employee directors of the Corporation will at all times be limited to no more than 1% of the Shares issued and outstanding from time to time (calculated on a non-diluted basis) and the total annual grant to any one non-employee director under all security-based compensation arrangements cannot exceed a grant value of $100,000 of Options and $150,000 in total equity.

An Option shall be exercisable during a period established by our Board which shall commence on the date of the grant and shall terminate no later than ten years after the date of the granting of the Option or such shorter period as the Board may determine. The exercise price of an Option will be determined based on the closing price of the Shares on the TSX-V on day before the date such Option is granted. The LTIP will provide that the exercise period in respect of Options shall automatically be extended if the date on which an Option is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 business days after the last day of the black-out period. In order to facilitate the payment of the exercise price of the Options, the LTIP has a feature pursuant to which a participant may elect to undertake a broker assisted "cashless exercise" subject to the procedures set out in the LTIP, including the consent of the Board, where required. The LTIP also allows a participant to surrender Options in lieu of tendering the cash exercise price.

The terms and conditions of grants of RSUs, PSUs and DSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Awards, will be set out in the participant's grant agreement. RSUs, PSUs and DSUs may be settled, at the option of the Corporation, for (i) treasury Shares, (ii) a cash equivalent based on the market price of the Shares at the time of settlement, or (iii) a combination of treasury Shares and cash. The Corporation is also permitted to grant restricted Shares under the LTIP, with restrictions on transfer of up to three years as determined by the Board.

Awards are subject to the following treatment upon a termination of employment of a participant:

Reason for Termination	**Treatment**
Termination for cause	All Awards, whether vested or unvested, terminate upon cessation of employment.
Termination without cause, retirement and resignation	All unvested Awards terminate upon cessation of employment. Vested Options must be exercised by the earlier of (i) 30 days after termination and (ii) the remaining term of the Options. Vested RSUs, PSU or other Awards will be settled by the Corporation as soon as practicable.

Death or disability	Any unvested Awards (other than Options) will vest on a proportionate basis based on the number of Awards available to vest in the vesting period based on the pro rated time elapsed between previous vesting date (or grant date) to the next vesting date. Any unvested Options will automatically vest and the expiry date of the Options will be up to one year following the termination date. Any vested RSUs, PSUs or other Awards will be settled by the Corporation as soon as practicable.

In connection with a change of control of the Corporation, where the Board is not satisfied that the person acquiring control intends to assume and honour the outstanding Awards or to substitute Awards for alternate awards with underlying securities that are listed on a stock exchange and provide participants with the same or better rights and entitlements, the Board may terminate the LTIP and accelerate vesting of Awards and all Awards (and in the case of PSUs and other Awards with performance criteria the number to vest to be determined by the Board in its discretion) are deemed to have vested and have an exercise date or settlement date, as applicable, immediately before the termination of the Plan. The Board also has power to modify the terms of the LTIP and/or the Awards to assist the participants in conditionally tendering to a take-over bid or other transaction leading to a change of control.

The Board may, in its sole discretion, suspend or terminate the LTIP at any time, or from time to time, amend, revise or discontinue the terms and conditions of the LTIP or of any securities granted under the LTIP and any grant agreement relating thereto, subject to any required regulatory and TSX-V approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the LTIP or as required by applicable laws.

The Board may amend the LTIP or Awards at any time without the consent of a participant provided that such amendment shall: (i) not adversely alter or impair any Award previously granted except as permitted by the terms of the LTIP; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX-V; and (iii) be subject to shareholder approval, where required by law, the requirements of the TSX-V or the LTIP, provided however that shareholder approval shall not be required for the following amendments and our Board may make any changes which may include but are not limited to:

a) a change to the provisions governing the effect of termination of a participant's employment, contract or office;

b) amendments to, or waivers of, the vesting provisions or other conditions of the LTIP or any Award;

c) amendments to the termination or early termination provisions of any Award (including any Award held by an insider) that does not entail an extension beyond the original expiry date of that Award;

d) an amendment of the LTIP or an Award as necessary to comply with applicable law or the requirements of any stock exchange or any other regulatory authority, the LTIP, the participants or the shareholders of the Corporation;

e) any amendment of a "housekeeping" nature;

f) any amendment regarding the administration of the Plan; or

g) any other amendment, fundamental or otherwise, not requiring shareholder approval under the LTIP, applicable laws or the applicable rules of the TSX-V.

Shareholder approval is required for the following amendments to the LTIP, and approval of the disinterested shareholders are required for (b) and (c) below:

a) increase the maximum number of Shares issuable under the LTIP, other than an adjustment pursuant to a change in capitalization;

b) reduce the exercise price of Awards benefitting an insider of the Corporation, except in the case of an adjustment pursuant to a change in capitalization;

c) extend expiration date of an Award benefitting an insider of the Corporation, except in the case of an extension due to black-out period;

d) remove or exceed the insider participation limits or participation limits of non-executive directors;

e) amend the non-transferability of Awards; or

f) amend the amendment provisions of the LTIP.

In the event of conduct by a participant that causes material financial or reputational harm to the Corporation, the participant engaged in gross negligence, willful misconduct or fraud in respect of the performance of the participant's duties to or for the Corporation, or there is a material restatement of the financial statements of the Corporation, the LTIP provides for a clawback from the participant of any amounts paid to the participant and/or the cancellation of vested/unvested Awards.

The above summary is qualified in its entirety by the full text of the LTIP, which is set out in Exhibit I to this Circular. The Board encourages Shareholders to read the full text of the LTIP before voting on this resolution.

LTIP Resolution

The Board recommends that shareholders vote **FOR** the resolutions set out in Appendix A approving the LTIP (the "**LTIP Resolution**"). In order for the resolution to pass, the Corporation must receive a majority of the votes cast by all Shareholders at the Meeting, either in person or by proxy.

Unless a shareholder has specified in the enclosed form of the proxy that the Shares represented by such proxy are to be voted against the LTIP Resolution, the persons in the enclosed form of proxy intend to vote **FOR** the LTIP Resolution. Where no choice is specified by a shareholder, the proxy will confer discretionary authority and will be voted **FOR** the LTIP Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

General

For the purpose of the Circular, "**Named Executive Officer**" or "**NEO**" means:

(a) the Chief Executive Officer ("**CEO**");

(b) the Chief Financial Officer ("**CFO**");

(c) each of the Corporation's three most highly compensated officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than $150,000; and

(d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation nor acting in a similar capacity at the end of the most recently completed financial year.

Compensation Discussion and Analysis

All matters relating specifically to senior executive compensation are reviewed and approved by the Compensation and Governance Committee and the Board. The Compensation and Governance Committee is responsible for determining compensation for the individual directors and officers of the Corporation, including the CEO and the Chairman. The Compensation and Governance Committee members have direct experience relevant to their responsibilities relating to executive compensation as set out in their biographies under "Election of Directors".

The Corporation's overall policy regarding compensation of the Corporation's executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain qualified executive management and establish a compensation framework which is industry competitive. The Corporation's policy is to recognize and reward individual performance as well as to place executive compensation within the range of the compensation levels in the industry. The Board, upon the recommendations of the Compensation and Governance Committee, considers the implications of any risks associated with the Corporation's compensation policies and practices. The Board has not identified any risks arising from the Corporation's compensation policies or practices that could encourage an NEO to take inappropriate or excessive risks.

The elements of the compensation program for the NEOs are: (i) base salary; (ii) short-term, equity and non-equity based incentives in the form of annual cash bonuses, commissions and shares; and (iii) long-term, equity based incentives pursuant to the LTIP. The Corporation recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. In the 2022 financial year, compensation consisted of base salary, incentive options, and incentive bonuses; the Board believes there are no implied risks associated with the Corporation's policies and practices. It should be further noted that no NEO or director is permitted to purchase instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. The Corporation does not plan to make any significant changes to its compensation policies and practices during the current financial year.

Base Salary

Base salaries are established considering individual performance and experience, level of responsibility, and competitive pay practices. To achieve this goal, the Corporation does its own analysis, as well as having, in the past, retained the services of compensation consultants who were responsible for gathering information on compensation practices. No compensation consultant has been retained in the past five years. Base salaries are reviewed annually and adjusted appropriately to reflect individual performance and market changes.

The base salaries of the Corporation's NEOs are targeted at a level consistent with the base salaries paid to senior executive officers in the Canadian biotechnology market.

Short Term Incentive

All permanent full-time executives and employees have the opportunity to earn an annual performance bonus. The potential bonuses are expressed as a percentage of base salary and are reflective of position. All executives and employees have specific goals based on individual performance and corporate performance relating to revenue, profitability and customer satisfaction. The corporate targets are established by the CEO on an annual basis for review by the Compensation and Governance Committee and, if approved, are recommended for approval by the Board.

Long Term Incentives

The Omnibus LTIP complies with requirements of the TSX-V Policy 4.4. Under the LTIP, a maximum of 10% of the issued and outstanding Common Shares are proposed to be reserved at any time for issuance on the exercise of Awards.

As the number of Common Shares reserved for issuance under the LTIP increases with the issue of additional Common Shares by the Corporation, the LTIP is considered to be a "rolling" stock option plan. The LTIP provides directors, officers, key employees, and consultants of the Corporation with the opportunity to participate in the LTIP, at the discretion of the Board. The Compensation and Governance Committee of the Board determines the level of Awards granted to executive officers. The Compensation and Governance Committee seeks to compensate executive officers at levels competitive with other companies comparable in size in the same industry and to provide short-term rewards and long-term incentives for superior individual and corporate performance. In making compensation decisions, the Compensation Committee periodically reviews information about the compensation paid or payable to officers of comparably sized public companies. The Compensation and Governance Committee does not have target amounts of stock ownership for the Corporation's executive officers; however, the Compensation and Governance Committee does consider overall Common Share ownership when granting Awards. Previous grants of Awards are taken into account when considering new grants because the LTIP is subject to certain limits. LTIP is intended to provide executives with the promise of longer-term rewards which appreciate in value with the favourable future performance of the Corporation. Awards are generally granted to an executive when he or she joins the Corporation, with additional Awards from time to time for promotions and performance. The Compensation and Governance Committee believes that the LTIP provides a method of retention and motivation for the executives of the Corporation and aligns senior management's objectives with long-term stock price appreciation.

Employment Contracts

Brian Pedlar performs his duties as the Corporation's President and CEO under the terms of a standard CEO employment agreement executed on September 3, 2010.

Compensation of NEOs

The following table sets forth the compensation earned during the last three fiscal years by the NEOs.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Option Based Awards ($)[1]	Non-Equity Incentive Plan Compensation: Annual Incentive Plans ($)[2]	Non-Equity Incentive Plan Compensation: Long-term Incentive Plans ($)	All Other Compensation ($)[3][4]	Total Compensation ($)
Brian Pedlar[4] President and CEO, Director	2022	450,000	–	–	–	12,000	462,000
	2021	450,000	–	[5]435,500	–	12,000	[6]897,500
	2020	450,000	74,178	–	–	12,000	536,178
Jason Gorel[7], Interim Chief Financial Officer	2022	257,308	–	–	–	8,500	265,808
Danny Brannagan[7] Chief Financial Officer	2022	48,125	3,184	–	–	3,500	54,809
	2021	165,000	–	–	–	12,000	177,000
	2020	165,000	92,824	–	–	12,000	269,824
Mark Doolittle Senior Vice President, Commercial[9]	2022	196,492	329,200	105,653	–	7,025	638,370
Simon Smith CEO, Covalon Technologies (Europe) Ltd.[8]	2022	274,529	–	–	–	–	274,529
	2021	290,640	–	–	–	–	290,640
	2020	288,070	8,549	–	–	–	296,619
Ronald Hebert Senior Vice President, Marketing[10]	2022	251,510	189,360	80,648	–	8,941	530,459

Notes:

(1) Please see "Incentive Plan Awards" below. The fair value of stock option awards at grant date is calculated consistently with the Corporation's accounting for the fair value of stock option awards. It is calculated in accordance with International Financial Reporting Standard ("**IFRS**") 2 – Share-based Payment, using the Black-Scholes-Merton option pricing model and is adjusted for forfeitures. For the purposes of determining the accounting expense to be included in the Financial Statements of the Corporation for the year ended September 30, 2022 in respect of stock option awards, accounting fair value expense is amortized over the vesting period of the award, which is normally one to three years. Please refer to the Corporation's annual Financial Statements for more details on accounting for fair value of stock option awards. All stock option awards granted vest over a three-year period and have a term of five years.
(2) Amounts for Mr. Doolittle and Mr. Hebert represent bonuses earned during the fiscal year.
(3) The value of perquisites and other personal benefits in each fiscal year do not exceed the lesser of $50,000 and 10% of the NEOs total annual salary for that year.
(4) Amounts for Mr. Pedlar, Mr. Brannagan, Mr. Gorel, Mr. Doolittle and Mr. Hebert represent a car allowance.
(5) Mr. Pedlar receives no compensation for acting as a director of the Corporation.
(6) In December 2018, the Board granted Mr. Pedlar a bonus in the amount of $1,375,500. Mr. Pedlar voluntarily deferred payment of the bonus over time and voluntarily suspended payments since 2019. A final amount of $435,500 was paid on August 18, 2021 related to the 2018 bonus.
(7) Mr. Brannagan resigned his position as CFO effective January 14, 2022 and was replaced by Mr. Jason Gorel as Interim CFO on the same date.
(8) Mr. Simon Smith's consultancy position as CEO of Covalon Technologies (Europe) Ltd. ended as of October 8, 2022.
(9) Mr. Doolittle joined the Corporation on April 4, 2022 as Senior Vice President Commercial.
(10) Mr. Hebert joined the Corporation on February 14, 2022 as Senior Vice President Marketing.

Incentive Plan Awards

An "**incentive plan**" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "**incentive plan award**" means compensation awarded, earned, paid, or payable under an incentive plan.

Outstanding Option-Based Awards - NEOs

The following table sets forth, as at September 30, 2022, information concerning outstanding option-based awards granted to the NEOs of the Corporation, including awards granted before the most recently completed fiscal year.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options ($) [1]
Brian Pedlar	–	–	–	NIL
Jason Gorel	–	–	–	NIL
Danny Brannagan[2]	20,000	4.28	22-Dec-2023	NIL
	30,000	8.50	27-Sep-2023	NIL
Mark Doolittle	250,000	2.50	06-Sep-2027	NIL
Simon Smith	–	–	–	NIL
Ronald Hebert	150,000	2.19	28-Mar-2027	NIL

Note:
(1) The market price of the Common Shares as at September 30, 2022 was $2.42.
(2) Mr. Brannagan resigned his position as CFO effective January 14, 2022.

Exercise of Securities - NEOs

Name and Position of NEO	Type of Security or Other Instrument	Number of Securities Exercised	Exercise Price per Security	Date of Exercise	Closing Price per Security on Date of Exercise	Difference between Exercise Price and Closing Price on Date of Exercise	Total
-	-	NIL	NIL	NIL	NIL	NIL	NIL

Note: During the year ended September 30, 2022, no securities were exercised by any NEOs of the Corporation.

Incentive Plan Value Vested or Earned During the Year – NEOs

The following table sets forth information concerning outstanding option-based awards granted to the NEOs that vested during the year and non-equity incentive plan compensation earned during the year.

Name	Option-based awards – Value vested during the year ($)[1]	Non-equity incentive plan compensation – Value earned during the year ($)
Brian Pedlar	NIL	NIL
Jason Gorel	NIL	NIL
Danny Brannagan	NIL	NIL
Mark Doolittle	NIL	NIL
Simon Smith	NIL	NIL
Ronald Hebert	NIL	NIL

Note:
(1) No options that vested during the 2022 fiscal year were in-the-money on the date of vesting.

Equity Compensation Plan Information as of the Fiscal Year Ended September 30, 2022

Pursuant to the Legacy Plan, the maximum aggregate number of Common Shares which may be subject to options is 10% of the Common Shares outstanding from time to time.

Plan Category	Number of Securities to be issued upon exercise of outstanding options and warrants (a)	Weighted-average exercise price of outstanding options and warrants (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	1,232,500	$ 3.19	1,302,208
Equity compensation plans not approved by securityholders	–	–	–
Total	1,232,500	$ 3.19	1,302,208

Termination and Change of Control Benefits

In the event that Mr. Pedlar's employment agreement is terminated by either party or due to a change in control of the Corporation, Mr. Pedlar's options will vest immediately and become exercisable. A "**change of control**" of the Corporation is defined as a change in the ownership of 50% or more of the outstanding stock of the Corporation in a single transaction or series of transactions effected by a third party or third parties acting in concert, or a change of 50% or more of the members of the Board in a single transaction or event or series of transactions or events effected by any third party or third parties acting in concert, other than pursuant to nomination of a new slate of directors where there has been no material change in beneficial ownership of Common Shares within 365 days preceding such nomination.

Compensation of Directors

The following table sets forth the details of the compensation provided to the directors, other than the NEOs, during the Corporation's most recently completed financial year:

Name	Fees earned ($)	Option based awards ($)[1]	Non-equity incentive plan compensation ($)	All other compensation ($)	Total ($)
Abe Schwartz	–	–	–	–	–
Joe Cordiano	24,000	13,057	–	–	37,057
Ron Smith	24,000	19,567	–	–	43,567
Amir Boloor	24,000	11,663	–	–	35,663
Samantha Nutt	13,484	11,663	–	–	25,147

Notes:

(1) The fair value of stock option awards at grant date is calculated consistently with the Corporation's accounting for the fair value of stock option awards. It is calculated in accordance with IFRS 2 – Share-based Payment, using the Black-Scholes-Merton option pricing model and is adjusted for forfeitures. For the purposes of determining the accounting expense to be included in the Financial Statements of the Corporation for the year ended September 30, 2022 in respect of stock option awards, accounting fair value expense is amortized over the vesting period of the award, which is normally one to three years. Please refer to the Corporation's annual Financial Statements for more details on accounting for fair value of stock option awards. No options were granted during the twelve months ended September 30, 2022.

Directors of the Corporation, provided they are not also executives, are generally entitled to compensation for their services as directors. All directors are reimbursed for travelling and other out-of-pocket expenses incurred in their roles as directors of the Corporation.

Incentive Plan Awards

Outstanding Option-Based Awards - Directors

The following table sets forth, as at September 30, 2022, information concerning outstanding option-based awards granted to the directors of the Corporation (other than the NEOs), including awards granted before the most recently completed fiscal year:

Name	Number of securities underlying unexercised options (#)	Option Exercise Price ($)	Option Expiration Date	Value of unexercised in-the-money options ($)[1][2]
Abe Schwartz	NIL	–	–	NIL
Joe Cordiano	30,000	2.19	March 28, 2027	NIL
	5,000	5.03	March 15, 2024	NIL
	5,000	8.50	September 27, 2023	NIL
Ron Smith	30,000	2.19	March 28, 2027	NIL
	30,000	5.03	March 15, 2024	NIL
Amir Boloor	30,000	2.19	March 28, 2027	NIL
Samantha Nutt	30,000	2.19	March 28, 2027	NIL

Notes:
(1) The market price of the Common Shares as at September 30, 2022 was $2.42.
(2) No options vested during the 2022 fiscal year.

Exercise of Securities - Directors

Name and Position of Director	Type of Security or Other Instrument	Number of Securities Exercised	Exercise Price per Security	Date of Exercise	Closing Price per Security on Date of Exercise	Difference between Exercise Price and Closing Price on Date of Exercise	Total
-	-	NIL	NIL	NIL	NIL	NIL	NIL

Note: During the year ended September 30, 2022, no securities were exercised by any directors of the Corporation.

Incentive Plan Value Vested or Earned During the Year - Directors

The following table sets forth information concerning outstanding option-based awards granted to the directors (other than NEOs) that vested during the year and non-equity incentive plan compensation earned during the year:

Name	Option-based awards – Value vested during the year[1]	Non-equity incentive plan compensation – Value earned during the year
Abe Schwartz	NIL	NIL
Joseph Cordiano	NIL	NIL
Ron Smith	NIL	NIL
Amir Boloor	NIL	NIL
Samantha Nutt	NIL	NIL

Notes:
(1) No options that vested during the 2022 fiscal year were in-the-money on the date of vesting.

Narrative Discussion

Please refer to the sections above entitled “Compensation Discussion and Analysis” and “Special Business –Long-Term Incentive Plan” for a description of the LTIP and its significant terms.

Directors' and Officers' Liability Insurance

The Corporation is a named insured under a directors' and officers' liability insurance policy maintained by the Corporation for itself and its directors and officers, which has an annual aggregate policy limit of USD $20,000,000, subject to a USD $100,000 deductibles for each claim.

Generally, under this insurance coverage, the Corporation is reimbursed for indemnity payments made to its directors or officers as required or permitted by law or under by-law indemnity provisions for losses, including legal costs incurred by directors and officers in their capacities as such. This policy also provides coverage directly to individual directors and officers without any deductible if they are not indemnified by the Corporation. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in personal profit or advantage. The policy became effective March 1, 2022 and expires March 1, 2023. The premium for this policy is USD $161,010.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board believes that sound corporate governance practices are essential to the effective, efficient and prudent operation of the Corporation and to the enhancement of Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces. The directors are kept informed of the Corporation's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Corporation's approach to corporate governance is based on the Corporate Governance Guidelines of the Canadian Securities Administrators and is described in Appendix B.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The charter of the Audit Committee is attached hereto as Appendix C.

Composition of the Audit Committee

As of the date hereof, the Audit Committee consists of Ron Smith (Committee Chair), Joseph Cordiano and Samantha Nutt, the majority of whom are independent. Each member of the Audit Committee is financially literate (as such term is defined in National Instrument 52-110 – *Audit Committees*).

Relevant Education and Experience

The relevant education and experience of the Audit Committee members is set out in their respective biographies under the heading "Election of Directors" above.

External Auditor Service Fees

Fees paid or payable to external auditors in the fiscal years ended September 30, 2022 and 2021 were as follows:

	Year Ended September 30, 2022	***Year Ended September 30, 2021***
Audit Fees	$327,822	$234,197
Audit-Related Fees	$37,450	$19,445
Tax Fees	$103,052	$389,659
Other Fees	NIL	NIL

For the year ended September 30, 2022, the Audit-Related Fees were payable for professional services rendered by the auditor as related to the Corporation's quarterly Financial Statements. The Tax Fees were for tax compliance and were less than prior year as the prior year included tax advice in association with the sale of the AquaGuard product line in addition to tax compliance, tax advice and tax planning professional services including reviewing tax returns and assisting in responses to government tax authorities. The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Except as disclosed below, no individual who is, or at any time during the most recently completed fiscal year of the Corporation was, a director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate of any of the foregoing is, or at any time since the beginning of the most recently completed fiscal year of the Corporation has been, indebted to the Corporation or any of its subsidiaries (other than in respect of amounts which would constitute routine indebtedness) or was indebted to another entity, which such indebtedness is, or was at any time since the beginning of the most recently 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.

During the year end September 30, 2013, a non-interest-bearing loan of $50,000 was made to the CEO of the Corporation. The principal is repayable in annual instalments of $10,000 commencing August 16, 2014 with the final payment due August 16, 2018. As of September 30, 2018, $10,000 of this loan remained outstanding.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed below, there were no material transactions since the commencement of the Corporation's most recently completed fiscal year in which any director, proposed director, officer or principal shareholder of the Corporation, or any of their associates or affiliates, had any material interest, direct or indirect, and no such transactions are proposed.

PENALTIES AND SANCTIONS AND BANKRUPTCIES

No proposed director of the Corporation is, or within ten years before the date hereof, has been: (a) a director, CEO or CFO of any company (including the Corporation) that (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or (b) a director or executive officer of any company (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.

In addition, no proposed director of the Corporation has within ten years before the date hereof become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold his or her assets.

ADDITIONAL INFORMATION

Except where otherwise indicated, information contained herein is given as of the date hereof.

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. **Further financial information is provided in the Corporation's Financial Statements and the related management's discussion and analysis of results, which have been filed on SEDAR.** Shareholders may also contact the Secretary of the Corporation by phone at 905-568-8400 ext. 246, or by e-mail at office@covalon.com to request copies of these documents.

The Corporation will provide to any person or company, upon receipt of a request to the Secretary of the Corporation, and without charge in the case of a security holder, a copy of: (i) the Corporation's most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the Corporation that have been filed for any period after the end of its most recently completed fiscal year; and (ii) the Circular.

GENERAL

The Board has approved the contents and the sending of the Circular. A copy of the Circular and the Notice of Meeting has been sent to each director, each Shareholder entitled to notice of the Meeting, and the Corporation's auditor.

DATED February 1st, 2023

"Brian E. Pedlar"
Brian E. Pedlar
President and CEO

Appendix A

RESOLUTION OF THE SHAREHOLDERS

OF

COVALON TECHNOLOGIES LTD.

(the "Corporation")

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the adoption of the omnibus long term incentive plan (the "**LTIP**") as described in the management information circular of the Corporation dated February 1, 2023, is hereby approved, ratified and confirmed;

2. the maximum number of common shares of the Corporation ("**Shares**") which may be issued under the LTIP and all other Share Compensation Arrangements (as defined in the LTIP) of the Corporation shall not exceed 10% of the total number of Shares issued and outstanding from time to time on a non-diluted basis,

3. all unallocated options, rights and entitlements under the LTIP and the Legacy Plan, be and are hereby authorized and approved;

4. notwithstanding that these resolutions be passed by the shareholders of the Corporation, the adoption of the LTIP is conditional upon receipt of final approval of the TSX Venture Exchange, and the board of directors of the Corporation is hereby authorized and empowered to make any changes to the LTIP, if required by the TSX Venture Exchange, or to revoke these resolutions, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable to the board of directors; and

5. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of the foregoing resolutions.

Appendix B

CORPORATE GOVERNANCE PRACTICES

Statement of Corporate Governance Practices

The board of directors (the "**Board**") of Covalon Technologies Ltd. (the "**Corporation**") believes that sound corporate governance practices are essential to the effective, efficient, and prudent management and operation of the Corporation and its business, to the protection of employees and shareholders, and to the enhancement of shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed, depending upon the state of the Corporation's affairs and in light of opportunities or risks which the Corporation faces. The directors are kept informed of the Corporation's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of the board's corporate governance practices must be included in its management information circular.

The Corporation's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Corporation continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate. The Board has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its Shareholders. The following is a description of the Corporation's corporate governance practices which has been prepared by the Compensation and Governance Committee of the Board and has been approved by the Board.

The Board of Directors

As of the date hereof, the Board is comprised of six members, more than half of whom are independent within the meaning of NI 58-101, namely Amir Boloor, Joseph Cordiano, Samantha Nutt and Ron Smith. Brian Pedlar is not independent as he is a senior executive officer of the Corporation. Abe Schwartz is not independent as he owns more than 10% of the Common Shares. Martin Goldfarb is not independent as not independent because he directly or indirectly owns or controls more than 10% of the Company's issued and outstanding Common Shares. **Following the Meeting, and assuming the election of all persons nominated as directors, the Board will be comprised of seven members, a majority of whom will be independent within the meaning of NI 58-101.**

The role of the Chair of the Board is to chair all meetings of the Board in a manner that promotes meaningful discussion, and to provide leadership to the Board to enhance the Board's effectiveness in meeting its responsibilities. The Chair's responsibilities include, without limitation, ensuring that the Board works together as a cohesive team with open communication and working together with the Compensation and Governance Committee to ensure that a process is in place by which the effectiveness of the Board, its committees, and its individual directors can be evaluated on at least an annual basis.

The Board holds regularly scheduled meetings. In addition, the independent directors meet regularly without management to review the business operations, corporate governance, and financial results of the Corporation. During the fiscal year ended September 30, 2022, the Board held 11 meetings by video conference and/or in person.

Mr. Smith is currently a director of one other reporting issuer, as set forth below:

Director Name	Directorships with Other Reporting Issuer
Ron Smith	PRO Real Estate Investment Trust (TSX: PRV)

Position Descriptions

A written position description has been developed by the Board for the Chair of the Board. Written mandates have also been developed for each of the Board's committees. The Board, together with the CEO, has also developed a written position description for the CEO, the CFO, and the Chief Scientific Officer.

Orientation and Continuing Education

The measures that the Board takes in connection with orienting new Board members regarding the role of the Board, its directors, the committees of the Board, and the nature and operation of the Corporation's business include providing each new member with information concerning the role and responsibilities of a public company director, providing new members with a complete set of the Corporation's charters, policies, and procedures, and discussing with new members the Corporation's operations.

With respect to providing continuing education for its directors, the Board ensures that all directors are kept apprised of changes in the Corporation's operations and business, changes in the regulatory environment affecting the Corporation's day-to-day business both within Canada and within the foreign jurisdictions in which the Corporation does business, and changes in their roles as directors of a public corporation.

The Compensation and Governance Committee also considers orientation and continuing education for Board members and makes recommendations to the Board from time to time regarding same.

Code of Business Conduct and Ethics

The Board has adopted a Code of Conduct (the "**Code**") for its directors, officers, and employees. The Code includes provisions that require directors, officers, and employees to inform the Corporation's CEO or other appropriate person of any non-compliance with the Code.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer of the Corporation has a material interest, which include ensuring that directors and officers are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from the CEO or other appropriate person(s) regarding any potential conflicts of interest.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules, and regulations; providing guidance to employees, officers, and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty, and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct. In addition, the Board has implemented a disclosure policy and an insider trading policy.

Committees of Directors

The Board has two committees: an audit committee (the "**Audit Committee**") and a compensation and corporate governance committee (the "**Compensation and Governance Committee**"). Information regarding the Audit Committee is provided in the Circular under the heading "Audit Committee Information".

Compensation

The Board, together with the Compensation and Governance Committee, determines appropriate compensation for the Corporation's directors and executive officers. The Compensation and Governance Committee is comprised of Messrs. Cordiano (Committee Chair) and Boloor, Dr. Nutt and Mr. Smith. The Compensation and Governance Committee met one time since the date of the last annual and special meeting of the Corporation. The Compensation and Governance Committee's responsibilities include reviewing and making recommendations to the Board regarding overall compensation and benefits, equity and other compensation plans and the total compensation package of the CEO. The Compensation Committee also considers and approves the recommendations of the CEO regarding the total compensation packages of the CFO and the Chief Scientific Officer. The process by which appropriate compensation levels are determined by the Board is through periodic and annual reports from the Compensation Committee on the Corporation's overall compensation and benefits philosophies, which are established based, in part, on a review of peer group and biotechnology industry compensation data. The reports describe processes undertaken by the Compensation and Governance Committee to weight factors and target levels in determining executive compensation.

Nomination of Directors

The Board, together with the Compensation and Governance Committee, is responsible for identifying new candidates for nomination to the Board. The Compensation and Governance Committee consists of Messrs. Cordiano (Committee Chair) and Boloor, Dr. Nutt and Mr. Smith. In carrying out its mandate, the Compensation and Governance Committee met one time since the date of the last annual and special meeting of the Corporation. The process by which the Board identifies new candidates is through recommendations of the Compensation and Governance Committee whose responsibility it is to establish procedures to identify new candidates based on corporate law and regulatory requirements as well as relevant education and experience related to the business of the Corporation.

The Compensation and Governance Committee's responsibilities include annually reviewing the charters of the Board and the Compensation and Governance Committee; assisting the Chair of the Board in carrying out his responsibilities; considering and, if thought fit, approving requests from directors or committee members for the engagement of special advisors from time to time; preparing and recommending to the Board a set of corporate governance guidelines, the Code and annually a statement of corporate governance practices to be included in the Corporation's management information circular; meeting with the Corporation's external corporate counsel to discuss the Corporation's corporate governance policies and practices; recommending procedures to permit the Board to meet on a regular basis without management present; assisting the Board by identifying individuals qualified to become Board members and members of Board committees; leading the Board in its annual review of the Board's performance; and assisting the Board in monitoring compliance by the Corporation with legal and regulatory requirements.

Board Assessments

The Board, its committees, and its individual directors are assessed on an annual basis, as to their effectiveness and contribution. The process by which such assessments are made is through questionnaires developed by the Board and the Compensation and Governance Committee, which are distributed to each director and/or committee member for review and completion each year. In addition, the Chair of each committee encourages discussion among the Board or the respective committee as to the evaluation of the Board's or committee's effectiveness over the course of the year. All directors and/or committee members are free to make suggestions for improvement of the practices of the Board and/or its committees at any time and are encouraged to do so.

The Compensation and Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of prospective Board members as well as the composition of the Board as a whole. This assessment includes members' contribution, qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

Appendix C

AUDIT COMMITTEE CHARTER

GENERAL FUNCTIONS, AUTHORITY, AND ROLE

The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Corporation and the audits of its financial statements, and thereby assist the Board in monitoring: (1) the integrity of the financial statements of the Corporation; (2) compliance by the Corporation with legal and regulatory requirements related to financial reporting; (3) the performance of the Corporation's independent auditors; and, (4) performance of the Corporation's internal controls and financial reporting process.

The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Corporation, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Audit Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Corporation, its independent legal counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee has the power to create specific sub-committees with all of the power to conduct or authorize investigations into any matters within the scope of the mandate of the sub-committee, with full access to all books, records, facilities and personnel of the Corporation, its auditors and its legal advisors.

The Corporation's independent auditor is ultimately accountable to the Board of Directors and to the Audit Committee, who, as representatives of the Corporation's shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, appoint and replace the independent auditor, and to determine appropriate compensation for the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee must maintain free and open communication between the Corporation's independent auditors, Board of Directors, and Management. The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board of Directors.

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete, accurate, and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

MEMBERSHIP

The membership of the Audit Committee will be as follows:

- The Committee shall consist of a minimum of three members of the Board of Directors, appointed annually, a majority of whom is affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Corporation's annual Information Circular.
- The Board will elect, by a majority vote, one member as chairperson.
- The membership of the Audit Committee will meet all requirements of the TSX Venture Exchange and the requirements of such other securities exchange or quotations system or regulatory agency as may from time to time apply to the Corporation.

RESPONSIBILITIES

The responsibilities of the Audit Committee shall be as follows:

Frequency of Meetings

- Meet quarterly or more often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.
- The Audit Committee will meet with the independent auditor at least annually, either in person, telephonically, or by video conference.

Reporting Responsibilities

- Provide to the Board of Directors proper Committee minutes.
- Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.

Charter Evaluation

- Annually review and reassess the adequacy of this charter and recommend any proposed changes to the Board of Directors for approval.

Whistleblower Mechanism

- Adopt and review annually a procedure through which employees and others can inform the Audit Committee regarding any concerns about the Corporation's accounting, internal accounting controls or auditing matters. The procedure shall include responding to, and keeping of records of, any such complaints.

Legal Responsibilities

- Perform such functions as may be assigned by law, by the Corporation's certificate of incorporation, memorandum, articles or similar documents, or by the Board of Directors.

INDEPENDENT AUDITOR

Nominations

- Appoint annually the independent auditor to be proposed for shareholder approval.

Compensation and Evaluation

- Approve the compensation of the independent auditor, evaluate the performance of the independent auditor and, if so determined by the Committee, replace the independent auditor.

Engagement Procedures for Non-Audit Services

- Establish policies and procedures for the engagement of the independent auditor to provide non-audit services.
- Ensure that the independent auditor is not engaged for any activities not allowed by any of the Canadian provincial securities commissions, the United States SEC or any securities exchange on which the Corporation's shares are traded.
- Inform management that the auditors are not to be engaged for any of the following nine types of non-audit services:

- Bookkeeping or other services related to accounting records or financial statements of the Corporation;
- Financial information systems design and implementation consulting services;
- Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Any management or human resources function;
- Broker, dealer, investment advisor, or investment banking services;
- Legal services;
- Expert services related to the auditing service; and
- Any other service the Board of Directors determines is not permitted.

Hiring Practices

- Ensure that no individual who is, or in the past 3 years has been, affiliated with or employed by a present or former auditor of the Corporation or an affiliate, is hired by the Corporation as a senior officer until at least 3 years after the end of either the affiliation or the auditing relationship.

Independence Test

Take reasonable steps to confirm the independence of the independent auditor, which shall include:

- Ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Corporation, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
- Considering and discussing with the independent auditor any relationships or services provided to the Corporation, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
- As necessary, taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the independent auditor.

Audit Committee Meetings

- Notify the independent auditor of every Audit Committee meeting and permit the independent auditor to appear and speak at those meetings.
- At the request of the independent auditor, convene a meeting of the Audit Committee to consider matters the auditor believes should be brought to the attention of the directors or shareholders.
- Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

Restrictions

- Confirm with management and the independent auditor that no restrictions are placed on the scope of the auditors' review and examination of the Corporation's accounts.

OTHER PROFESSIONAL CONSULTING SERVICES

Engagement Review

- As necessary, consider with management the rationale and selection criteria for engaging professional consulting services firms.

- Ultimate authority and responsibility to select, evaluate and approve professional consulting services engagements.

AUDIT AND REVIEW PROCESS AND RESULTS

Scope

- Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.

Review Process and Results

- Consider and review with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as the same may be modified or supplemented from time to time.
- Review and discuss with management and the independent auditor at the completion of the annual examination:
    - The Corporation's audited financial statements and related notes;
    - The Corporation's MD&A and news releases related to financial results;
    - The independent auditor's audit of the financial statements and its report thereon;
    - Any significant changes required in the independent auditor's audit plan;
    - The appropriateness of the presentation of any non-IFRS related financial information;
    - Any serious difficulties or disputes with management encountered during the course of the audit; and
    - Other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under generally accepted auditing standards.
- Review the management letter delivered by the independent auditor in connection with the audit.
- Following such review and discussion, if so determined by the Committee, recommend to the Board that the annual financial statements be included in the Corporation's annual report.
- Review, discuss with management and approve annual and interim quarterly financial statements prior to public disclosure. The chairperson of the Audit Committee may represent the entire Audit Committee for purposes of this review.
- Review and discuss with management and the independent auditor the adequacy of the Corporation's internal accounting and financial controls that management and the Board of Directors have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Corporation.
- Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately with the Audit Committee.
- Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within generally accepted accounting principles that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Corporation and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Corporation's financial reports.
- Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Corporation's financial statements.
- Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
- Review with the Corporation's General Counsel legal matters that may have a material impact on the financial statements, the Corporation's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

SECURITIES REGULATORY FILINGS

- Review filings with the Canadian provincial securities commissions, the United States SEC, and other published documents containing the Corporation's financial statements.
- Review, with management and the independent auditor, prior to filing with regulatory bodies, the interim quarterly financial reports (including related notes and MD&A) at the completion of any review engagement

or other examination. The chairperson of the Audit Committee may represent the entire Audit Committee for purposes of this review.

RISK ASSESSMENT

- Meet periodically with management to review the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board of Directors from time to time.
- Review and discuss with management, and approve changes to, the Corporation's Corporate Treasury Policy.

Exhibit I
Long-Term Incentive Plan

See attached.



OMNIBUS LONG-TERM INCENTIVE PLAN

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COVALON TECHNOLOGIES LTD.
OMNIBUS LONG-TERM INCENTIVE PLAN

Covalon Technologies Ltd. (the "**Corporation**") hereby establishes an Omnibus Long-Term Incentive Plan for certain qualified directors, officers and employees, providing ongoing services to the Corporation and/or its Subsidiaries (as defined herein) that can have a significant impact on the Corporation's long-term results.

ARTICLE 1—DEFINITIONS

Section 1.1 Definitions.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"**active employment"** means the period in which a Participant who is an employee of the Corporation or an Affiliate performs work for the Corporation or an Affiliate. For certainty, "active employment" shall be deemed to only include any period constituting the minimum notice of termination period that is required to be provided to an employee Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows the later of the end of the statutory notice period or the employee Participant's last day of performing work for the Corporation or an Affiliate;

"**Affiliates**" has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

"**Alternative Awards**" has the meaning ascribed thereto in Section 10.1 hereof;

"**Award Agreement**" means, individually or collectively, an Option Agreement, RSU Agreement, PSU Agreement, DSU Agreement, and/or Restricted Share Agreement as the context requires;

"**Awards**" means Options, RSUs, PSUs, DSUs and/or Restricted Share granted to a Participant pursuant to the terms of the Plan;

"**Black-Out Period**" means the period of time during which, pursuant to any policies or determinations of the Corporation or applicable law, securities of the Corporation may not be traded by Insiders or other specified persons;

"**Board**" means the board of directors of the Corporation as constituted from time to time;

"**Broker**" has the meaning ascribed thereto in Section 3.7(2) hereof;

"**Business Day**" means any day on with the Exchange is open for trading;

"**Cancellation**" has the meaning ascribed thereto in Section 2.4(1) hereof;

"**Cash Equivalent**" means:

(a) in the case of Share Units, the amount of money equal to the Market Value multiplied by the number of vested Share Units in the Participant's Account, net of any applicable taxes in accordance with Section 11.6, on the date of settlement of the Share Unit;

(b) in the case of DSUs, the amount of money equal to the Market Value multiplied by the whole number of DSUs then recorded in the Participant's Account which the Participant

requests to redeem pursuant to the DSU Redemption Notice, net of any applicable taxes in accordance with Section 11.6, on the date the Corporation receives, or is deemed to receive, the DSU Redemption Notice;

"**Cause**" means (i) if the Participant has a written employment agreement with the Corporation or any of its Affiliates, "cause", "just cause" or any other similar term as defined in that agreement, or (ii) if there is no such agreement or definition, means:

(a) the willful failure by the Participant to perform his or her duties with respect to the Corporation or any Affiliate;

(b) theft, fraud, dishonesty or misconduct by the Participant involving the property, business or affairs of the Corporation or any Affiliate or in carrying out of the Participant's duties with respect to the Corporation or any Affiliate;

(c) the material breach by the Participant of his or her employment agreement, including the policies of the Corporation, including the Code of Conduct;

(d) the Participant is convicted of or pleads guilty (or "no contest") to a crime that constitutes an indictable offence or felony; or

(e) any conduct or behaviour which would entitle an employer to terminate the Participant's employment without notice or payment in lieu of notice.

"**CG Committee**" means the Compensation and Governance Committee or an equivalent committee of the Board;

"**Change of Control**" means unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

(a) any transaction (other than a transaction described in clause (b) below) pursuant to which any person or group of persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation's then issued and outstanding securities entitled to vote in the election of directors of the Corporation, other than any such acquisition that occurs as a result of the issuance from treasury of voting securities or securities convertible into voting securities.

(b) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Corporation and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (i) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction, or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such transaction;

(c) (i) the sale, lease, exchange, license or other disposition of all or substantially all of the Corporation's assets to a person other than a person that was a Subsidiary of the Corporation at the time of such sale, lease, exchange, license or other disposition;

(d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or

(e) any other matter determined by the Board to be a Change of Control.

"**Code of Conduct**" means any code of ethics adopted by the Corporation, as modified from time to time, including but not limited to the Corporation's Code of Business Ethics and Conduct, Whistleblowing Policy, Insider Trading Policy, Disclosure Policy and Corporate Policy and Procedure.

"**Consultant**" means a Person (including an individual whose services are contracted for through another Person) with whom the Corporation or a Subsidiary has a written contract for services and who, 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 a Subsidiary of the Corporation;

"**Corporation**" means Covalon Technologies Ltd., a corporation existing under the *Business Corporations Act* (Ontario);

"**Disability**" has the meaning attributed thereto in the Participant's Employment Agreement or written agreement with the Corporation or an Affiliate and if there is no such defined term or agreement, means the Participant's inability to substantially fulfil his or her duties on behalf of the Corporation as a result of illness or injury for a continuous period of nine (9) months or more or for an aggregate period of twelve (12) months or more during any consecutive twenty-four (24) month period.

"**Dividend Share Units**" has the meaning ascribed thereto in Section 7.2 hereof;

"**DSU**" means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited to a Participant's Account in accordance with Article 4 hereof;

"**DSU Agreement**" means a written notice from the Corporation to a Participant evidencing the grant of DSUs and the terms and conditions thereof, substantially in the form set out in Schedule "A", or such other form as the Board may approve from time to time;

"**DSU Redemption Deadline**" has the meaning ascribed thereto in Section 4.3(1) hereof;

"**DSU Redemption Notice**" has the meaning ascribed thereto in Section 4.3(1) hereof;

"**Eligible Participants**" has the meaning ascribed thereto in Section 2.3(1) hereof;

"**Employment Agreement**" means, with respect to any Participant, any written employment agreement between the Corporation or a Subsidiary and such Participant;

"**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Shares are listed and posted for trading or quoted;

"**Exercise Notice**" means a notice in writing signed by a Participant and stating the Participant's intention to exercise or settle a particular Award, if applicable;

"**Exercise Price**" has the meaning ascribed thereto in Section 3.2 hereof;

"**Expiry Date**" has the meaning ascribed thereto in Section 3.4 hereof;

"**Grant Date**" means the date an Award is granted to a Participant as set out in the Participant's Award Agreement;

"**Insider**" means a "reporting insider" of the Corporation as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the TSX Venture Exchange Corporate Finance Manual in respect of the rules governing security-based compensation arrangements, as amended from time to time;

"**Investor Relations Activities**" has the meaning ascribed thereto in the policies of the TSX-V and, for clarity, persons retained to provide Investor Relations Activities include any Consultant that performs Investor Relations Activities and any employee or director whose role and duties primarily consist of Investor Relations Activities;

"**Market Value**" means at any date when the market value of Shares of the Corporation is to be determined,

(i) if the Shares of the Corporation are listed on any Exchange, the last closing price of the Shares on the Exchange with the greatest volume of trading prior to such date; and

(ii) if the Shares of the Corporation are not listed on any Exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on the reasonable application of a reasonable valuation method not inconsistent with Canadian tax law.

"**Non-Employee Directors**" means members of the Board who, at the time of execution of an Award Agreement, if applicable, and at all times thereafter while they continue to serve as a member of the Board, are not officers or employees of the Corporation or a Subsidiary;

"**Option**" means an option granted by the Corporation to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, but subject to the provisions hereof;

"**Option Agreement**" means a written notice from the Corporation to a Participant evidencing the grant of Options and the terms and conditions thereof, substantially in the form set out in Schedule "B", or such other form as the Board may approve from time to time;

"**Original Statements**" means an Award described in Section 11.4;

"**Participant's Account**" means an account maintained to reflect each Participant's participation in RSUs, PSUs and/or DSUs under the Plan;

"**Participants**" means Eligible Participants that are granted Awards under the Plan;

"**Performance Criteria**" means criteria established by the Board which, without limitation, may include criteria based on the Participant's personal performance, the financial performance of the Corporation and/or of its Subsidiaries and/or achievement of corporate goals and strategic initiatives, and that may be used to determine the vesting of the Awards, when applicable;

"**Performance Period**" means the period determined by the Board pursuant to Section 5.3 hereof;

"**Person**" means, without limitation, an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate and a trustee executor, administrator, or other legal representative, and pronouns which refer to a Person shall have a similarly extended meaning;

"**Plan**" means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time, including, for greater certainty, any sub-plan adopted by the Board in accordance with Section 11.2 hereof;

"**PSU**" means a right awarded to a Participant to receive a payment in the form of Shares (or the Cash Equivalent) as provided in Article 4 hereof and subject to the terms and conditions of the Plan;

"**PSU Agreement**" means a written notice from the Corporation to a Participant evidencing the grant of PSUs and the terms and conditions thereof, substantially in the form set out in Schedule "C", or such other form as the Board may approve from time to time;

"**Regulatory Authorities**" means the TSX Venture Exchange and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation;

"**Relevant Equity Recoupment Date**" means an Award described in Section 11.4;

"**Restated Statements**" means an Award described in Section 11.4;

"**Restricted Share**" means an Award described in Section 6.1;

"**Restricted Share Agreement**" means an agreement, substantially in the form of Schedule "D", between the Corporation and a Participant evidencing an Award of Restricted Shares;

"**RSU**" means a restricted share unit awarded to a Participant to receive a payment in the form of Shares (or the Cash Equivalent) as provided in Article 5 hereof and subject to the terms and conditions of the Plan;

"**RSU Agreement**" means a written notice from the Corporation to a Participant evidencing the grant of RSUs and the terms and conditions thereof, substantially in the form set out in Schedule "C", or such other form as the Board may approve from time to time;

"**Share Compensation Arrangement**" means a stock option, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Participants of the Corporation or a Subsidiary, including this Plan. For greater certainty, a "Share Compensation Arrangement" does not include a security-based compensation arrangement used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Corporation;

"**Share Unit**" means a RSU and/or PSU, as the context requires;

"**Share Unit Vesting Determination Date**" has the meaning described thereto in Section 5.4 hereof;

"**Shares**" means the common shares in the capital of the Corporation;

"**Subsidiary**" means a company, partnership or other body corporate that is controlled, directly or indirectly, by the Corporation;

"**Surrender**" has the meaning ascribed thereto in Section 3.7(3);

"**Surrender Notice**" has the meaning ascribed thereto in Section 3.7(3);

"**Tax Act**" means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

"**Termination Date**" means (i) with respect to a Participant who is an employee or officer of the Corporation or a Subsidiary, such Participant's last day of active employment, (ii) with respect to a Participant who is a Consultant, the date such Consultant ceases to provide services to the Corporation or a Subsidiary, and (iii) with respect to a Participant who is a Non-Employee Director, the date such Person ceases to be a director of the Corporation or Subsidiary, effective on the last day of the Participant's actual and active Board membership whether such day is selected by agreement with the individual, unilaterally by the Corporation and whether with or without advance notice to the Participant, provided that if a Non-Employee Director becomes an employee of the Corporation or any of its Subsidiaries, such Participant's Termination Date will be such Participant's last day of active employment, and "**Terminate**" and "**Terminated**" have corresponding meanings.

"**Trading Day**" means any day on which the applicable Exchange is open for trading;

"**transfer**" includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, lien, charge, pledge, encumbrance, grant of security interest or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing and "**transferred**", "**transferring**" and similar variations have corresponding meanings; and

"**TSX-V**" means the TSX Venture Exchange.

ARTICLE 2—PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

Section 2.1 Purpose of the Plan.

The purpose of the Plan is to advance the interests of the Corporation by: (i) enhancing the Corporation's ability to attract, motivate and retain Eligible Participants; (ii) to reward Eligible Participants for their contributions to the business; and (iii) to encourage Eligible Participants to take into account the long-term financial performance of the business and the creation of shareholder value through their participation in the Corporation's equity.

Section 2.2 Implementation and Administration of the Plan.

(1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by the CG Committee. If the CG Committee is appointed for this purpose, all references to the term "Board" in this Plan will be deemed to be references to the CG Committee, except as may otherwise be determined by the Board.

(2) Subject to the terms and conditions set forth in the Plan, the Board shall have the sole and absolute discretion to: (i) designate Participants; (ii) determine the type, size, and terms, and conditions of Awards to be granted; (iii) determine the method by which an Award may be settled, exercised, canceled, forfeited, or suspended; (iv) determine the circumstances under which the delivery of cash with respect to an Award may be deferred either automatically or at the Participant's or the Board's election; (v) interpret and administer, reconcile any inconsistency in, correct any defect in, and supply any omission in the Plan and any Award granted under, the Plan; (vi) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Board shall deem appropriate for the proper administration of the Plan; (vii) accelerate the

vesting, delivery, or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Awards; (viii) to establish, amend and rescind any regulations, rules or guidelines relating to this Plan; and (ix) make any other determination and take any other action that the Board deems necessary or desirable for the administration of the Plan or to comply with any applicable law.

(3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan, any Award Agreement or other document or any Awards granted pursuant to the Plan.

(4) The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation as the Board determines.

(5) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Award or any documents evidencing any Award granted pursuant to the Plan shall be within the sole discretion of the Board, may be made at any time, and shall be final, conclusive, and binding upon all persons or entities, including, without limitation, the Corporation, any Subsidiary, any Participant, any holder or beneficiary of any Award, and any shareholder of the Corporation.

(6) The Board's discretion and authority is subject to any mandatory requirements of any Exchange.

Section 2.3 Eligible Participants.

(1) The Persons who shall be eligible to receive Awards shall be the directors, officers, employees or Consultants of the Corporation or a Subsidiary, providing ongoing services to the Corporation and/or its Subsidiaries (collectively, "**Eligible Participants**").

(2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship, employment or appointment with the Corporation or a Subsidiary.

(3) Notwithstanding any express or implied term of the Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment or appointment by the Corporation or a Subsidiary.

(4) In the case of Awards granted to Consultants and employees, the Corporation represents that the Participant is a bona fide Consultant or employee, as applicable.

Section 2.4 Shares Subject to the Plan.

(1) Subject to Section 2.4(2) and to adjustment pursuant to provisions of Article 9 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Awards under the Plan or pursuant to awards under any other established Share Compensation Arrangement, shall not exceed ten percent (10%) of the total issued and outstanding Shares from time to time, or such other number as may be approved by the TSX-V and the shareholders of the Corporation from time to time. For the purposes of this Section 2.4(1), in the event that the Corporation cancels or purchases to cancel any of its issued and outstanding Shares ("**Cancellation**") and as a result of such Cancellation, the Corporation exceeds the limit set out in this Section 2.4(1), no approval of the Corporation's shareholders will be required for the issuance of Shares on the exercise of any Options which were granted prior to such Cancellation. The Plan is considered an "evergreen" plan, since the Shares covered by Awards which have been exercised shall be available for subsequent grants under the Plan and the number of Awards available to grant increases as the number of issued and outstanding Shares increases from time to time.

(2) For greater certainty, any issuance from treasury by the Corporation that is or was issued in reliance upon an exemption under applicable Exchange rules applicable to security based

compensation arrangements used as an inducement to Persons not previously employed by and not previously an Insider of the Corporation shall not be included in determining the maximum Shares reserved and available for grant and issuance under Section 2.4(1).

(3) Shares in respect of which an Award is exercised, granted under the Plan (or any other Share Compensation Arrangement) but not exercised prior to the termination of such Award, not vested or settled prior to the termination of such Award due to the expiration, termination, cancellation or lapse of such Award, or settled in cash in lieu of settlement in Shares, shall, in each case, be available for Awards to be granted thereafter pursuant to the provisions of the Plan. All Shares issued from treasury pursuant to the exercise or the vesting of the Awards granted under the Plan shall, when the applicable Exercise Price, if any, is received by the Corporation in connection therewith, be so issued as fully paid and non-assessable Shares.

Section 2.5 Participation Limits.

(1) Subject to adjustment pursuant to provisions of Article 9 hereof, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period, and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis. Any Awards granted pursuant to the Plan to a Participant prior to the Participant becoming an Insider, shall be excluded for the purposes of the limits set out in this Section 2.5.

(2) Subject to adjustment pursuant to provisions of Article 9 hereof, the number of Shares issuable to any one Participant pursuant to any Awards under the Plan or pursuant to awards under any other established Share Compensation Arrangement, within any twelve (12) month period, cannot exceed five percent (5%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis, calculated at the date an Award is granted to the Participant, unless the Corporation obtains the requisite disinterested shareholder approval.

(3) Subject to adjustment pursuant to provisions of Article 9 hereof, the number of Shares issuable to any one Consultant pursuant to any Awards issued or granted under the Plan or pursuant to awards under any other established Share Compensation Arrangement, within any twelve (12) month period, cannot exceed two percent (2%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis, calculated at the date an Award is granted to the Consultant.

(4) Participants retained to provide Investor Relations Activities may not receive any Awards under the Plan other than Options. Subject to adjustment pursuant to provisions of Article 9 hereof, the number of Shares issuable to any one Participant retained to provide Investor Relations Activities pursuant to any Options granted under the Plan or under any other established Share Compensation Arrangement, within any twelve (12) month period, cannot exceed two percent (2%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis, calculated at the date an Award is granted to the Consultant. Options granted to Participants retained to provide Investor Relations Activities must vest over a period of not less than twelve (12) months with no more than ¼ of the Options vesting in any three (3) month period.

Section 2.6 Non-Employee Director Participation

Awards held by Non-Employee Directors will at all times be limited to no more than 1% of the Shares issued and outstanding from time to time (calculated on a non-diluted basis) and the total annual grant to any one Non-Employee Director under all Awards granted pursuant to the Plan shall not exceed a grant value of $100,000 of Options and $150,000 in total equity. For greater certainty, any Awards that

are granted in lieu of cash fees at the option of the Non-Employee Directors that would otherwise be payable to Non-Employee Directors, shall be excluded from the above limitations.

ARTICLE 3—OPTIONS

Section 3.1 Nature of Options.

Each Option is an option granted by the Corporation to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, subject to the provisions hereof.

Section 3.2 Option Awards.

(1) The Board shall, from time to time, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) determine the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Exercise Price**"), (iv) determine the relevant vesting provisions (including Performance Criteria, if applicable) and (v) determine the Expiry Date, the whole subject to the terms and conditions prescribed in the Plan, in any Option Agreement and any applicable rules of the TSX-V and any other stock exchange on which the Shares are listed or posted for trading.

(2) All Options granted herein shall vest in accordance with the terms of the resolutions of the Board approving such Options and the terms of the Option Agreement entered into in respect of such Options. Unless otherwise determined by the Board in its sole discretion at the time of grant or any time following the date that a particular Option is granted, Options will vest equally over three (3) years with one third of such Options vesting on each anniversary date following the Grant Date. Vesting shall occur on the applicable vesting date irrespective of any Black-Out Period.

Section 3.3 Exercise Price.

The Exercise Price for any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of the Shares underlying the Option at the time of the grant.

Section 3.4 Expiry Date; Black-Out Period.

Subject to Section 9.2, each Option must be exercised no later than ten (10) years after the date the Option is granted or such shorter period as set out in the Participant's Option Agreement, at which time such Option will expire (the "**Expiry Date**"). Notwithstanding any other provision of the Plan, each Option that would expire during or within ten (10) Business Days immediately following a Black-Out Period shall expire on the date that is ten (10) Business Days immediately following the expiration of the Black-Out Period. Where an Option will expire on a date that falls immediately after a Black-Out Period, and for greater certainty, not later than ten (10) Business Days after the Black-Out Period, then the date such Option will expire will be automatically extended by such number of days equal to ten (10) Business Days less the number of Business Days after the Black-Out Period that the Option expires.

Section 3.5 Option Agreement.

Each Option must be confirmed by an Option Agreement. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options under income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

Section 3.6 Exercise of Options.

(1) Subject to the provisions of the Plan, a Participant shall be entitled to exercise an Option granted to such Participant, subject to vesting limitations which may be imposed by the Board at the time such Option is granted and set out in the Option Agreement.

(2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board may determine in its sole discretion.

(3) No fractional Shares will be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 9.1, such Participant will only have the right to acquire the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 3.7 Method of Exercise and Payment of Purchase Price.

(1) Subject to the provisions of the Plan and the alternative exercise procedures set out herein, an Option granted under the Plan may be exercisable (from time to time as provided in Section 3.6 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering an exercise notice substantially in the form appended to the Option Agreement (an "**Exercise Notice**") to the Corporation in the form and manner determined by the Board from time to time, together with a bank draft, certified cheque, wire transfer or other form of payment acceptable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Options and any applicable tax withholdings.

(2) Pursuant to the Exercise Notice, and subject to the approval of the Board, a Participant may choose to undertake a "cashless exercise" with the assistance of a broker (the "**Broker**") in order to facilitate the exercise of such Participant's Options. The "cashless exercise" procedure may include a sale of such number of Shares as is necessary to raise an amount equal to the aggregate Exercise Price for all Options being exercised by that Participant under an Exercise Notice and any applicable tax withholdings. Pursuant to the Exercise Notice, the Participant may authorize the Broker to sell Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Corporation to satisfy the Exercise Price and any applicable tax withholdings, promptly following which the Corporation shall issue the Shares underlying the number of Options as provided for in the Exercise Notice.

(3) In addition, in lieu of exercising any vested Option in the manner described in this Section 3.7(1) or Section 3.7(2), and pursuant to the terms of this Section 3.7(3) but subject to Section 3.6(3), a Participant may, by surrendering an Option ("**Surrender**") with a properly endorsed notice of Surrender to the Corporate Secretary of the Corporation, substantially in the form appended to the Option Agreement (a "**Surrender Notice**"), elect to receive that number of Shares calculated using the following formula, subject to acceptance of such Surrender Notice by the Board and provided that arrangements satisfactory to the Corporation have been made to pay any applicable withholding taxes:

$$X = (Y * (A-B)) / A$$

Where:

X = the number of Shares to be issued to the Participant upon exercising such Options; provided that if the foregoing calculation results in a negative number, then no Shares shall be issued;

Y = the number of Shares underlying the Options to be Surrendered;

A = the Market Value of the Shares as at the date of the Surrender; and

B = the Exercise Price of such Options.

(4) No share certificates shall be issued and no person shall be registered in the share register of the Corporation as the holder of Shares until actual receipt by the Corporation of an Exercise Notice and payment for the Shares to be purchased.

(5) Upon the exercise of an Option pursuant to this Section 3.7, the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to deliver to the Participant (or as the Participant may otherwise direct) such number of Shares as the Participant shall have then paid for and as are specified in such Exercise Notice.

ARTICLE 4—DEFERRED SHARE UNITS

Section 4.1 Nature of DSUs.

A DSU is a unit granted to Participants representing the right to receive a Share or the Cash Equivalent, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on vesting terms, achievement of pre-established Performance Criteria and in the case of Non-Employee Directors, continuing service as a Non-Employee Director.

Section 4.2 DSU Awards.

(1) Each DSU must be confirmed by a DSU Agreement that sets forth the terms, conditions and limitations for each DSU and may include, without limitation, the vesting and terms of the DSUs and the provisions applicable on a Termination Date, and shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting DSUs under income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

(2) Any DSUs that are awarded to an Eligible Participant who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or to meet requirements of paragraph 6801(d) of the Income Tax Regulations adopted under the Tax Act (or any successor to such provisions).

(3) Subject to vesting and other conditions and provisions set forth herein and in the DSU Agreement, the Board shall determine whether each DSU awarded shall entitle the Participant: (i) to receive one Share issued from treasury; (ii) to receive the Cash Equivalent of one Share; or (iii) to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares, as the Board may determine in its sole discretion on redemption. In the absence of any determination made by the Board in any DSU Agreement or at the time of redemption, DSUs shall automatically be settled by awarding Shares issued from treasury.

(4) Unless otherwise determined by the Board in its sole discretion at the time of grant or any time following the date that a particular DSU is granted, DSUs will vest equally over three (3) years with one third of such DSUs vesting on each anniversary date following the Grant Date. Vesting shall occur on the applicable vesting date irrespective of any Black-Out Period.

Section 4.3 Redemption of DSUs.

(1) Each Participant shall be entitled to redeem his or her DSUs during the period commencing on the Business Day immediately following the Termination Date and ending on the date that is not later than the 90th day following the Termination Date, or such shorter redemption period set out in the relevant DSU Agreement (the "**DSU Redemption Deadline**"), by providing a written notice of settlement to the Corporation setting out the number of DSUs to be settled and the particulars regarding the registration of the Shares issuable upon settlement, if applicable (the "**DSU Redemption Notice**"). In the event of the death of the Participant, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Participant.

(2) If a DSU Redemption Notice is not received by the Corporation on or before the DSU Redemption Deadline, the Participant shall be deemed to have delivered a DSU Redemption Notice on the DSU Redemption Deadline and, if not otherwise set out in the DSU Agreement, the Board shall determine the number of DSUs to be settled by way of Shares, the Cash Equivalent or a combination of Shares and the Cash Equivalent and delivered to the Participant, administrator or liquidator of the estate of the Participant, as applicable.

(3) Subject to Section 8.5 and the DSU Agreement, settlement of DSUs shall take place promptly following the Corporation's receipt or deemed receipt of the DSU Redemption Notice through, at the Corporation's discretion, as follows:

(a) in the case of settlement of DSUs for their Cash Equivalent, delivery of bank draft, certified cheque, wire transfer or other acceptable form of payment to the Participant representing the Cash Equivalent;

(b) in the case of settlement of DSUs for Shares, delivery of Shares to Participant equal to the number of DSUs being redeemed (which may be reduced by the number of Shares with an aggregate Market Value equal to the applicable withholding taxes); or

(c) in the case of settlement of DSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

ARTICLE 5—SHARE UNITS

Section 5.1 Nature of Share Units.

A Share Unit is a unit granted to Participants representing the right to receive a Share or the Cash Equivalent, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on vesting terms, achievement of pre-established Performance Criteria and in the case of Non-Employee Directors, continuing service as a Non-Employee Director.

Section 5.2 Share Unit Awards.

(1) Each RSU must be confirmed by an RSU Agreement that sets forth the terms, conditions and limitations for each RSU and may include, without limitation, the vesting and terms of the RSUs and the provisions applicable in the event employment or service terminates, and shall contain such terms that may be considered necessary in order that the RSUs will comply with any provisions respecting RSUs under income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

(2) Each PSU must be confirmed by a PSU Agreement that sets forth the terms, conditions and limitations for each PSU and may include, without limitation, the applicable Performance Period and Performance Criteria, vesting and terms of the PSUs and the provisions applicable in the event employment or service terminates, and shall contain such terms that may be considered necessary in order that the PSUs will comply with any provisions respecting PSUs under income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

(3) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time, in its sole discretion; (i) designate the Eligible Participants who may receive RSUs and/or PSUs under the Plan; (ii) fix the number of RSUs and/or PSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs and/or PSUs shall be granted; and (iii) determine the relevant conditions and vesting provisions (including, in the case of PSUs, the applicable Performance Period and Performance Criteria, if any) and restriction period of such RSUs and/or PSUs, the whole subject to the terms

and conditions prescribed in the Plan and in any RSU Agreement or PSU Agreement, as applicable.

(4) Unless otherwise determined by the Board in its sole discretion at the time of grant or any time following the date that a particular RSU or PSU is granted, RSUs and PSUs will vest equally over three (3) years with one third of such RSU or PSU vesting on each anniversary date following the Grant Date, subject in the case of PSUs to any applicable Performance Criteria. Vesting shall occur on the applicable vesting date irrespective of any Black-Out Period.

(5) Any RSUs or PSUs that are awarded to an Eligible Participant who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or in such other manner to ensure that such award is not a "salary deferral arrangement" as defined in the Tax Act (or any successor to such provisions).

(6) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement and/or PSU Agreement, the Board shall determine whether each RSU and/or PSU awarded to a Participant shall entitle the Participant: (i) to receive one Share issued from treasury; (ii) to receive the Cash Equivalent of one Share; or (iii) to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares, as the Board may determine in its sole discretion on settlement. In the absence of any determination made by the Board in any RSU Agreement, DSU Agreement or at the time of redemption, RSUs and DSUs shall automatically be settled by awarding Shares issued from treasury.

Section 5.3 Performance Criteria and Performance Period Applicable to PSU Awards.

(1) For each award of PSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the PSUs held by such Participant (the "**Performance Period**").

(2) For each award of PSUs, the Board shall establish any Performance Criteria and other vesting conditions for a Participant to be entitled to receive Shares in exchange for his or her PSUs.

Section 5.4 Share Unit Vesting Determination Date.

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to Share Units have been met (the "**Share Unit Vesting Determination Date**"), and as a result, establishes the number of RSUs and/or PSUs that become vested, if any. In respect of RSUs, the Share Unit Vesting Determination Date shall be the date on which the RSUs have vested in accordance with the RSU Agreement, and no determination shall be required to be made by the Board.

Section 5.5 Settlement of RSUs and PSUs.

(1) Subject to the Award Agreement, settlement of Share Units shall take place within 30 days following the Share Unit Vesting Determination Date, at the Corporation's discretion, as follows:

(a) in the case of settlement of Share Units for their Cash Equivalent, delivery of bank draft, certified cheque, wire transfer or other acceptable form of payment to the Participant representing the Cash Equivalent;

(b) in the case of settlement of Share Units for Shares, delivery of Shares to Participant equal to the number of Share Units being settled (which may be reduced by the number of Shares with an aggregate Market Value equal to the applicable withholding taxes); or

(c) in the case of settlement of Share Units for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

ARTICLE 6—RESTRICTED SHARES

Section 6.1 Nature of Restricted Shares

A Restricted Share is an Award of Shares issued from treasury that is generally subject to a restriction on transfer and a risk of forfeiture when granted.

Section 6.2 Restricted Period

The Board will determine the period during which any restriction on transfer remains in effect, but it may not be more than three years after the Grant Date unless specified otherwise in the applicable Restricted Share Agreement.

Section 6.3 Evidence of Restricted Shares

The Corporation will determine the manner in which Restricted Shares will be evidenced, which may include book-entry registration in an account with the Corporation's registrar and transfer agent.

Section 6.4 Rights as a Holder of Restricted Shares

Subject to the restrictions on transfer and any required approval of any stock exchange, the Participant will be treated for all purposes as a shareholder of the Corporation with respect to the Restricted Shares.

ARTICLE 7—GENERAL CONDITIONS

Section 7.1 General Conditions applicable to Awards.

Each Award, as applicable, shall be subject to the following conditions:

(1) **Employment** - The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any awards in the future nor shall it entitle the Participant to receive future grants.

(2) **No Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards (other than in respect of Restricted Shares) until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or entry of such person's name on the share register for the Shares.

(3) **Conformity to Plan** – In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.

(4) **Non-Transferability** – Except as set forth herein, Awards are not transferable. Awards may be exercised only by:

(a) the Participant to whom the Awards were granted;

(b) with the Board's prior written approval and subject to such conditions as the Board may stipulate, such Participant's family or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant;

(c) upon the Participant's death, by the legal representative of the Participant's estate; or

(d) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant;

provided that any such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise any Award. A person exercising an Award may subscribe for Shares only in the person's own name or in the person's capacity as a legal representative.

(5) **No Guarantee** – For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any Awards in the future nor shall it entitle the Participant to receive future grants. No amount will be paid to or in respect of a Participant under the Plan or pursuant to any other arrangement, and no Awards will be granted to such Participant to compensate for any downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon or in respect of the Participant for such purpose.

(6) **Acceptance of Terms** – Participation in the Plan by any Participant shall be construed as acceptance of the terms and conditions of the Plan by the Participant and as to the Participant's agreement to be bound thereby.

Section 7.2 Dividend Share Units.

When dividends (other than stock dividends) are paid on Shares, Participants shall receive additional DSUs, RSUs and/or PSUs, as applicable ("**Dividend Share Units**") as of the dividend payment date. The number of Dividend Share Units to be granted to the Participant shall be determined by multiplying the aggregate number of DSUs, RSUs and/or PSUs, as applicable, held by the Participant on the relevant record date by the amount of the dividend paid by the Corporation on each Share, and dividing the result by the Market Value on the dividend payment date, which Dividend Share Units shall be in the form of DSUs, RSUs and/or PSUs, as applicable. Dividend Share Units granted to a Participant in accordance with this Section 7.2 shall be subject to the same vesting conditions and settlement terms as applicable to the related DSUs, RSUs and/or PSUs in accordance with the respective Award Agreement.

Section 7.3 Unfunded Plan.

Unless otherwise determined by the Board, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.

ARTICLE 8—TERMINATION OF EMPLOYMENT

Section 8.1 Termination of Employment.

(1) Subject to a written Employment Agreement of a Participant or any Award Agreement and as otherwise determined by the Board, all Awards shall be subject to the following conditions.

(a) **Termination for Cause.** If a Participant's employment is terminated for Cause, or if the Participant resigns in circumstances that would entitle him or her to be terminated for

Cause, then all Awards held by the Participant on the Participant's Termination Date, whether vested or unvested, shall automatically terminate on the Termination Date and be of no further force or effect.

(b) **Resignation, Retirement and Termination other than for Cause**. If a Participant resigns, retires or is terminated other than for Cause, then:

(i) any unvested Awards held by the Participant on the Termination Date will automatically terminate on the Termination Date and the Participant will cease to have any rights in relation to those Awards;

(ii) in the case of any vested Options held by the Participant on the Termination Date, the Participant will have the lesser of (i) 30 days after the Termination Date and (ii) remaining term of the Options to exercise those Options in accordance with this Plan, failing which the unexercised Options will automatically terminate and the Participant will cease to have any rights in relation to those Options; and

(iii) in the case of any vested RSUs, PSUs or other Awards held by the Participant on the Termination Date, the Corporation will settle those Awards as soon as practicable after the Termination Date in accordance with this Plan, and no later than the date on which such Awards would have been settled had the Participant not experienced a Termination Date.

(c) In the case of a Participant ceasing to be an Eligible Participant due to such Participant's resignation, retirement or termination other than for "cause", as applicable, subject to any later expiration dates determined by the Board, all Awards shall expire on the earlier of ninety (90) days after the effective date of such Termination Date or in the case of Options, the expiry date of such Option, to the extent such Option was vested and exercisable by the Participant on the effective date of such Termination Date, and all unexercised unvested Options granted to such Participant shall terminate on the effective date of such resignation, retirement or termination.

(d) **Death or Disability.** If a Participant dies or has a Termination Date in connection with a Disability, then:

(i) any unvested Awards (other than Options) held by the Participant on the Termination Date will vest on a proportionate basis based on the number of Awards available to vest in the vesting period in which the Termination Date occurs and the ratio that (i) the period from the (1) Grant Date or (2) last vesting date, as applicable, to the Termination Date is to (ii) the period from the (1) Grant Date or (2) last vesting date, as applicable, to the next vesting date, and any other unvested Awards will automatically terminate on the Termination Date and the Participant will cease to have any rights in relation to those Awards;

(ii) in the case of Options held by the Participant on the Termination Date, (i) any unvested Options will automatically vest on the Termination Date and (ii) the Expiry Date of vested Options (including those vested under clause (i)) will be the earlier of (1) the date specified in the applicable Option Agreement and (2) the date that is one year after the Termination Date;

(iii) in the case of any vested RSUs, PSUs or other Awards held by the Participant on the Termination Date, the Corporation will settle those Awards as soon as practicable after the Termination Date in accordance with this Plan, and no later than the date on which such Awards would have been settled had the Participant not experienced a Termination Date; and

(iv) only in the case if the Participant dies, the right to exercise or be paid for an Award terminates on the earlier of: (i) the date on which the particular Award expires or terminates; and (ii) the date is one year after the Participant's death.

(2) For the avoidance of doubt, subject to applicable employment standards legislation, a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any awards or compensation which would have vested or been granted after the Termination Date including but not limited to damages in lieu of notice at common law.

ARTICLE 9—ADJUSTMENTS AND AMENDMENTS

Section 9.1 Adjustment to Shares Subject to Outstanding Awards.

(1) In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion, subject to regulatory approval, may deem appropriate to reflect such change (for the purpose of preserving the value of the Awards), with respect to (i) the number or kind of Shares or other securities reserved for issuance pursuant to the Plan; and (ii) the number or kind of Shares or other securities subject to unexercised Awards previously granted and the exercise price of those Awards provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares. The existence of any Awards does not affect in any way the right or power of the Corporation or an Affiliate or any of their respective shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the capital structure or the business of, or any amalgamation, merger or consolidation involving, to create or issue any bonds, debentures, shares or other securities of, or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of or any sale or transfer of all or any part of the assets or the business of, or to effect any other corporate act or proceeding relating to, whether of a similar character or otherwise, the Corporation or such Affiliate, whether or not any such action would have an adverse effect on the Plan or any Award granted hereunder.

Section 9.2 Amendment or Discontinuance of the Plan.

(1) The Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or of any Award granted under the Plan and any agreement relating thereto, provided that such suspension, termination, amendment, or revision shall:

(a) not materially adversely alter or impair any Award previously granted except as permitted by the terms of the Plan or upon the consent of the applicable Participant(s); and

(b) be in compliance with applicable law and with the prior approval, if required, of the shareholders of the Corporation and of the TSX-V or any other Exchange.

(2) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights awarded or granted under the Plan remain outstanding and, notwithstanding the termination of the Plan, the Board will have the ability to make such amendments to the Plan or the Awards as they would have been entitled to make if the Plan were still in effect.

(3) Subject to Section 9.2(4), the Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Plan or any Award that do not require the approval of shareholders under Section 9.2(1) which may include but are not limited to:

(a) a change to the provisions governing the effect of termination of a Participant's employment, contract or office;

(b) amendments to, or waivers of, the vesting provisions or other conditions of this Plan or any Award;

(c) amendments to the termination or early termination provisions of any Award (including any Award held by an Insider) that does not entail an extension beyond the original expiry date of that Award;

(d) an amendment of the Plan or an Award as necessary to comply with applicable law or the requirements of any Exchange or any other Regulatory Authority, the Plan, the Participants or the shareholders of the Corporation;

(e) any amendment of a "housekeeping" nature, including without limitation those made to clarify the meaning of an existing provision of the Plan or any agreement, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or any agreement, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;

(f) any amendment regarding the administration of the Plan; or

(g) any other amendment, fundamental or otherwise, not requiring shareholder approval under Section 9.2(4), applicable laws or the applicable rules of the TSX-V or any other Exchange.

(4) Notwithstanding the foregoing or any other provision of the Plan, shareholder approval is required for the following amendments to the Plan, and approval of the disinterested shareholders are required for (b) and (c) below:

(a) any increase in the maximum number of Shares that may be issuable from treasury pursuant to Awards granted under the Plan, other than an adjustment pursuant to Section 9.1;

(b) any reduction in the exercise price of an Award including cancellation and reissuance of an Award, except in the case of an adjustment pursuant to Section 9.1;

(c) any extension of the Expiry Date of an Award, except in case of an extension due to a Black-Out Period;

(d) any amendment to remove or to exceed the insider participation limit set out in Section 2.5 or to remove or to increase the participation of Non-Employee Directors as set out in Section 2.6;

(e) any amendment to Section 7.1(4); and

(f) any amendment to Section 9.2(3) or Section 9.2(4) of the Plan.

ARTICLE 10—CHANGE OF CONTROL

Section 10.1 Effect of a Change of Control

Where there is a prospective Change of Control and the Board is not satisfied that the Person acquiring control intends to assume and honour the outstanding Awards or to substitute "**Alternative Awards**", the Board, in addition to its other powers, may terminate this Plan and accelerate vesting of

Awards and instruct the Corporation to give written notice to all Participants advising that this Plan is to be terminated effective immediately before the Change of Control and all Awards (in the case of PSUs and other Awards with Performance Criteria the number to vest to be determined by the Board in its discretion) are deemed to have vested and have an exercise date or settlement date, as applicable, immediately before the termination of this Plan.

Section 10.2 Alternative Awards

In order to qualify as an Alternative Award, the right being substituted for an Award must (i) be based on a share that is listed on an Exchange or other public trading market, (ii) provide its Participants with rights and entitlements substantially equivalent to or better than under its existing Awards, including as to the terms of vesting, (iii) recognize, for purpose of vesting, the time existing Awards have been held before the Change of Control and (iv) have substantially equivalent economic value to the value of that Award (determined before the Change of Control).

Section 10.3 Powers of the Board

Despite anything else to the contrary in the Plan, in the event of a potential Change of Control, the Board will have the power, in its sole discretion, to modify the terms of the Plan and/or the Awards to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board has the power, in its sole discretion, to accelerate the vesting of Awards and to permit Participants to conditionally exercise their Awards, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 10.3 is not completed within the time specified (as the same may be extended), then despite this Section 10.3 or the definition of "Change of Control", (i) any conditional exercise of vested Awards will be deemed to be null, void and of no effect, and such conditionally exercised Awards will for all purposes be deemed not to have been exercised, and (ii) Awards which vested pursuant to this Section 10.3 will be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares and the original terms applicable to such Awards will be reinstated.

ARTICLE 11—MISCELLANEOUS

Section 11.1 Currency.

Unless otherwise specifically provided, all references to dollars in the Plan are references to Canadian dollars.

Section 11.2 Sub-Plans.

The Board may, from time to time, establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board will establish such sub-plans by adopting supplements to this Plan containing (a) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable, or (b) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction and the Corporation will not be required to provide copies of any supplements to Participants in any jurisdiction which is not subject to such supplement.

Section 11.3 Compliance and Award Restrictions.

(1) The Corporation's obligation to issue and deliver Shares under any Award is subject to: (i) the completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (ii) the admission of such Shares to

listing on any Exchange; and (iii) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. The Corporation shall take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any Exchange.

(2) The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rule and requirements, including all tax withholding and remittance obligations.

(3) No Awards will be granted where such grant is restricted pursuant to the terms of any trading policies or other restrictions imposed by the Corporation.

(4) The Corporation is not obliged by any provision of the Plan or the grant of any Award under the Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Corporation or a Participant of any laws, rules and regulations or any condition of such approvals.

(5) If Shares cannot be issued to a Participant upon the exercise or settlement of an Award due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares will terminate and, if applicable, any funds paid to the Corporation in connection with the exercise of any Options will be returned to the applicable Participant as soon as practicable.

(6) At the time a Participant ceased to hold Awards which are or may become exercisable, the Participant ceases to be a Participant.

(7) Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant or any other Person, subject to any required regulatory, shareholder or other approval.

Section 11.4 Clawback

If any of the following events occurs:

(a) the Board determines that the Participant engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Participant's duties to or for the Corporation or a Subsidiary, which resulted in material financial or reputational harm to the Corporation or its Subsidiaries; or

(b) the Corporation's financial statements (the "**Original Statements**") are required to be restated (other than as a result of a change in accounting policy or under applicable financial reporting standards) and the restated financial statements (the "**Restated Statements**") disclose, in the Board's opinion, materially worse financial results than those contained in the Original Statements,

then the Board, in its discretion, to the extent it determines that its action is in the best interests of the Corporation, and in addition to any other rights that the Corporation or a Subsidiary may have at law or under any agreement, may take one or more of the following actions:

(c) require the Participant (and the Participant agrees) to reimburse the Corporation for any amount paid to the Participant in respect of an Award in cash in the case where paragraph (a) applies, or in the case where paragraph (b) applies, the excess of the amount that should otherwise have been paid in respect of that Award had the

determination of that amount been based on the Restated Statements, in each case, less any applicable withholding taxes;

(d) reduce the number or value of, or cancel and terminate, any one or more unvested grants of Award (other than Shares) on or before the vesting dates, or cancel or terminate any outstanding Awards that have vested in the 12 months before the date on which under paragraph (a) the Board determined that the Original Statements are required to be restated (each such date being a "**Relevant Equity Recoupment Date**"); or

(e) require the Participant (and the Participant agrees) to pay to the Corporation the value of any Shares acquired by the Participant pursuant to an Award granted in the twelve (12) months before a Relevant Equity Recoupment Date (less any amount paid by the Participant to acquire those Shares) less any applicable withholding taxes.

Section 11.5 **Use of an Administrative Agent and Trustee.**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee or Broker to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

Section 11.6 Tax Withholding.

(1) Notwithstanding any other provision of the Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Corporation, the Corporation's transfer agent and registrar or any trustee or Broker appointed by the Corporation pursuant to Section 11.5 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules. Notwithstanding any other provision of the Plan, the Corporation shall not be required to issue any Shares or make payments under this Plan until arrangements satisfactory to the Corporation have been made for payment of all applicable withholdings obligations.

(2) The sale of Shares by the Corporation, or by a Broker, under Section 11.6(1) or under any other provision of the Plan will be made on the TSX-V (or any other Exchange). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the withholding obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Corporation or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Corporation nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.

(3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale. The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant

resulting from the grant or exercise of an Award and/or transactions in the Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under the Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.

(4) Notwithstanding the first paragraph of this Section 11.6, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

Section 11.7 Reorganization of the Corporation.

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Section 11.8 Governing Laws.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 11.9 Successors and Assigns.

The Plan shall be binding on all successors and assigns of the Corporation and a Participant, including without limitation, the personal legal representatives of a Participant, or any receiver or trustee in bankruptcy or representative of the Corporation's or Participant's creditors.

Section 11.10 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

Section 11.11 No Liability.

No member of the Board or of the CG Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.

Section 11.12 Effective Date of the Plan.

The Plan was approved by the Board and shall take effect on March 8, 2023, subject to shareholder approval.

SCHEDULE "A"

FORM OF DSU AWARD AGREEMENT

COVALON TECHNOLOGIES LTD.
DSU AWARD AGREEMENT

This DSU Award Agreement (this "**Agreement**"), dated as of ●, is made by and between Covalon Technologies Ltd. (the "**Corporation**") and ● (the "**Grantee**").

WHEREAS, the Corporation has adopted the Omnibus Long-Term Incentive Plan (as may be amended from time to time, the "**Plan**");

AND WHEREAS the Corporation desires to continue to receive the benefit of your services and to more fully align your interests with the Corporation's and its Affiliates' future success;

AND WHEREAS the Corporation desires to grant to you Deferred Share Units ("**Units**") upon the terms and conditions hereinafter provided;

AND WHEREAS capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Plan;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves and for their successors and assigns, hereby agree as follows:

1. Grant of DSUs.

(a) **Grant**. The Recipient is granted ● Units.

(b) **Incorporation by Reference, Etc**. The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules, and regulations promulgated by the CG Committee from time to time pursuant to the Plan. In the event of any inconsistency or conflict between the provisions of the Plan and any this Agreement, the provisions of the Plan shall prevail. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The CG Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and his or her legal representatives in respect of any questions arising under the Plan or this Agreement.

2. Vesting; Forfeiture. The Units shall vest **[as follows:●] / [in accordance with Section 4.2 of the Plan.]**

3. Settlement. The Corporation shall settle the DSUs granted hereunder as soon as possible after receiving or being deemed to receive a DSU Redemption Notice, at which time the Corporation shall, subject to any required tax withholding and the execution of any required documentation, deliver to the Grantee, at the Corporation's option at the time of settlement, either (i) one Share from treasury for each DSU, (ii) the Cash Equivalent (as defined in the Plan) of one (1) Share for each DSU, or (iii) a combination of (i) and (ii) (and, upon such settlement, the DSUs shall cease to be credited to the Grantee's account) less an amount equal to any federal, state, provincial, and local income and employment taxes required to be withheld. Such settlement will occur not later than the 90th day following the Termination Date.

4. Tax Withholding. The Corporation shall be entitled to require, as a condition to the payment of any cash in settlement of the DSUs granted hereunder, that the Grantee remit an amount in cash or other property having a value sufficient to satisfy all federal, state, provincial, and local or other applicable withholding taxes relating thereto. In addition, the Corporation shall have the right and is hereby authorized to withhold from the cash otherwise deliverable upon settlement of the DSUs, or from any compensation or other amount owing to the Grantee, the amount (in cash or, in the discretion of the Corporation, other property) of any applicable withholding taxes in respect of the settlement of the DSUs and to take such other action as may be necessary in the discretion of the Corporation to satisfy all obligations for the payment of such taxes.

5. Compliance with Legal Requirements. The granting and settlement of the DSUs, and any other obligations of the Corporation under this Agreement, shall be subject to all applicable federal, state, provincial and local laws, rules, and regulations and to such approvals by any regulatory or governmental agency (including stock exchanges) as may be required. The Committee shall have the right to impose such restrictions on the DSUs as it deems reasonably necessary or advisable under applicable securities laws and the rules and regulations of the TSX-V.

6. Miscellaneous.

(a) **Transferability**. The DSUs are non-transferable or assignable except in accordance with the Plan.

(b) **Inconsistency.** This Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this Agreement and the Plan, the terms of the Plan shall govern.

(c) **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(d) **Entire Agreement**. This Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(e) **Successors and Assigns**. This DSU Agreement shall bind and enure to the benefit of the Grantee and the Corporation and their respective successors and permitted assigns.

(f) **Time of the Essence**. Time shall be of the essence of this Agreement and of every part hereof.

(g) **Governing Law**. This Agreement and the DSUs shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(h) **Counterparts**. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Grantee represents, warrants and acknowledges that the Grantee (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Agreement, (ii) has requested and is satisfied that the foregoing be

drawn up in the English language (*Le soussigné reconnaît qu'il a exigé que ce qui precede soit rédigé et execute en anglais et s'en declare satisfait.*), (iii) has participated in the trade and acceptance of DSUs voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Agreement, the Grantee specifically represents, warrants and acknowledges that the Grantee has read and understood the terms and conditions set out in Article 8 of the Plan and the definitions of "active employment", "Cause" and "Termination Date" in the Plan, which (i) state that the Grantee shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Grantee's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Grantee's entitlements under this Agreement or the Plan. By accepting and executing this Agreement, the Grantee further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Grantee's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Agreement as of the _____ day of _____, 20__.

COVALON TECHNOLOGIES LTD.

By: _____

Authorized Signing Officer

_____

[Insert Participant's Name]

SCHEDULE "B"
FORM OF OPTION AGREEMENT

COVALON TECHNOLOGIES LTD.
OPTION AGREEMENT

This Stock Option Agreement (the "**Option Agreement**") is granted by Covalon Technologies Ltd. (the "**Corporation**"), in favour of the optionee named below (the "**Optionee**") pursuant to and on the terms and subject to the conditions of the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Option Agreement shall have the meanings set forth in the Plan.

The terms of the option (the "**Option**"), in addition to those terms set forth in the Plan, are as follows:

1. **Optionee**. The Optionee is ●.

2. **Number of Shares**. The Optionee may purchase up to ● Shares of the Corporation (the "**Option Shares**") pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Option Agreement.

3. **Exercise Price**. The exercise price is Cdn $● per Option Share (the "**Exercise Price"**).

4. **Date Option Granted**. The Option was granted on ●.

5. **Expiry Date**. The Option terminates on ●. (the "**Expiry Date**").

   Vesting. The Option to purchase Option Shares shall vest and become exercisable **[as follows:●] / [in accordance with Section 3.2 of the Plan.]**

6. **Exercise of Options**. In order to exercise the Option, the Optionee shall notify the Corporation in the form annexed hereto as Appendix I, pay the Exercise Price to the Corporation as required by the Plan, whereupon the Optionee shall be entitled to receive a certificate representing the relevant number of fully paid and non-assessable Shares in the Corporation. Alternatively, the Optionee may deliver a Surrender Notice in the form annexed hereto as Appendix II.

7. **Transfer of Option**. The Option is not-transferable or assignable except in accordance with the Plan.

8. **Inconsistency**. This Option Agreement is subject to the terms and conditions of the Plan and any Employment Agreement and, in the event of any inconsistency or contradiction between the terms of this Option Agreement and the Plan or any Employment Agreement, the terms of the Employment Agreement shall govern.

9. **Severability**. Wherever possible, each provision of this Option Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Option Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Option Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

10. **Entire Agreement**. This Option Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

11. **Successors and Assigns**. This Option Agreement shall bind and enure to the benefit of the Optionee and the Corporation and their respective successors and permitted assigns.

12. **Time of the Essence**. Time shall be of the essence of this Option Agreement and of every part hereof.

13. **Governing Law**. This Option Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

14. **Counterparts**. This Option Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Option Agreement, the Optionee represents, warrants and acknowledges that the Optionee (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language (*Le soussigné reconnaît qu'il a exigé que ce qui precede soit rédigé et execute en anglais et s'en declare satisfait.*), (iii) has participated in the trade and acceptance of Options voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Option Agreement, the Optionee specifically represents, warrants and acknowledges that the Optionee has read and understood the terms and conditions set out in Article 8 of the Plan and the definitions of "active employment", "Cause" and "Termination Date" of the Plan, which (i) state that the Optionee shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Option Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Optionee's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Optionee's entitlements under this Option Agreement or the Plan. By accepting and executing this Option Agreement, the Optionee further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Option Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Optionee's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the _____ day of _____, 20__.

COVALON TECHNOLOGIES LTD.

By: _____

Authorized Signing Officer

_____

[Insert Participant's Name]

APPENDIX I
COVALON TECHNOLOGIES LTD.
ELECTION TO EXERCISE STOCK OPTIONS

TO: Covalon Technologies Ltd. (the "Corporation")

The undersigned Optionee hereby elects to exercise Options granted by the Corporation to the undersigned pursuant to an Option Agreement dated _____, 20___ under the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired: _____

Exercise Price (per Share): Cdn.$_____

Aggregate Purchase Price: Cdn.$_____

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Corporation for details of such amount):

Cdn.$_____

□ Or check here if alternative arrangements have been made with the Corporation.

and hereby tenders a bank draft, certified cheque, wire transfer or other form of payment confirmed as acceptable by the Corporation for such aggregate purchase price, and, if applicable, all source seductions, and directs such Shares to be registered in the name of _____ _____.

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, _____.

_____
Signature of Participant

_____
Name of Participant (Please Print)

APPENDIX II

COVALON TECHNOLOGIES LTD.
OPTIONS SURRENDER NOTICE

TO: Covalon Technologies Ltd. (the "**Corporation**")

The undersigned Optionee hereby elects to surrender _____ Options granted by the Corporation to the undersigned pursuant to an Award Agreement dated _____, 20___ under the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**") in exchange for Shares as calculated in accordance with Section 3.7(3) of the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Amount enclosed that is payable on account of any source deductions relating to this surrender of Options (contact the Corporation for details of such amount):

Cdn.$_____

□ Or check here if alternative arrangements have been made with the Corporation

Please issue a certificate or certificates representing the Shares in the name of _____.

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, _____.

_____
Signature of Participant

_____
Name of Participant (Please Print)

SCHEDULE "C"
FORM OF RSU / PSU AGREEMENT

COVALON TECHNOLOGIES LTD.
[RSU / PSU] GRANT AGREEMENT

This **[RSU / PSU]** grant agreement ("**Grant Agreement**") is entered into between Covalon Technologies Ltd. (the "**Corporation**") and the Participant named below (the "**Recipient**") of the **[RSUs / PSUs] ("Units")** pursuant to the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan.

The terms of the Units, in addition to those terms set forth in the Plan, are as follows:

1. **Recipient**. The Recipient is ●.

2. **Grant of [RSUs / PSUs].** The Recipient is granted ● Units.

3. **Vesting**. The Units shall vest **[as follows:●] / [in accordance with Section 5.2 of the Plan.]**

4. **[Performance Criteria. Settlement of the Units shall be conditional upon the achievement of the following Performance Criteria within the Performance Period set forth herein: ●.]**

5. **Settlement**. The Units shall be settled in accordance with Section 5.5 of the Plan.

6. **Grant Date**. The Units were granted to the Recipient on ●.

7. **Transfer of Units**. The Units are non-transferable or assignable except in accordance with the Plan.

8. **Inconsistency**. This Grant Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this Grant Agreement and the Plan, the terms of the Plan shall govern.

9. **Severability**. Wherever possible, each provision of this Grant Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Grant Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Grant Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

10. **Entire Agreement**. This Grant Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

11. **Successors and Assigns**. This Grant Agreement shall bind and enure to the benefit of the Recipient and the Corporation and their respective successors and permitted assigns.

12. **Time of the Essence**. Time shall be of the essence of this Grant Agreement and of every part hereof.

13. **Governing Law**. This Grant Agreement and the Units shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

14. **Counterparts**. This Grant Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Grant Agreement, the Recipient represents, warrants and acknowledges that the Recipient (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Grant Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language (*Le soussigné reconnaît qu'il a exigé que ce qui precede soit rédigé et execute en anglais et s'en declare satisfait.*), (iii) has participated in the trade and acceptance of Units voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Grant Agreement, the Recipient specifically represents, warrants and acknowledges that the Recipient has read and understood the terms and conditions set out in Article 8 of the Plan and the definitions of "active employment", "Cause", and "Termination Date" of the Plan, which (i) state that the Recipient shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Grant Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Recipient's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Recipient's entitlements under this Grant Agreement or the Plan. By accepting and executing this Grant Agreement, the Recipient further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Grant Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Recipient's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Grant Agreement as of the _____ day of _____, 20__.

COVALON TECHNOLOGIES LTD.

By: _____

Authorized Signing Officer

_____

[Insert Participant's Name]

SCHEDULE "D"
FORM OF RESTRICTED SHARE GRANT AGREEMENT

COVALON TECHNOLOGIES LTD.
RESTRICTED SHARE GRANT AGREEMENT

This restricted share grant agreement ("**Restricted Grant Agreement**") is entered into between Covalon Technologies Ltd. (the "**Corporation**") and the Participant named below (the "**Recipient**") of the restricted shares ("**Restricted Shares**") pursuant to the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan.

The terms of the Restricted Shares, in addition to those terms set forth in the Plan, are as follows:

1. **Recipient**. The Recipient is ●.

2. **Restricted Shares**. The Recipient is granted ● Restricted Shares.

3. **Vesting**. The Restricted Shares shall vest as follows: ●.

4. **Shareholder Rights**. You shall have no rights whatsoever as a shareholder in respect of any of the Restricted Shares.

5. **Transfer of Restricted Shares**. The Restricted Shares are non-transferable or assignable except in accordance with the Plan.

6. **Inconsistency**. This Restricted Grant Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this Restricted Grant Agreement and the Plan, the terms of the Plan shall govern.

7. **Severability**. Wherever possible, each provision of this Restricted Grant Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Restricted Grant Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Restricted Grant Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

8. **Entire Agreement**. This Restricted Grant Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

9. **Time of the Essence**. Time shall be of the essence of this Restricted Grant Agreement and of every part hereof.

10. **Governing Law.** This Restricted Share Grant Agreement and the Restricted Shares shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. **Counterparts**. This Restricted Grant Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Restricted Grant Agreement, the Recipient represents, warrants and acknowledges that the Recipient (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Restricted Grant Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language (*Le soussigné reconnaît qu'il a exigé que ce qui precede soit rédigé et execute en anglais et s'en declare satisfait.*), (iii) has participated in the trade and acceptance of Units voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Restricted Grant Agreement, the Recipient specifically represents, warrants and acknowledges that the Recipient has read and understood the terms and conditions set out in Article 8 of the Plan and the definitions of "active employment", "Cause" and "Termination Date" of the Plan, which (i) state that the Recipient shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Restricted Grant Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Recipient's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Recipient's entitlements under this Restricted Grant Agreement or the Plan. By accepting and executing this Restricted Grant Agreement, the Recipient further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Restricted Grant Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Recipient's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Restricted Grant Agreement as of the _____ day of _____, 20__.

COVALON TECHNOLOGIES LTD.

By: _____

Authorized Signing Officer

_____

[Insert Participant's Name]