POSERA Ltd.

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2018

March 28, 2019

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Currency, Date of Information and Forward-Looking Statements

Currency and Date of Information

All references to "dollars" or "$" are to Canadian dollars unless otherwise indicated. Posera Ltd. is referred to in this document as the "Company", "Corporation", or "Posera". The information contained in this document is as at December 31, 2018 unless otherwise indicated. 2018 and 2017 financial information presented and discussed in this Annual Information Form is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Forward-Looking Statements

This document may include certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with the Corporation's business and the environment in which the business operates. Any statements contained in this document that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent they relate to the Corporation or its management. The forward-looking statements are not historical facts but reflect the Corporation's current expectations regarding future results or events based upon information currently available to the Corporation's management. The Corporation cannot be certain that actual results will be consistent with these forward-looking statements. Additionally, these forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risk Factors" in this document. All forward-looking statements in this document are qualified by these cautionary statements. Accordingly, readers should not place undue reliance on forward-looking statements. Posera assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

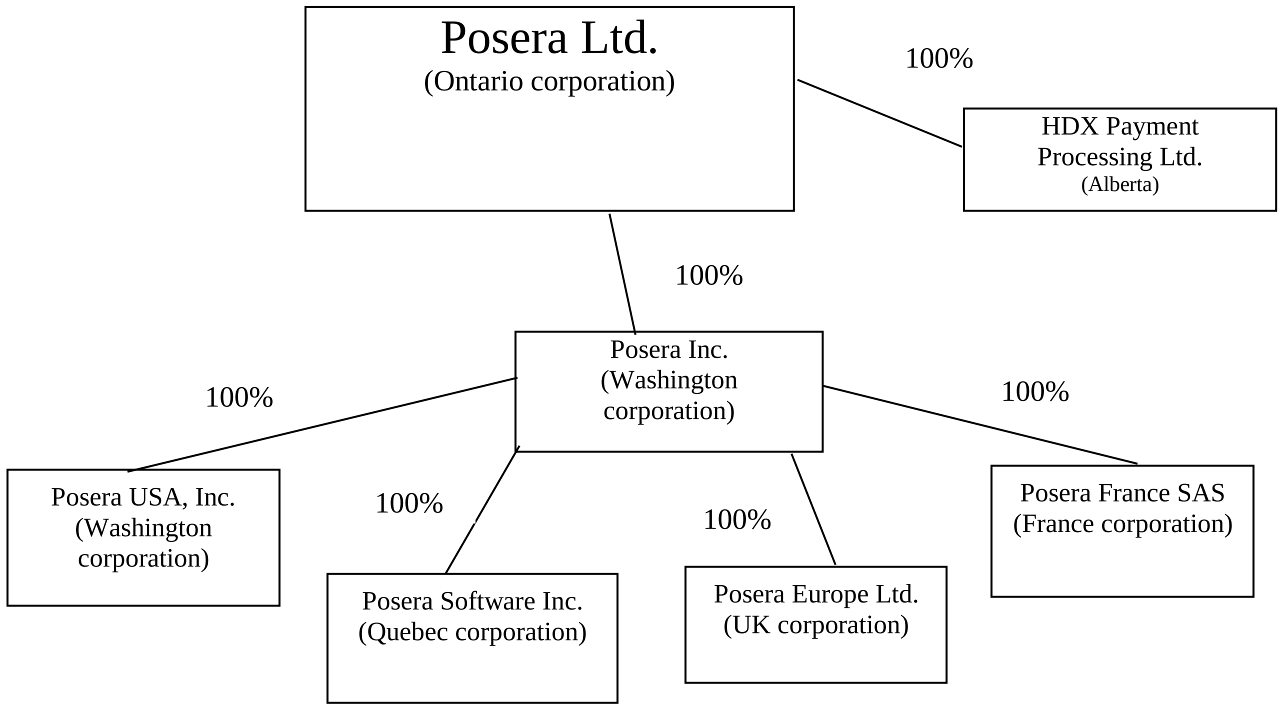
Corporate Structure

The Corporation was incorporated under the *Business Corporations Act* (Ontario) with the name 2293962 Ontario Limited. Pursuant to articles of arrangement dated October 7, 2011 the Corporation changed its name to Posera-HDX Limited and acquired the ongoing business of its predecessor Posera-HDX Inc. On January 1, 2015 the Corporation, by way of articles of amalgamation, amalgamated with its wholly owned subsidiary, Terminal Management Concepts Ltd. ("TMC").

Subsequent to the year-ended December, 31st, 2015, the Company on January 1, 2016 by way of articles of amalgamation, amalgamated with its wholly owned subsidiaries, Century Cash Register Inc. ("Century") and Posera-HDX Scheduler Inc. ("Scheduler") and changed its name to Posera Ltd. Additionally, subsequent to the year-ended December 31st, 2016, the Company on January 1, 2017, by way of articles of amalgamation, amalgamated with its wholly owned subsidiary A&A Point of Sale Solutions Inc., whereby the Company retained its name Posera Ltd.

Posera's head and registered office address is 341 Talbot Street, London, Ontario, N6A 2R5. The Corporation's telephone number is (519) 434-2189 and web site address is www.posera.com

Current Organizational Chart – by Legal Entity as at December 31, 2018



General Development of the Business - Three Year History

Description of the Business

With a vision to be the information technology solution for leading hospitality companies, Posera delivers mission-critical products and services to the hospitality industry for Point-of-Sale ("POS"), kitchen management, and payments. These solutions enable clients to operate with greater speed, quality, and efficiency. Hospitality companies count on Posera's products to perform reliably and efficiently at the store level while providing real-time revenue and operations data for corporate reporting.

As hospitality merchants face disruptive technological trends (digital and otherwise) affecting consumer behaviors and preferences, Posera remains committed to meeting the requirements of existing clients while also delivering the innovation new clients are seeking, including enhancing Posera's core POS offerings to support mobile payments, kiosks, and tablets. At the same time, Posera continues to seek new products, services and strategic partnerships to broaden its product suite and further deepen and strengthen client relationships.

The Maitre'D™ POS solution continues to be a stalwart in the hospitality industry, having been successfully deployed for 20 years, it performs well in any hospitality environment – wherever food and beverages are served. Over time, Maitre'D has achieved a significant penetration within the international Restaurant Management Systems ("RMS") landscape, with considerable success in a range of restaurant formats, including quick service, fast casual, table service and fine dining.

The Company believes that one of the many strengths of the Maitre'D offering is its advanced suite of third-party integrations. These integrations cover everything from payments, labour management, gift and loyalty applications, to advanced integrations with hotel property management systems that deliver detailed food and beverage reporting to room folios. This strength and versatility of the Maitre'D solution has enabled Maitre'D to outperform other RMS offerings in non-traditional-restaurant hospitality sectors such as hotels, casinos, assisted care living, etc. As a result of its earlier success in these sectors, Posera has created a separate strategy focusing specifically on non-restaurant hospitality, in addition to its growth strategy for the restaurant market. Posera expects much of its future growth, particularly internationally, to come from casinos, hotels, assisted living, resorts, school cafeterias, and other similar establishments.

Posera has demonstrated its commitment to ensuring relevant, up-to-date technology to meet its customers' needs by investing to build cloud-based offerings. During the third quarter of 2018, the Company launched its Databoard – Advanced Reporting web application which provides real-time, critical operational information to restaurant managers, allowing them access to comprehensive current-day reporting on desktop and mobile devices or delivered directly to email.

In 2017, the Company capitalized on another opportunity: offering Kitchen Display Systems ("KDS") as a standalone product, that is, unbundled from the Maitre'D POS. KDS enables paperless kitchens for improved order visibility/tracking and prioritization, superior customer service as well as cost savings through the dramatic reduction in paper. Throughout 2018, the viability of KDS as a standalone product has been validated by its growing installed base.

In 2014 the Company acquired Terminal Management Concepts Ltd. ("TMC"), a developer of wireless pay-at-the-table EMV ("Europay, MasterCard and Visa") Chip and PIN ("Personal Identification Number") software. Swapning from this acquisition, Posera has devoted significant resources to the development of its SecureTablePay product, a pay-at-the-table ("PATT") middleware, with a focus on becoming one of the first to market an EMV-compliant PATT solution in the US. SecureTablePay enables mobile handheld payment terminals to interact with POS Systems, providing a direct integration to most leading POSs. With SecureTablePay, payment terminals that would otherwise be 'dumb pinpads', become 'smart terminals' that pull the transaction information directly from the RMS, perform transaction-closing tasks that are normally performed by the POS, such as bill splitting. Payment processing performed entirely on the terminal and at the point of service ensures no sensitive cardholder data is ever exchanged with the POS, keeping the restaurant's POS out of scope for the Payment Card Industry ("PCI") compliance requiements. SecureTablePay's P2PE chip card processing capability is fully EMV-compliant, reducing costly chargebacks.

The Company rolled out SecureTablePay with its first major US customer in the third quarter of 2018, representing a key milestone in the launch of SecureTablePay in the US. The Briad Group, one of the fastest-growing hospitality companies in the US, with franchises covering quick service, table service and hotel management systems, has chosen SecureTablePay to be its exclusive PATT solution and is expected to also be rolling out SecureTablePay in its locations across the US.

In order for a Posera customer to use SecureTablePay as their PATT solution, SecureTablePay must be certified by the payment processor used by the customer to process credit card payments. SecureTablePay is already certified in the US with a number of payment processors including, Worldpay (previously Vantiv), Heartland, First Data and Sterling, and Posera is working on certifications with several other major US payment processors. The SecureTablePay solution is also available on a variety of payment terminals such as Ingenico, Verifone, Clover and PAX. The Company's goal is to make SecureTablePay universal so that any hospitality merchant across the US, regardless of their POS or payment processor, can use SecureTablePay to allow their customers to pay securely at the table.

In order to address ongoing changes in its industry, Posera began a strategic review of its business and assets several years ago which led to the divestiture of Zomaron in 2016 and the divestiture of the FingerPrints business in 2017. Posera expects to continue to assess the market for opportunities related to acquisition or divestiture opportunities. The Company will evaluate opportunities against several criteria: potential synergies in technology or services with Posera's core capabilities; complementary customer base; compatible corporate culture; and, above all, the ability to increase value to Shareholders.

Posera Ltd.'s shares are traded on the Toronto Stock Exchange under the symbol "**PAY**".

The Company as of December 31, 2018 employed 60 people in total. Of the 60 employees, 39 employees work across Canada, spread among three Ontario offices, Montreal and smaller regional locations. The Company also employs 21 international employees with 8 in Seattle, United States, 11 in Glasgow, Scotland and 2 in France.

Products and Services

Posera's Maitre'D Point-of-Sale and Corporate Solution, is sold both directly to end users as well as through a worldwide reseller distribution channel. Posera believes that Maitre'D is one of the most feature-rich and customizable restaurant POS Systems on the market today. The Maitre'D solution is available in traditional and tablet-based versions. Our Maitre'D software platform has been installed at more than 25,000 restaurant locations worldwide.

Posera's SecureTablePay product is an EMV-compliant, pay-at-the-table solution, for both chip and sign and chip and PIN cards. With a decade of field-proven installations in over 3,500 Canadian restaurants, SecureTablePay is now fully certified and available in the United States marketplace. SecureTablePay is a PCI-validated point-to-point encryption solution that takes POS systems 'out of scope', rendering merchants PCI-compliant. Posera's pay-at-the-table solution is POS agnostic, integrates with most leading payment processors and is deployed through direct sales and strategic partnerships.

Transactions

On April 29, 2016, the Company completed the divestiture of Zomaron Inc., to a company established by Zomaron's current operating management team, for an amount totalling $4.5 million. Consideration for the sale of Zomaron's shares comprised of a cash payment of $2.0 million on closing. Additionally, on closing Posera received a repayment of an existing intercompany debt in the amount of $1.3 million. Further, on closing the buyers assumed a secured note payment with an estimated value on the date of disposition of $1.2 million, $0.4 million of which was paid in fiscal 2016. The amount repayable on the remaining balance of $0.8 million was dependent on certain variances including Posera's share price. During fiscal 2016 the Company received $0.48 million in respect of the $0.8 million with the change in value being recorded on the Company's Consolidated Statements of Operations and Comprehensive Loss.

As at August 10, 2017 the assets of the Company comprising its FingerPrints business unit were recorded as a discontinued operation being held for sale. On September 14, 2017, the Company completed the sale of the FingerPrint assets, to SICOM Systems Canada Inc. ("SICOM"). Consideration for the sale of the FingerPrints assets comprised of a cash payment of $12.2 million, which was reduced by a working capital deficit adjustment of $110,471 post-closing. The gain on the FingerPrints transaction was $10,912,935, representing the purchase price less an adjustment for working capital $110,471, less the write down on all other non-current assets $189,737 and less transaction costs of $986,857. The proceeds of sale exceeded the carrying amount of the related net assets, and, accordingly, no impairment losses were recognized on the reclassification of FingerPrints as held for sale.

Risk Factors

Competitive Conditions in Key Markets

The market in which Posera operates is highly competitive though very fragmented. Posera competes primarily on the basis of price, product quality, product selection, efficiency, customer service, technical support features and functionality, and an ability to meet customer demands. Some of Posera's competitors have greater capital resources, more efficient technologies, or may have lower costs and may be able to sustain longer periods of price competition.

Increased competition could cause a reduction in Posera's sales volumes and profitability or increase its expenditures, any one of which could have a material adverse effect on its financial results.

Components and Supply Chain

Sales are generally made of systems which include proprietary software plus hardware sourced from third party providers to provide a complete solution for each customer. The third-party hardware providers are generally national or international point-of-sales and peripherals manufacturers or distributors.

Importance of Intellectual Property

The Company has developed its own proprietary point-of-sale software which has the trade-name of Maitre'D. This product enables the Company to ensure the quality of our point-of-sale solution for our customers. We are committed to continuing to invest in ensuring the quality of our intellectual property solutions for our customers. We believe that investments of this kind position us to meet increasingly sophisticated demands from our customers.

Default by and/or Bankruptcy of the Borrower of the Note Receivable

As at December 31, 2018, DLT Labs Inc. ("DLT") is indebted to Posera in the amount of $2,295,349. DLT's failure to satisfy its borrowing obligations, including any covenants imposed by Posera, could lead to defaults and the termination of the DLT's loans and enforcement against its assets. In order to protect and recover its investments, Posera may be required to bear significant expenses (including legal, accounting, valuation and transaction expenses) to the extent necessary to seek recovery upon default or to negotiate new terms with DLT. Should DLT become insolvent, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale of all of a DLTs' collateral will be sufficient to satisfy the loan obligations secured by the collateral, or that sufficient assets will remain after priority creditors have been repaid. Losses from DLT defaulting on its loans could have a material adverse effect on the Company.

Collateral Securing Loan of the Borrower of the Note Receivable

While Posera's loan to DLT is secured by a first ranking security interest over all of its present and after acquired personal property of the borrower, there is no assurance that Posera has obtained or properly perfected its liens, or that the value of the collateral securing the DLT loans will protect Posera from suffering a partial or complete loss if the loan becomes non-performing and Posera moves to enforce against the collateral. In such event, Posera could suffer loan losses that could have a material adverse effect on the Company.

Dependence on Foreign Operations

The Company develops its software in Canada, but for the year-ended December 31, 2018 approximately 63.2% (2017 – 54.2%[1]) of the Company's total consolidated recognized revenues were billed by Posera's wholly owned foreign subsidiary entities outside of Canada. The Company markets and sells our Maitre'D point-of-sale software worldwide through a direct and indirect sales and distribution channel. Our direct offices outside of Canada are located in Seattle, United States and Glasgow, Scotland, and we have home based employees in France. Our indirect distribution channel provides sales and marketing coverage worldwide. For our international product Maitre'D, the Company's customer service and support is primarily administered from our Montreal, Quebec office, however the Company does carry on some limited service and support from some of our sales offices outside of Canada. For SecureTablePay, currently the product is developed and customer support is provided in Canada for both the Canadian and US customers. As the market evolves for SecureTablePay in the US the Company expects more employees in the US to sell and support the SecureTablePay product.

(1) Amount presented applies the retrospective presentation for discontinued operations for the FingerPrints transaction as disclosed on Note 24 of Posera's Consolidated Financial Statements for the year-ended December 31, 2017.

Operation as a Going Concern; Expenses May Increase Faster than Revenues

The continued operation of the Corporation as a going concern is dependent upon the Corporation's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities. The Corporation has a history of losses. While the Corporation continues to review its operations to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Corporation will be successful in such efforts; if the Corporation is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If Posera does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Corporation cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Market Acceptance by Merchants

The success of Posera products and any new services the Company may launch is dependent upon its ability to attract and retain a critical mass of merchants in potentially diverse geographic locations. The sales cycle for a new merchant can be lengthy. Merchants may not be willing to invest the time and resources necessary to achieve the necessary education and integration required to successfully deploy Posera technology.

Concentration of Purchase Decision

Posera focuses its sales efforts for certain quick service restaurant chains on the franchisees as they are the primarily the decision makers of whether to implement our point-of-sale solution. At any point in time the franchisor could mandate a point-of-sale solution to its franchisees that could impact Posera's ability to sell to that specific quick service restaurant chain.

Key Management Personnel

The Corporation depends on the services of its key technical, support, management, finance, sales and marketing personnel. The loss of the services of any of these persons could have a material adverse effect on Posera's business, results of operations and financial condition. Posera's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, technical, support, finance, sales and marketing personnel. Competition for such personnel can be intense, and Posera cannot provide assurance that it will be able to attract, engage, hire or retain technical, managerial, sales and marketing personnel in the future with the right qualifications, at the times needed, and/or at competitive costs. The Corporation's inability to attract and retain the necessary management, technical, sales and marketing personnel may adversely affect its future growth and profitability.

Ability to Manage Growth

The Company intends to grow in the foreseeable future and to pursue existing and potential market opportunities, including acquisitions. Such growth may place significant demands on its management and operational resources, particularly with respect to:

- recruiting and retaining skilled technical, marketing and management personnel in an environment where there is intense competition for skilled personnel;
- managing and delivering upon multiple commitments in compressed timeframes;
- managing a larger, more complex international organization;
- expanding Posera's facilities and other infrastructure in a timely manner to accommodate a significantly larger international workforce;
- maintaining and expanding an effective research and development group;
- expanding Posera's sales and marketing efforts;
- providing adequate training and supervision to maintain Poisera's high quality standards;
- expanding Posera's treasury and accounting functions to meet the demands of a growing company;
- implementing appropriate governance mechanisms to cope with multiple legal and regulatory environments;
- strengthening Posera's financial and management controls in a manner appropriate for a larger enterprise; and
- preserving Posera's corporate culture, values and entrepreneurial environment.

To manage expected growth effectively, the Corporation must concurrently develop more sophisticated operational systems, procedures and controls. If Posera fails to develop these systems, procedures and controls on a timely basis, its business, financial condition and operating results could be materially affected in an adverse manner.

Possible Failure to Realize Anticipated Benefits of Prior Acquisitions

In addition to multiple acquisitions made by the Company prior to fiscal 2013, the Company completed the acquisition of TMC in fiscal 2014 to strengthen the position of the Company in the

POS merchant payments markets and to create an opportunity to realize certain benefits including, among other things, potential cost savings and growing the Company's recurring revenue base.

Achieving the benefits of the acquisitions for Posera all depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining Posera's, and TMC's operations with those of the overall Company. The integration required the dedication and a substantial management effort, time and resources of management. Going forward these efforts will continue to divert management's focus and resources from other strategic opportunities and from operational matters during this process.

The integration process of the previous acquisitions made by Posera has resulted in the loss of some key employees; this though has not resulted in the disruption of ongoing business, customer and employee relationships that would have adversely affected the Company's ability to achieve the anticipated benefits of the acquisition of Posera.

Foreign Exchange Risk

The Company presents its statements in Canadian dollars ("CDN"); however, the Company operates on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in a foreign currency. The foreign exchange risk arises primarily with respect to the US dollar ("USD"), Great Britain Pound ("GBP") and the Euro Currency ("EUR"). The cash flows from operations are exposed to foreign exchange risk as software sales are denominated in foreign currencies, and the majority of the operating expenses are in Canadian dollars. In addition, the convertible debenture incurred as consideration for the Posera acquisition is to be repaid in US dollars. Finally, the Posera entity derives a large portion of its sales in US currency.

International Operations Risk

The Company has operations in various jurisdictions throughout the world and also generates a portion of its revenues through international sales efforts. Operating on a global basis exposes the Company to a number of risks, including;

- the political, security and economic instability of those foreign jurisdictions in which the Company has operations;
- changes in and compliance with local laws and regulations, including export control laws, tax laws, labour laws, employee benefits, transfer pricing, currency restrictions and similar requirements;
- differences in tax regimes and potentially adverse tax consequents of operating in foreign jurisdictions;
- difficulty in accounts receivable collection;
- difficulty in intellectual property protection; and
- foreign currency fluctuations.

Any of these factors could have a material adverse impact on the Company's business, results of operations and financial condition.

Possible Failure to Realize Anticipated Benefits of Future Acquisitions

The Company may, in the future complete acquisitions to strengthen its position in the POS and ancillary related technologies to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of these and future acquisitions.

Intense Competition

The point-of-sale and merchant payments industries are highly competitive and are rapidly changing. Posera may be significantly affected by new product introductions and geographic expansion by existing competition. Barriers to entry into this market may be relatively low, and Posera expects that competition will intensify in the future. Specific factors upon which the Corporation competes include, but are not limited to, functionality of its applications, technological sophistication, ease of use, timing for implementation, ubiquity of its offering, quality of support and services, and price. Feature rich low-price offerings that utilize lower cost hardware (i.e. tablets, handheld devices, etc.), from both new and established players in the industry, continue to challenge the status quo. While Posera believes that it remains competitive in this regard with its own lower cost alternatives and tablet-based solutions, the threat remains. Posera's potential competitors include financial institutions, other companies selling point-of-sale systems and software, credit card companies, retailers, telecommunication and mobile communication companies, technology providers and gasoline retailers. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than Posera has. Many of them also have longer operating histories, greater name recognition and stronger relationships with merchants and consumers who use or might use a low-value-payment service. Posera may not be able to compete successfully with these competitors.

Industry Challenges

The hospitality POS and payment technology industries continue to face increasing challenges, including cost pressures and shrinking margins; increasing demand for new technology; and consolidation through mergers and acquisitions, particularly in the payment processing space in North America driving commoditization of POS solutions. Additionally, hospitality businesses are operating in a ever-changing environment with growing competition, especially with the entry of hardware agnostic cloud-based SaaS products that are changing cost structures and reducing customer loyalty. Posera is not immune to these challenges as it is smaller and undercapitalized compared to the larger POS companies and payment processors in the industry. Failure by Posera to continue to develop new innovative technologies may have a material adverse impact on the Company's business, results of operations and financial condition.

Possible Regulatory Changes

The merchant payments marketplace is a complex one with many players. It is also an industry that is under significant regulatory oversight, particularly as it relates to consumers and the fees that they pay. Posera business models assume certain margins and compensation on services such as merchant payments. Any regulatory changes could have adverse effects on the Company's ability to operate these businesses and earn profits.

Some of Posera's activities are subject to legislation governing the use of personal information. Changes in these laws or non-compliance could require Posera to incur significant costs, financial penalties or suspend or discontinue operation of the prepaid solution. If and when Posera introduces new products or services or variations on existing products and services, or introduces products or services into additional regulatory jurisdictions, there is a risk that regulatory requirements in one or more jurisdictions may delay such introductions, or may make such introductions uneconomic, onerous, impossible, or require changes to the Corporation's business model, any of which may materially adversely affect the Corporation's future growth and profitability.

Possible Changes to Payment Processor Distribution and Payment Landscape

The credit card associations (i.e. MasterCard, Visa) currently operate via a global network of processors, acquirers and ISO's. New technologies and the intense competitive landscape could see these credit card associations move to different business models. Such a change would effectively cut the processor and, in turn, the acquiring ISO out of the transaction process. Similarly, the Company's processing partners could also decide to relinquish ISO relationships and acquire merchant clients directly via their in-house sales channels or via other relationships. New industry entrants and rapid industry consolidation could drastically change the payment and POS landscape as we know it today like crypto-currencies such as Bitcoin and Ethereum. Additionally, large and innovative technology companies could decide to enter the space and provide compelling direct-to-consumer payment and point-of-sale solutions.

Technology and Development Risk

The Posera approach utilizes technology principally architected and developed by the Company. Posera has also contracted with or identified a number of key suppliers for the various software and hardware components that comprise Posera's solutions. There can be no assurances that the Corporation will meet its targeted development or integration timelines, secure licenses for key aspects of its solutions such that it will be able to offer solutions at competitive pricing, or that the Corporation can continue to enhance and improve the responsiveness, functionality and features of its technology and enable the solutions to scale at a reasonable cost. In addition, there is a risk that third parties may have applied for or been granted patents for certain processes or technology which Posera has already deployed or intends to deploy, in which case Posera may incur additional costs or be prohibited from using or implementing certain product features or processes in one or more countries. Posera solutions incorporate complex technology and software. Accordingly, they may contain errors, or "bugs", that could be detected at any point. Such errors could materially and adversely affect Posera's reputation, or that of its licensees, resulting in claims and/or significant costs to Posera, and/or cause consumers, merchants, licensees and other parties to abandon Posera's solutions and impair Posera's ability to market and sell solutions and services in the future. The costs incurred in correcting any errors and satisfying any such claims may be substantial and could adversely affect Posera's operating margins. While the Corporation plans to continually test its solutions for errors and work with customers and merchants through its maintenance support services to identify and correct bugs, errors may be found in the future.

The Maitre'D Point-of-Sale and Corporate Solution requires continued investment in time and resources to develop continuous enhancements for this leading POS vertical. Without proper investment this product will succumb to becoming obsolete in the eyes of customers.

Posera derives revenue from the on-going licensing of its wireless EMV Chip and PIN PAAT credit and debit card processing middle-ware software to primarily Canadian merchants. The middle-ware software is POS solution software agnostic as it integrates to the balance of the POS solutions in the market. POS solution providers could choose to write their own middleware software to connect directly to payment processors or could inhibit TMC's solutions from integrating with their POS platform. If POS solution software providers write or incorporate in their offering their own middle-ware, this could severely impact revenues derived from TMC's current suite of technology solutions.

Supplier Risk

Posera's transactional businesses rely on partner processing organizations. When these organizations experience unscheduled downtime, it can have a negative effect on our ability to earn associated transaction-based revenues. Unscheduled downtime on the part of these and other partners can also impact our customers, thereby posing a reputational risk to Posera.

Additionally, as the Company doesn't manufacture the hardware components for installation to generate POS hardware and software revenues, the Company for a multitude of factors may experience difficulties in acquiring the necessary hardware components in a timely manner to meet customer expectations.

Possible Failure to Realize Anticipated Benefits of Restructuring

The Company, during fiscal 2015 and 2016, undertook certain restructuring steps in an attempt to reorganize its overall business. The efforts undertaken in relation to restructuring were incurred to reduce expenditures and increase overall efficiency and financial performance of the Company in the long-term. Achieving the benefits of restructuring depends, in part, on buy-in of the entire organization, changing work-flow to operate by function as opposed to business unit and integrating operations, procedures and personnel in a timely and efficient manner. The efforts surrounding restructuring requires the dedication of knowledgeable operational consulting firm, substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The restructuring process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of restructuring.

Risks Associated with Consultants

The Company as a result of the restructuring efforts previously undertaken engaged third-party consultants to advise the Company with respect to the restructuring process with the objective of improving operational discipline and overall financial performance of the Company. As such consultants are not full-time employees of the Company, if the consultants terminate their arrangements with the Company relationships developed by such consultants internally and externally, specifically with key customers could cease and a proper transition of such relationship to Posera's management team may not occur.

Risks Associated with Additional Financing

The Corporation in order to achieve its corporate objectives and business plan, may need to raise additional financing. There can be no assurance that the Corporation will be successful in raising sufficient capital on acceptable terms, if at all. If it is unable to raise capital it may not be able to execute on its business plan or respond to competitive pressures. If the Corporation is able to raise additional capital, it may be on terms and conditions which result in significant dilution to existing shareholders.

Protection of Intellectual Property

Posera depends, to a certain extent, on its ability to develop and maintain proprietary aspects of its technology and business methods. It seeks to protect its software, documentation and other written materials under trade secret and copyright law, as well as with confidentiality provisions in contracts with its customers, suppliers, contractors and employees all of which afford limited protection. Posera has applied for several trademark registrations for its trademarks. Despite the measures Posera has taken to protect its intellectual property, there can be no assurance that these steps will be adequate, that Posera will be able to secure patents for all its inventions or trademark registrations for or the rights to use its trademarks, respectively, in Canada, the U.S. or other countries, that third parties will not breach the confidentiality provisions in Posera's contracts or infringe or misappropriate its copyrights, patents, trademarks and other proprietary rights, or that third parties have not already obtained prior rights in one or more jurisdictions to the same or similar trademarks to those of Posera or any other intellectual property sought to be protected by Posera .

Third Party Claims that Posera's Solution Infringes on their Intellectual Property

Posera is not currently aware of any claims asserted by third parties that Posera infringes on their intellectual property. However, in the future, a third party may assert a claim that Posera infringes on their intellectual property. The Corporation cannot predict whether third parties will assert these types of claims against it or against the licensors of technology to Posera or whether those claims will harm its business. If Posera is forced to defend against these types of claims, whether they are with or without any merit or whether they are resolved in favour of or against Posera or its licensors or licensees, Posera may face costly litigation and diversion of management's attention and resources. Because of these disputes, Posera may have to develop costly non-infringing technology or enter into licensing agreements. These agreements, if necessary, may not be available on terms acceptable to Posera, or at all, which could increase its expenses or make its solution less attractive.

Common Share Price Fluctuations and Liquidity

The market price of the Common Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- Posera's ability to achieve and sustain profitability;
- actual or anticipated fluctuations in Posera's results of operations;
- changes in estimates of Poseras future results of operations by Posera or securities analysts;
- announcements of technological innovations or new products or services by Posera or its competitors;
- lack of a liquid market for the Common Shares;
- general industry changes in the payments industry or related markets; or

- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the industry, in which Posera specifically operates, may adversely affect the market price of the Common Shares. If the market value, trading activity or public distribution of the Common Shares listed on the Toronto Stock Exchange ("TSX") were to no longer meet the listing requirements of the TSX, or if the Corporation's financial condition or operating results were to no longer meet the listing requirements of the TSX, then the TSX could delist the Common Shares. Volatility in the market price of the Common Shares could increase the possibility of individual or class action litigation. This type of litigation, whether well-grounded or not and regardless of the outcome, could result in substantial costs to the Corporation as well as a diversion of management's attention and resources. In addition, if an active market for the Common Shares does not develop or is not sustained, the liquidity of an investment in the Common Shares may be limited.

Takeover of the Corporation

While the Corporation has not formally adopted a shareholder rights plan, Posera may introduce such a plan at any time, including in the event a takeover bid is made for the Corporation. The provisions of such a plan could make it more difficult for a third party to acquire a majority of the Common Shares, the effect of which may be to deprive shareholders of a control premium that might otherwise be realized in connection with an acquisition of the Corporation. Conversely, in the event a shareholder rights plan is not adopted, the Corporation may be acquired by a third party for a lower price per Common Share than if a shareholder rights plan been in place, as such a plan could allow the Corporation more time to interest other or competing buyers and thereby realize a higher price per Common Share. The Corporation adopted By-Law No. 2 (the "Advance Notice By-Law") on October 1st, 2015. The purpose of which is to require advance notice to be provided to the Corporation in the in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (i) a requisition of a meeting of shareholders made pursuant to the provisions of the Business Corporations Act (Ontario); or (ii) a shareholder proposal made pursuant to the provisions of that Act.

Indemnities

The Corporation has provided various indemnities, including without limitation, under lease agreements for the use of various operating facilities and under agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, license agreements, employment agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements and service agreements (including in agreements with respect to the sale of Dexit Inc.). Under the terms of these agreements, the Corporation agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits, and damages arising in connection with the agreements as a result of breaches of the agreements or representations or as a result of litigation, claims or sanctions that may be suffered by the counterparty as a consequence of the transaction. In addition, indemnities have been provided to all directors and officers of the Corporation for various items including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any such potential future suits or actions. The maximum amount of any potential future payments under these indemnities cannot be reasonably estimated but could materially adversely affect investments in the Corporation.

Dividends

Posera has not declared or paid any dividends on the Common Shares to date. The Corporation's current policy is to retain earnings to finance expansion and to develop, licence and acquire new software products and to otherwise reinvest in the Corporation. Therefore, the Company does not anticipate paying dividends in the foreseeable future. Posera's dividend policy will be reviewed from time to time by its Board of Directors in the context of its earnings, financial condition and other relevant factors.

Capital Structure

General Description of Capital Structure

As at December 31, 2018, Posera had issued and outstanding 119,796,378 common shares, and 8,443,250 options, of which 6,617,313 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at March 29, 2019, Posera had issued and outstanding 119,796,879 voting common shares and 8,395,250 options, of which 6,636,969 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32.

The Common Shares are the only authorized class of shares of the Company. Each Common Share is entitled to one vote at meetings of Posera's shareholders, except for meetings at which only holders of another specified class are entitled to vote separately as a class. The holders of the Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors of Posera. Holders of the Common Shares are entitled to participate in any distribution of Posera's net assets upon liquidation, dissolution or winding up on an equal basis per Common Share. There are no pre-emptive, redemption, purchase or conversion rights attached to the Common Shares.

Market for Securities

Trading Price and Volume

The Common Shares have been listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "PAY" since October 30, 2015 and under the symbol "HDX" since October 7, 2011 (from June 28, 2004 until October 7, 2011 the Class A common shares of the Company's predecessor corporation were listed on the TSX). The following table sets out the market prices and the average daily volumes traded for the one-year period ended December 31, 2018.

Month	High ($)	Low ($)	Average Daily No. of Common Shares Traded	Monthly Trading Volume
January 2018	0.34	0.23	490,830	10,798,000
February 2018	0.26	0.21	148,696	2,825,000
March 2018	0.25	0.21	17,186	360,900
April 2018	0.23	0.19	100,129	2,103,000
May 2018	0.21	0.13	75,436	1,660,000
June 2018	0.20	0.11	166,540	3,497,000
July 2018	0.16	0.13	60,443	1,269,000
August 2018	0.16	0.11	56,452	1,242,000
September 2018	0.13	0.09	198,945	3,780,000
October 2018	0.14	0.09	210,421	4,629,000
November 2018	0.12	0.09	133,786	2,943,000
December 2018	0.11	0.07	159,179	3,024,000

Directors and Officers

Name, Occupation and Security Holdings

Directors

The name, address and principal occupation of the directors of the Company are set out below:

Name and Municipality of Residence	Office Held and Principal Occupation(s) during the 5 Preceding Years	Director Since[(1)]
Michael Brown (1) (3) Toronto, Ontario	- Retired; formerly President of Capital Markets Advisory	October 2011
David Del Chiaro (1) (3) (3) Forest, Ontario	- Former owner and operator of grocery stores and former Chairman of the Canadian Federation of Independent Grocers	October 2011
Gary Figueira (1) (3) Toronto, Ontario	- Retired as the Business Unit Executive for IBM's Retail Systems	October 2011
Dan Poirier Ottawa, Ontario	- Chief Executive Officer of Posera Ltd. - Senior Vice President, Network and Devices for ORBCOMM Inc. (formerly SkyWave Mobile Communications Inc.) - Senior Vice President Operations SkyWave Mobile Communications Inc.	June, 2018
Tom McCole (2) (3) Atlanta, GA	- President of Posophist, Inc. - Formerly Executive Director of ISV Business Development Heartland Payments	January, 2017

(1) Member of the Audit Committee
(2) Member of the Human Resource, Corporate Governance and Nominating Committee
(3) Messrs. Brown, Del Chiaro and Figueira became directors upon consummation of the Reorganization.

The term of office of all directors of the Company will expire at the next annual meeting of the shareholders of the Company to be held in 2018.

Officers

The name, address and principal occupation of the executive officers of the Company are set out below:

Name and Municipality of Residence	Office Held and Principal Occupation(s) during the 5 Preceding Years
Dan Poirier Ottawa, Ontario	- Officer of the Corporation since July 2016 - Currently Chief Executive Officer of the Corporation - Senior Vice President, Network and Devices for ORBCOMM Inc. (formerly SkyWave Mobile Communications Inc.), January, 2015 – June, 2016 - Senior Vice President Operations SkyWave Mobile Communications Inc., October, 2011 – January, 2015
Kevin Mills Chatham, Ontario	- Officer of the Corporation since January 2008. - Chief Financial Officer for the Corporation since February 2008. - Accountant at the Accounting Firm PricewaterhouseCoopers, LLP from September 2001 to January 2008.

Name and Municipality of Residence	Office Held and Principal Occupation(s) during the 5 Preceding Years
Michel Cote Montreal, Quebec	- Officer of the Corporation since May 2010 - Currently Sr. Vice President, Partners and Products - Founder, Vice-President and General Manager of Posera Inc. from September 1999 to May 2010.

As at December 31, 2018, to the knowledge of the Corporation, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 5,111,645 Common Shares of the Corporation, representing approximately 4.3% of the issued and outstanding Common Shares of the Corporation on that date.

Each director holds office until the next annual meeting of shareholders of the Corporation and his/her election thereafter is subject to the approval of the shareholders of the Corporation at that meeting. New officers are appointed at the discretion of the Board of Directors, subject to the By-Laws of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Posera, no director or executive officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within the last 10 years before the date of this Annual Information Form was, a director or executive officer of any issuer which, while that person was acting in that capacity:

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

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

(c) 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;

with the exception;

i) That on December 23, 2011, Crystallex International Corporation ("Crystallex"), a reporting issuer in British Columbia, Alberta, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland, obtained an order from the Ontario Superior Court of Justice (Commercial List) for protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA Order"), and on December 28, 2011, obtained an order from the United States Bankruptcy Court for the District of Delaware under Chapter 15 of the U.S. Bankruptcy Code recognizing the CCAA Order. These proceedings were commenced following the expropriation of Crystallex's main mining asset by the Bolivarian Republic of Venezuela in 2011, and the subsequent institution of arbitration proceedings with the World Bank's International Centre for Settlement of Investment Disputes to seek restitution. In March 2012, Crystallex announced that it would not be in a position to prepare and file annual audited financial statements and other annual disclosure documents, required by Canadian securities laws in respect of the financial year ended December 31, 2011, by March 30, 2012 and, consequently, would be in default of its continuous disclosure filing requirements under Canadian securities laws. A temporary general cease trade order was issued in April 2012. The cease trade order prohibited the trading of Crystallex's securities other than for trades made pursuant to debtor-in-possession (DIP) financing as approved by the Ontario Superior Court of Justice. Michael Brown served as an independent director of Crystallex until June 2012, at which time he resigned as a director and became a member of the Crystallex advisory panel as required by the credit agreement governing the court-approved DIP financing into which Crystallex entered in 2012.

ii) That on January 5, 2015, a cease trade order was issued by the Autorité des marchés financiers against Afri-Can Marine Minerals Corporation, a TSX Venture Exchange-listed company, for failing to file annual financial statements for the period ended August 31, 2014, within the required time period. Michael Brown served as a director of Afri-Can Marine Minerals Corporation until November 28, 2014.

To the knowledge of the Company, no director or executive officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has, within the last 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

This disclosure also includes any personal holding companies of any of the persons referred to in the preceding paragraphs of this section titled "Cease Trade Orders, Bankruptcies, Penalties or Sanctions."

Conflicts of Interest

The Corporation's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, such directors and officers of the Corporation may have a conflict of interest in negotiating terms respecting such participation. In the event that such conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

To the knowledge of the Corporation, there are no existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except as may otherwise be disclosed herein.

Legal Proceedings

There are no outstanding material legal proceedings to which the Corporation is a party or of which any of its properties is the subject matter, nor does the Corporation know of any material threatened or contemplated proceedings against it.

Interest of Management and Others in Material Transactions

During the year ended December 31, 2018, the Company received legal fees and disbursement invoices totaling $599,835 (2017 - $251,148), from a law firm, which a director of Posera is a partner. As at December 31, 2018, the Company has a payable position of $333,709 (December 31, 2017 - $11,046) which will be settled between the related parties in the normal course of business.

On April 27, 2018 the Company established a $1.6 million secured bridge credit facility with DLT Labs Inc. ("DLT Labs"). Mr. Loudon Owen, former Executive Chairman of Posera (resigned from Posera on May 22, 2018) is a director and shareholder of DLT Labs. The board of directors of Posera established a special committee of independent directors comprised of Messrs. Nordholm (former Chairman), Brown and Figueira to oversee the Company's relationship with DLT Labs and to make recommendations to the board of directors concerning any potential transactions between Posera and DLT Labs. The terms of the credit facility for DLT Labs were negotiated under the supervision of, and reviewed and approved by, the special committee. On August 1, 2018 and August 17, 2018, the Company amended the original terms of the secured credit loan facility by increasing the maximum principal amount available to DLT under the facility to $1,700,000 and $2,200,000 respectively. As at December 31, 2018, the Company has a note receivable of $2,295,349 (December 31, 2017- $nil) outstanding with DLT Labs. See Note 14 for further details on the loan arrangement which was entered and recorded at the exchange amount in these interim financial statements.

Posera conducted business with a company controlled by the former Executive Chairman of Posera, Mr. Owen. In fiscal year 2017, the Company incurred transaction costs related to the sale of the FingerPrints business in the amount of $660,000. The transaction costs that were charged to the Company comprised of services including counterparty identification, negotiation, structuring, financial analytics, facility costs, management oversight and administrative related services. This transaction was recorded at the exchange amount. As at December 31, 2018, the Company was in a payable position of $nil (December 31, 2017- $603,500) which was settled between the related parties in the normal course of business.

Compensation of key management

Compensation awarded to key management includes the Company's directors, and members of the Executive team, which include the Executive Chairman, Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Senior Vice-President of Corporate Development, is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and short-term employee benefits – continuing operations(i)	$ 1,037,406	$ 1,100,970

Share-based payments		64,374		214,729
Total	**$**	**1,101,780**	**$**	**1,325,699**
Salaries and short-term employee benefits – gain on disposition of subsidiary(i)		-		95,000
Salaries and short-term employee benefits – discontinued operations(ii)		-		110,000
Total Presented in Continuing Operations	**$**	**1,101,780**	**$**	**1,120,699**

(i) Of the $95,000 included in salaries and short-term employee benefits – gain on disposition of subsidiary, $95,000 was paid to the executives during the year-ended December 31, 2017.

(ii) Of the $110,000 included in salaries and short-term employee benefits – discontinued operations, the entire amount was accrued to be paid during fiscal 2018.

The salaries and short-term employee benefits are expensed as incurred, whereas the share-based payments are recorded at the date of grant and expensed over the vesting period to the Consolidated Statements of Operations and Comprehensive Loss.

Transfer Agents and Registrars

The transfer agent and registrar for the Corporation's Common Shares is TMX Equity Transfer Services Inc. at its principal office in Toronto, Ontario.

Material Contracts

There are no material contracts which the Corporation entered into within the most recently completed financial year or which are still in effect, other than contracts entered into in the ordinary course of business.

Interests of Experts

The Corporation's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated March 26, 2019 in respect of the Corporation's consolidated financial statements as at December 31, 2018. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario and the rules of the Ontario Securities Commission.

Additional Information

Incorporated by reference into this Annual Information Form are the financial statements of the Corporation for the financial year-ended December 31, 2018 and the accompanying management's discussion and analysis.

Additional information relating to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's Management Proxy Circular for the Corporation's most recent annual meeting of shareholders held on June 25, 2018.

Copies of all materials incorporated by reference herein and additional information relating to the Corporation may be obtained on the System for Electronic Document Analysis and Retrieval (SEDAR), under the Corporation's name, at www.sedar.com

Audit Committee Information

Audit Committee Charter

Scope and purpose of the Committee

Posera management has the primary responsibility for the financial reporting process. The Board of Directors and its Audit Committee (the "Committee") is responsible for overseeing the financial reporting process and ensuring its credibility. The Committee will also from time to time assume specified responsibilities beyond reporting process.

The Committee will review and recommend to the Board of Directors for approval the annual audited consolidated financial statements of Posera, and if they are to be published, the quarterly unaudited consolidated financial statements and related documents (including press releases if applicable) before publication. The Committee will discuss with the independent auditors the scope of their examination, monitor the progress of the independent audit and ensure the adequacy of accounting controls (which are the responsibility of management). The Committee will review the scope, results and performance of the Corporation's internal audit department (if any).

The Committee will monitor, on behalf of the Board of Directors, the Corporation's compliance with security policies and developments as they relate to the Corporation (e.g. safeguarding intellectual property, systems, money and other property). The Committee will, from time to time, recommend to the Board of Directors for approval changes in the policies related thereto.

The Committee is responsible for identifying the principal risks facing the Corporation and ensuring that risk management policies and procedures are in place to mitigate these risks.

Membership

The Committee shall consist of a minimum of three directors of the Corporation, including the Chair of the Committee, all of whom are outside directors and the majority of whom are unrelated directors. One member will carry appropriate accreditation to be recognized as a "financial expert". The Chair of the Board of Directors and the Chief Executive Officer shall receive notice of and be entitled to attend meetings of the Committee, except in camera sessions to be held as part of every meeting.

Duties and Responsibilities

1. The Committee shall review and recommend to the Board of Directors for approval:

    (a) The annual audited consolidated financial statements.

    (b) Any quarterly reports to be issued to the shareholders and the unaudited consolidated financial statements contained therein.

    (c) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g. prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release.

(d) The management discussion and analysis ("MD&A") for release to shareholders and third parties.

(e) The recommendations of management as to the appointment or reappointment of external auditors and the remuneration of external auditors. If a change in external auditors is proposed, the Committee will enquire as to the reasons for the change, including the response of the incumbent auditors.

(f) Changes or additions to the Corporation's policies relating to security and/or safety of prepaid funds. Annually, the Committee will report to the Board of Directors on the appropriateness of the policy guidelines in place to administer the Corporation's security programs and safety of prepaid funds.

(g) The identification of the principal risks facing the Corporation. Annually, the Committee will report to the Board of Directors on the appropriateness of the risk management policies and procedures in place to mitigate those risks.

2. The Committee, in fulfilling its mandate, will:

(a) Review the scope of the external audit, including the fees involved.

(b) Review factors that might impair, or be perceived to impair, the independence of the external auditors. Further, it will review any non-audit service provided by the external auditors and the fees related thereto, and have the right to require pre-approval of any such services.

(c) Review the report of the external auditors on the annual audited consolidated financial statements.

(d) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.

(e) Review major positive and negative observations of the external auditors during the course of the audit.

(f) Review with management and the external auditors, the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.

(g) Review emerging accounting issues and their potential impact on the Corporation's financial reporting.

(h) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements.

(i) Review the conclusions reached in the evaluation of management's internal control systems by either the internal or external auditors, and management's responses to any identified weaknesses.

(j) Review the scope of responsibilities and effectiveness of the internal audit group (if any) including internal audit reporting lines and their working relationship with the external auditors.

(k) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.

(l) Review with management their approach with respect to business ethics and corporate conduct.

(m) Review the expenses of the Chair of the Board of Directors and President of the Corporation quarterly.

(n) Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).

(o) Monitor and make recommendations to the Board regarding "trust arrangements" performance to protect prepaid funds.

(p) Review annually the business continuity plans for the Corporation.

(q) Review the annual audit plans of the internal (if any) and external auditors of the Corporation.

(r) Review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to Directors' & Officers' and "Key Person" coverage.

(s) Perform such other duties as required by the Ontario Business Corporations Act and applicable securities legislation and policies.

3. The Committee may approve the engagement of outside advisors for the Committee as required, following notice to and approval in advance of the expenditure by the Chair of the Board of Directors.

Accountability

The Committee shall report to the Board of Directors at its next regular meeting on all such action taken since the previous report.

Meetings

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members present, in person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.
4. The external auditors or any member of the Committee may call a meeting of the Committee.
5. The external auditors of the Corporation will receive notice of every meeting of the Committee.

6. The internal auditors (if any) shall report quarterly to the Committee on the results of internal audit activities and have a right of access to the Chair of the Committee should the need arise.

Audit Committee Information

At December 31, 2018, the Chair of the Audit Committee was Mr. M. Brown, and its other members were Mr. D. Del Chiaro and Mr. G. Figueira. In the view of the Board of Directors of the Corporation, all three members of the Audit Committee were and are independent, in that none has a direct or indirect material relationship with the Corporation within the meaning of Multilateral Instrument 52-110 Audit Committees ("MI 52-110").

The Board of Directors has determined that every member of the Audit Committee, past and present, is financially literate. The Board has made this determination based on the education and breadth and depth of experience of each member of the Audit Committee.

Relevant Education and Experience

Mr. Brown is retired. Previously, he held positions with Macquarie Bank of Australia as President and CEO of Macquarie North America, and then as Vice Chairman. Prior to that, he was a Managing Partner with Gordon Capital Corporation, responsible for mining investment banking, and previously was head of equity research and an analyst with Deutsche Morgan Grenfell Canada. He has served as a member of the List Committee of the Toronto Stock Exchange and as a Governor of the Exchange.

Mr. Del Chiaro has built and operated grocery stores from 1983 to 2009 and was a director on the board of the Canadian Federation of Independent Grocers for many years, serving on the Executive and as Chairman. Mr. Del Chiaro served on the board of the Peoples Telephone Company for eight years until its sale in 2006. Mr. Del Chiaro also served on the board of the Agriculture Adaptation Council of Canada. Mr. Del Chiaro has been involved in several businesses and is currently developing retail commercial properties in Ontario.

Mr. Figueira is retired as the Business Unit Executive for IBM's Retail Systems Division for Canada and the English speaking Caribbean. In this position he was responsible for IBM's sales, marketing and support teams in these areas. Previously he was General Manager for Siemens Pyramid Canada and Director of Retail Systems for NCR Canada, with similar responsibilities as above.

External Auditor Service Fees

	$000's	
Types of Fees	**2018**	**2017**
Audit Fees	155	209
Audit-Related Fees	5	5
Tax Fees	-	-
All Other Fees	-	-
Total	159	214

Audit Fees includes fees for professional services rendered by the external auditors to perform the annual audit of the Corporation's financial statements, quarterly review of the Corporation's financial statements and accounting consultations and services required by the legislation such as comfort letters, consents, and statutory audits.

Audit-Related Fees includes fees for accounting consultations on proposed transactions, internal control reviews and specified procedures surrounding the Company's transition to IFRS reporting.

Tax Fees includes fees for all services for tax compliance, tax planning and tax advice.