



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

**And**

**MANAGEMENT INFORMATION CIRCULAR  
POSERA LTD.**

**Meeting Date:**

**June 26, 2019**

These materials are important and require your immediate attention. They require shareholders of Posera Ltd. to make important decisions. If you are in doubt as to how to make your decisions, please contact your financial, legal, tax or other professional advisors. If you have any questions or require more information with regard to the procedures for voting or completing your proxy or have questions regarding the transactions described in the enclosed Notice of Annual and Special Meeting and Management Information Circular, please contact Kevin Mills, Chief Financial Officer of Posera Ltd. at (519) 750-2325.

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## **POSERA LTD.**

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

The Annual and Special Meeting (the "Meeting") of the shareholders of Posera Ltd. (the "Corporation" or "Posera") will be held at the offices of Fasken Martineau DuMoulin LLP 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6, on Wednesday, June 26, 2019, at 4:00 p.m. (Eastern Standard Time) for the following purposes:

1. to receive the financial statements of the Corporation for the fiscal year ended December 31, 2018;
2. to elect directors for the ensuing year;
3. to appoint auditors and to authorize the directors to fix their remuneration;
4. to re-approve the Corporation's 2011 stock incentive option plan as required by the Toronto Stock Exchange; and
5. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

A description of the matters to be submitted to the Meeting is contained in the Management Information Circular accompanying this Notice of Meeting. The 2018 Management Information Circular and a form of Proxy accompany this Notice of Annual and Special Meeting.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is May 21<sup>st</sup>, 2019. Shareholders of the Corporation whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

The financial statements for the fiscal year ended December 31, 2018 and the audit report are available on the Company's website and will also be made available at the meeting.

DATED at Toronto, Ontario this 27<sup>th</sup> day of May 2019.

*By order of the Board of Directors,*

*"Tom McCole"*

Tom McCole  
Chairman of the Board of Directors

*"Michael Brown"*

Michael Brown  
Director and Chair of the  
Audit Committee

To be valid, the enclosed proxy form must be received by the Corporation, or its transfer agent, TSX Trust Company, either (1) by mail using the envelope provided, (2) by personal delivery to 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, or (3) by facsimile to (416) 595-9593, in each case to be received no later than 4:00 p.m. (Toronto time), Monday, June 24<sup>th</sup>, 2019, or be presented at the Meeting.

## **POSERA 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 Posera Ltd. (the "Corporation" or "Posera") for use at the Annual and Special Meeting of the shareholders of the Corporation (the "Meeting") to be held at 4:00 p.m. Toronto time, on Wednesday, June 26, 2019, or any adjournment thereof. The cost of solicitation will be borne by the Corporation. It is expected that the solicitation in each case will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation.**

The information contained in this Circular is given as at May 27<sup>th</sup>, 2019 unless otherwise specified.

#### **APPOINTMENT OF PROXY HOLDERS**

The persons named in the enclosed proxy form are members of management of the Corporation who have been designated by management to represent shareholders. **A shareholder has the right to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting or any adjournment thereof. To exercise this right, the shareholder may strike out the printed names and insert the name of the shareholder's chosen proxy in the blank space provided in the proxy form for that purpose or complete another form of proxy.**

#### **VALIDITY OF PROXIES**

To be valid, the enclosed proxy form must be deposited with the Corporation's transfer agent and registrar, TSX Trust Company, either (1) by mail using the envelope provided, (2) by personal delivery to 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, or (3) by facsimile to (416) 595-9593, in each case to be received no later than 4:00 p.m. (Toronto time), Monday, June 24<sup>th</sup>, 2019, or be presented at the Meeting.

#### **REVOCATION OF PROXIES**

Any shareholder who has returned a proxy may revoke it by depositing an instrument in writing executed by the shareholder, or by the shareholder's attorney authorized by the shareholder in writing to do so, with the Secretary of the Corporation, at 341 Talbot Street, London, Ontario N6A 2R5 to be received before 4:00 p.m., Toronto time, on the second last business day preceding the date of the Meeting or any adjournment thereof or, as to any matter upon which a vote has not already been cast pursuant to the authority conferred by such proxy, with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

#### **VOTING BY NON-REGISTERED SHAREHOLDERS**

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares owned by a person (a "non-registered shareholder" or a "beneficial owner") are registered either (a) in the name of an intermediary (an "Intermediary") that the non-registered shareholder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-directed

retirement plans and similar plans); or (b) in the name of a clearing agency (such as Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant.

Canadian securities laws permit reporting companies, such as the Corporation, and other persons and companies to send materials related to the affairs of the reporting company directly to beneficial owners of the reporting company's securities if the beneficial owner does not object ("non-objecting beneficial owner" or "NOBO") to having beneficial ownership information, consisting of name, address, electronic mail address, securities holdings and preferred language of communication disclosed to the reporting company or other persons and companies, unless the shareholder has waived the right to receive proxy materials.

The Corporation has appointed its registrar and transfer agent, TSX Trust Company to send proxy materials to, and seek voting instructions from, NOBOs of the Corporation's securities.

If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your shares on your behalf.

If a NOBO wishes to vote at the Meeting in person, the NOBO should appoint him/herself as a proxyholder by striking out the printed name in the proxy and inserting his/her own name in the space provided, and otherwise following TSX Trust Company instructions. NOBOs should carefully follow TSX Trust Company instructions regarding when and where the proxy is to be delivered.

Intermediaries will send proxy materials to and seek voting instructions from beneficial owners who object ("objecting beneficial owner" or "OBO") to having beneficial ownership information, consisting of name, address, electronic mail address, securities holdings and preferred language of communication disclosed to the reporting company or other persons and companies, unless the shareholder has waived the right to receive proxy materials.

Each Intermediary has its own procedures that must be carefully followed. If an OBO wishes to vote at the Meeting by proxy, the OBO must follow the instructions of the Intermediary, including those regarding when and where the voting instructions or proxy form is to be delivered. If an OBO wishes to vote at the Meeting in person, the OBO should appoint him/herself as a proxyholder by striking out the printed name in the request for voting instructions or proxy form and inserting his/her own name in the space provided, and otherwise following the instruction of the Intermediary. OBOs should carefully follow the instructions of their Intermediary including those regarding when and where the voting instruction or proxy form is to be delivered.

## **VOTING SHARES**

A record date of May 21<sup>st</sup>, 2019 (the "Record Date") has been set as the record date for determining the shareholders entitled to receive notice of and to vote at the Meeting. Only holders of the Corporation's common shares (the "Common Shares") of record at the close of business on May 21<sup>st</sup>, 2019 shall be entitled to vote at the Meeting or any adjournment thereof. At the Record Date, 119,796,879 Common Shares were outstanding, each of which entitles the holder to one vote at the Meeting.

## **MANNER OF VOTING AND TABULATING PROXIES**

The persons named in the enclosed proxy form must vote in accordance with any instructions made on the proxy form. **In the absence of any instructions, the persons named in the enclosed proxy form, if named as proxy, will vote FOR all matters to be acted upon at the Meeting as set out in the Notice of Meeting.**

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **However, if other matters which are not now known to management should properly come before the Meeting or if amendments or variations to the matters referred to in the Notice of Meeting are presented for action at the Meeting, the persons named in the enclosed proxy form have discretionary authority to vote on such matters in accordance with their best judgment.** Proxies will be counted and tabulated by TSX Trust Company in such a manner as to preserve the confidentiality of individual shareholder votes, except that the Corporation will have access to proxies as necessary to meet applicable legal requirements in the event of a proxy contest, or when those proxies contain written comments or questions from shareholders which are clearly intended to be drawn to the attention of management and/or the directors.

## **PRINCIPAL HOLDERS OF VOTING SHARES**

To the knowledge of the directors and officers of the Corporation, as at May 27<sup>th</sup>, 2019, no person, beneficially owned, directly or indirectly, or exercised control or direction over Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. FINANCIAL STATEMENTS**

The financial statements for the fiscal year ended December 31, 2018 are made available to the shareholders with the Notice of Meeting and this Circular. The financial statements are also available in the Investor Relations section of the Corporation's website at [www.posera.com](http://www.posera.com) and on the SEDAR website at [www.sedar.com](http://www.sedar.com)

### **2. ELECTION OF DIRECTORS**

The Corporation's board of directors (the "Board") is a variable board consisting of not fewer than three and not more than ten directors. The articles of the Corporation authorize the Board to fix the number of director's subject to the requirements of the Business Corporations Act (Ontario) (the "OBCA"). The board has determined that the number of directors constituting the board is set at six. Accordingly, shareholders will be asked to elect six directors at the Meeting.

As of May 27<sup>th</sup>, 2019, the six nominees are currently members of the Board and have been since the dates indicated below. Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve 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. Each director elected will hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the OBCA and the by-laws of the Corporation.

**Unless a shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be withheld from voting, proxies in favour of the management nominees will be voted for the election of all of the nominees whose names are set forth below.**

On May 9, 2014 the Board adopted a policy, which requires that any nominee for director who receives a greater number of votes "withheld" than votes "for" his or her election will be required to tender his or her resignation. This policy applies only to uncontested elections, which are elections in which the number of nominees for director is equal to the number of positions available on the Board. The Human Resources, Corporate Governance and Nominating Committee ("HRGC&N") will consider the director's

resignation and will recommend to the Board of Directors whether or not to accept it. The HRGC&N will be expected to recommend accepting the resignation, except in situations where extenuating circumstances would warrant the applicable director to continue to serve on the Board. The Board will act on the HRGC&N's recommendation within 90 days following the applicable annual meeting and will promptly disclose by press release its decision whether to accept the director's resignation, including the reasons for rejecting the resignation, if applicable.

The following information is submitted with respect to the nominees for directors:

<b>Name and municipality of residence</b>	<b>Present principal occupation</b>	<b>Year first became director<sup>(3)</sup></b>	<b>Common Shares beneficially owned, directly or indirectly, or controlled or directed</b>	<b>Number of options held</b>
Dan Poirier <sup>(6)</sup> Ottawa, Ontario, Canada	CEO Posera Ltd.	June 2018 <sup>(6)</sup>	835,000	1,250,000
Akash Sahai <sup>(7)</sup> Toronto, Ontario, Canada	Executive Vice President of Strategy and Business Development Posera Ltd.	March 2019 <sup>(7)</sup>	5,666,668	1,000,000
Michael Brown <sup>(1)</sup> Toronto, Ontario, Canada	Retired	October 2011 <sup>(4)</sup>	Nil	240,000
David Del Chiaro <sup>(1, 2)</sup> Forest, Ontario, Canada	Independent Consultant	October 2011 <sup>(4)</sup>	1,276,334	240,000
Gary Figueira <sup>(1)</sup> Toronto, Ontario, Canada	Independent Consultant	October 2011 <sup>(4)</sup>	166,667	240,000
Tom McCole <sup>(2)</sup> Atlanta, Georgia, United States	President of Posophist, Inc.	January 2017 <sup>(5)</sup>	Nil	240,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Human Resources, Corporate Governance and Nominating Committee
- (3) Date reflects the date the director first became a director of Posera Ltd. or its predecessor.
- (4) Messrs. Brown, Del Chiaro and Figueira became directors of Posera Ltd. on October 7, 2011
- (5) Mr. McCole was appointed as a director of Posera Ltd. on January 1, 2017.
- (6) Mr. Poirier became a director of Posera Ltd. on June 25, 2018.
- (7) Mr. Sahai was appointed as a director of Posera Ltd. on March 29, 2019.

The following are brief profiles of the proposed directors of Posera Ltd., including a brief description of each individual's principal occupation within the past five years and includes information on directorships of other reporting issuers:

*Dan Poirier – CEO and Director*

Mr. Poirier is the Chief Executive Officer of Posera Ltd. and previously served as Chief Operating Office of the Company. Mr. Poirier is an accomplished International Technology leader and was previously Sr. Vice President, Networks and Devices for ORBCOMM Inc., from January 2015 to June 2016. Prior to that he was the Senior Vice President of Global Sales and Operations for Skywave Mobile Communications Inc. ("Skywave") which was acquired by ORBCOMM Inc. January 2015. Mr. Poirier holds a Bachelor of Science (Engineering) degree and an MBA both from Queen's University.

*Akash Sahai – Director*

Mr. Sahai began his career as a lawyer and then has had leadership roles at several multi-national corporations such as United Airlines, The Loyalty Group, Capital One Bank, Fingerhut Direct Marketing, and Aimia Inc. At the Loyalty Group, Mr. Sahai managed the reward program for Air Miles. As the initial Chief Marketing Officer for Capital One Canada, Mr. Sahai helped build a \$2B portfolio. At Aimia Inc. Mr. Sahai led international business development for the world's largest loyalty management company. Mr. Sahai also sits on several boards including serving as Chairman of the Board for Enchanting Travels, a global bespoke luxury travel agency. In September 2016, Mr. Sahai joined the Posera team as an advisor, and now serves as Executive Vice President of Strategy and Business Development. Mr. Sahai has a law degree from the University of Toronto and an MBA from INSEAD in France.

*Michael Brown - Director*

Mr. Brown is retired and was formerly President of Capital Markets Advisory. 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, 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, and was a Chartered Financial Analyst and registered Professional Engineer.

*David Del Chiaro – Director*

Mr. Del Chiaro 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 Corporation 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.

*Gary Figueira – Director*

Mr. Figueira has 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.

*Tom McCole – Director*

Mr. McCole is a payment technology executive and brings a broad range of industry experience to Posera Board of Directors. Mr. McCole is currently the President of POSophist, Inc. Mr. McCole formerly was the Director of Mobile Commerce Strategy for Infinite Peripherals, Inc. and Mr. McCole was a special consultant to Bob Carr, the Chairman and CEO of Heartland Payments Systems Inc., (“Heartland”), where he was charged with developing Heartland’s integration strategy for Restaurant Management Systems (“RMS”) and for creating a multi-product margin stack model for the Company. Global Payments Inc. acquired Heartland in April 2016 for \$4.3 billion USD. Mr. McCole also served as a principal for Atomic Mobile Payments in Dawsonville, Georgia and was a vice president of Hypercom Solutions Group in Scottsdale, Arizona. Mr. McCole has a Bachelor of Arts degree in history from Florida Atlantic University.



## 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.”

### 3. APPOINTMENT OF AUDITORS

Management recommends the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants of London, Ontario, the present auditors, as the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders. PricewaterhouseCoopers LLP have served as the Corporation's auditors since its reorganization and had previously served as the auditors of Posera Ltd. since January 2009.

The Audit Committee Charter provides for the Audit Committee to establish the auditors' fees. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. Management believes that the fees negotiated in the past with the auditors of the Corporation were reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

As discussed in the "Report of the Audit Committee" in this Circular, the Audit Committee has reviewed and considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence.

**Unless a shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be withheld from voting, proxies in favour of the management nominees will be voted for the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation.**

### 4. CONTINUATION OF STOCK OPTION PLAN

The Toronto Stock Exchange (“TSX”) requires that in respect of evergreen stock option plans, like the Corporation’s 2011 stock option incentive plan (the “Plan”), all unallocated options under the Plan must be approved by Shareholders every three years.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, by a simple majority of votes cast at the Meeting, a resolution, the text of which is set forth in Schedule “B” of this Circular (the “**Stock Option Plan Re-approval Resolution**”), to approve the unallocated options under the Plan. The approval required by the TSX do not increase the number of options which may be granted under the Plan, they merely confirm that those options available under the Plan which have not yet been granted will remain available for granting for the next three years.

The Board has determined that the continued ability to grant options under the Plan is in the best interests of the Company and the Shareholders primarily because it provides the Board with a mechanism to provide incentives to management and employees to maximize shareholder value. The Board unanimously recommends that Shareholders vote in favour of the Stock Option Plan Re-Approval Resolution.

If approval of the Stock Option Plan Re-approval Resolution is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated options under the Plan until the Corporation’s 2022 annual shareholders’ meeting (provided that such meeting is held on or prior to June 26, 2022). If approval is not obtained at the Meeting, options which have not been allocated as of June 26,

2019 and options which are outstanding as of June 26, 2019 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the Stock Option Plan Re-Approval Resolution.

If the Stock Option Plan Re-Approval Resolution is approved, the Corporation would be able to grant stock options to acquire up to 17,969,532 Common Shares (being 15% of the issued and outstanding Common Shares, of which 7,404,750 options are outstanding, which represent approximately 6.2% of the issued and outstanding Common Shares, resulting in the ability of the Company to grant options to acquire an additional 10,564,782 Common Shares, representing approximately 8.8% of Common Shares at the date of this Circular.

The Plan does not limit the participation of insiders. If the Stock Option Plan Re-approval Resolution is approved by the Shareholders, the aggregate number of the Corporation's Common Shares: i) issued to insiders within any one-year period; and ii) issuable to insiders at any time under the Plan, could exceed 10% of the Corporation's issued and outstanding common shares. Where insider participation in the Plan is not limited, TSX rules provide that the votes attached to the securities held by all insiders eligible (the "Eligible Insiders") to participate in the Plan, must be excluded from the vote held in respect of the Stock Option Plan Re-approval Resolution. Accordingly, shareholders of the Corporation, other than the Eligible Insiders, are being asked to approve the Stock Option Plan Re-Approval Resolution by a majority of votes cast in respect of such resolution. As of the date of this circular, 10,694,979 Common Shares held by Eligible Insiders will be excluded from the vote.

## **EXECUTIVE COMPENSATION**

The following information is provided pursuant to the executive compensation disclosure requirements contained in National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102").

### **COMPOSITION AND MANDATE OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

#### **COMPENSATION DISCUSSION AND ANALYSIS**

The Board has established the Human Resources, Corporate Governance and Nominating Committee (the "HRCG&N Committee") to take steps as the HRCG&N Committee deems appropriate within the scope of its charter to ensure that the Corporation has an effective plan of executive and management compensation, development and retention. This plan is to be competitive, motivating and rewarding to the degree that it will attract, retain and inspire executives who in turn will enhance the growth and profitability of the Corporation.

It is the responsibility of the HRCG&N Committee to make recommendations to the Board and to oversee all aspects of compensation and career development for the Corporation's senior executives. It also reviews management's recommendations for the granting of stock options to the executive officers and other key employees of the Corporation prior to the Board's consideration and decision on the recommendation. The HRCG&N Committee (or the board as a whole), reviews the compensation of each senior executive annually, or as may be required, and recommends to the Board any adjustment required to maintain a competitive position.

The HRCG&N Committee is also responsible for reviewing, approving and reporting to the Board, annually or more frequently as required, the CEO's succession plans for executive management including specific development plans and career planning for potential successors.

As at the date of this Circular, the HRCG&N Committee is comprised of Mr. Tom McCole and Mr. David Del Chairo, with Mr. McCole being the chair. Mr. Del Chairo is an independent director under the

standards established by Canadian securities regulatory authorities in National Instrument 58-101 Corporate Governance (“NI 58-101”).

Each HRCG&N Committee member has direct experience that is relevant to his responsibilities in executive compensation, as well as the skills and experience that enable him to make informed decisions on the suitability of the Corporation’s compensation policies and practices. They have held executive management roles with companies where the human resources department reported to them; or they gained executive compensation experience and skills as members of board of directors or board committees and/or as advisors to boards and committees where they gained direct experience and skills in human resources matters, including executive compensation.

*David Del Chiaro – Director*

Mr Del Chiaro has been involved with several businesses throughout his business career. As an owner, Director and Manager, he has overseen and executed both management and executive compensation packages.

*Tom McCole – Director*

Mr. McCole is the President of POSophist, Inc., an international mobile commerce and strategic business development consulting firm. Mr. McCole has previously served as a senior executive in the electronic payment industry for Heartland Payment Systems, Hypercom, Transaction Network Services, and NBS Technologies.

## **COMPENSATION DISCUSSION AND ANALYSIS**

It is the compensation philosophy of the Corporation to provide a blend of base salaries, bonuses and an equity incentive component in the form of options. The following summarizes these elements of compensation:

**i) Base Salary**

In determining the base salary of an executive officer, the Committee begins its analysis with a recommendation from the CEO of the Corporation and places weight on the following factors: the particular responsibilities relates to the position; salaries paid by comparable businesses in the technology sector; the experience level of the executive officer; and his or her overall performance.

**ii) Bonus Payments**

Executive officers are eligible for annual cash bonuses, after taking into account recommendations from management and giving weight to attainment of general corporate objectives and milestones, financial situation of the Corporation, and individual performance. The Committee places importance on the achievement of general corporate objectives and milestones when determining the level of bonuses (if any) to be paid. In taking into account the financial status of the Corporation, the Committee considers factors over which the executive officers can exercise control, such as, controlling costs, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation.

**iii) Long-Term Incentives**

The Committee believes that granting stock options to key personnel encourages retention and more closely aligns the interests of executive management with the intent of shareholders. The inclusion of options in compensation packages allows the Corporation to compensate employees while not drawing on limited cash resources. Further, the Committee believes that the option component serves to further align the interests of management with

the interest of the Corporation's shareholders. The amount of options to be granted is based on recommendations from management and include the relative contribution and involvement of the individual in question as well as taking into consideration previous option grants.

#### **CHIEF EXECUTIVE OFFICER**

The compensation for the Corporation's CEO is designed to be competitive with the average compensation designed for chief executive officers of comparable companies or competitors. Compensation for the CEO is subject to the same review and evaluation criteria that are applied to the compensation of the Corporation's other senior executives. Special emphasis is placed by the Committee on the performance of the CEO with respect to strategic planning and building and increasing shareholder value. The evaluation of the CEO's performance considers three areas, recognizing that the first carries the most weight:

- (i) achievement of general corporate objectives and standards of performance; and
- (ii) consistency of performance.

#### **Risks Associated with Compensation Practices**

The HRCG&N Committee has not formally considered or reviewed the implications of the risks associated with the Corporation's compensation policies and practices. Notwithstanding the foregoing, the HRCG&N Committee does not believe that the Corporation's current executive compensation policies and practices encourage its executive officers to take inappropriate or excessive risks as the Corporation's compensation structure provides a mix of short and long-term rewards.

## Summary Compensation Table

The summary compensation table that follows shows detailed information on total compensation for the Chief Executive Officer, the Chief Financial Officer, Executive Vice-President of Business Development, Vice President of Sales and International Business, and Senior Vice-President, Partners and Products of the Corporation serving as at December 31, 2018 (the "Named Executive Officers") for services rendered during the fiscal years ended December 31, 2018, 2017 and 2016.

Name and Principal Position	Year				Non-equity incentive plan compensation (\$)				
		Salary <sup>(8)</sup> (\$)	Share-based awards (\$)	Option-based awards <sup>(6)</sup> (\$)	Long-term incentive plans (\$)	Long-term incentive plans (\$)	Pension value (\$)	All other compensation <sup>(3)</sup> (\$)	Total compensation (\$)
Dan Poirier <sup>(7)</sup> CEO and former COO	2018	\$254,424	Nil	\$30,117	Nil	Nil	Nil	Nil	\$284,541
	2017	\$250,500	Nil	\$50,213	Nil	Nil	Nil	Nil	\$300,713
	2016	\$88,449	Nil	\$13,764	Nil	Nil	Nil	Nil	\$102,213
Akash Sahai <sup>(9)</sup> Executive Vice-President of Business Development	2018	\$300,000	Nil	\$13,188	Nil	Nil	Nil	Nil	\$313,188
	2017	\$375,000	Nil	\$29,572	Nil	Nil	Nil	Nil	\$404,572
	2016	\$80,000	Nil	\$29,439	Nil	Nil	Nil	Nil	\$109,439
Michel Cote <sup>(4)</sup> Senior Vice-President, Partners and Products	2018	\$237,850	Nil	\$2,647	Nil	Nil	Nil	\$18,917	\$259,414
	2017	\$221,450	Nil	\$2,912	Nil	Nil	Nil	\$18,680	\$243,042
	2016	\$217,015	Nil	\$551	Nil	Nil	Nil	\$17,696	\$235,262
Jean Guimond <sup>(5)</sup> Vice-President of Sales and International Business	2018	\$222,532	Nil	\$2,055	Nil	Nil	Nil	\$11,592	\$236,179
	2017	\$193,616	Nil	\$2,323	Nil	Nil	Nil	\$11,485	\$207,424
	2016	\$156,991	Nil	\$551	Nil	Nil	Nil	\$15,530	\$173,072
Kevin Mills <sup>(2)</sup> CFO	2018	\$163,668	Nil	\$14,356	Nil	Nil	Nil	\$9,600	\$187,624
	2017	\$204,732	Nil	\$22,755	Nil	Nil	Nil	\$9,600	\$237,087
	2016	\$156,046	Nil	\$964	Nil	Nil	Nil	\$9,982	\$166,992

Notes:

- (1) Posera has not granted any stock appreciation rights ("SAR") or adopted any long-term incentive plan ("LTIP").
- (2) Mr. Mills was appointed as the Chief Financial Officer on February 14, 2008.
- (3) All other compensation relates to a vehicle allowance, parking reimbursed and RSP contribution match.
- (4) Mr. Cote joined Posera on May 1, 2010 and was appointed as the President on that date. Mr. Cote transitioned to Vice-President, Business Development on January 19, 2016 and transitioned again to Senior Vice-President, Partners and Products on May 8, 2017.
- (5) Mr. Guimond joined Posera on May 1, 2010 and was appointed the Vice President of Sales and International Business.
- (6) Options to acquire Common Shares which were granted to NEOs are valued based on the grant date fair value of the applicable option grant. Fair value is determined in a manner consistent with that used in preparing the Corporation's Consolidated Financial Statements. This approach used the Black-Scholes Option pricing model with the weighted average assumptions relating to dividend yield, volatility, risk free rate and the expected lives of the options being determined at the time of grant. The Company did not have any option grants during fiscal 2018.
- (7) Mr. Poirier was appointed as the Chief Operating Officer on July 26, 2016 and CEO on January 30, 2017.
- (8) Salary includes base salary and bonuses received during the year.
- (9) Mr. Sahai was hired as a consultant on September 10, 2016 as the Company's Executive Vice President of Strategy and Business Development.

## *Termination of Employment, Change in Responsibilities and Employment Contracts*

### ***Dan Poirier — Chief Executive Officer (formerly Chief Operating Officer)***

Posera and Mr. Dan Poirier entered into an employment agreement as of May 12, 2016 with an effective start date of July 25, 2016 (the "Poirier Employment Agreement"), Mr. Poirier acted as Posera's Chief Operating Officer from July, 2016 until January, 2017 when he was appointed as the Company's Chief Executive Officer. As compensation for his services, Mr. Poirier receives an annual salary of \$200,000 per annum and is eligible for annual bonuses at the discretion of the Board. In addition, Mr. Poirier entered into an agreement whereby he is entitled to participate in Posera's Stock Option Plan, whereby he received a total grant of 500,000 stock options in the Corporation, and stock options were granted in conjunction with his start date and vest over a period of four years. The exercise price of such options is determined by the terms of the Stock Option Plan as of each grant date. Mr. Poirier is also entitled to participate in the Company's group insurance benefits. Mr. Poirier is entitled to four weeks of vacation per year and 7 sick days, as well as the reimbursement of certain expenses. The Poirier Employment Agreement during the term of the agreement imposes confidentiality obligations on Mr. Poirier, as well as non-competition and non-solicitation for six (6) months after the termination of the agreement. Posera may terminate the Poirier Employment Agreement for cause, or without cause upon providing Mr. Poirier with a lump sum payment equal to six (6) months' compensation if less than twelve (12) months of service from Mr. Poirier's start date, otherwise twelve (12) months' notice if Mr. Poirier has completed more than twelve (12) months of service to the Company. All outstanding options held by Mr. Poirier will that have vested upon termination, unless agreed upon otherwise, and will be exercisable until their expiry date. Mr. Poirier was also appointed to Posera's Board of Directors on June 25, 2018.

### ***Akash Sahai — Executive Vice President of Strategy and Business Development***

Posera engaged the consulting services of Mr. Akash Sahai, President of mikStar Enterprises, and entered into a confidentiality agreement effective as of September 10, 2016 (the "mikStar Confidentiality Agreement"). Mr. Sahai was appointed Posera's Executive Vice President of Strategy and Business Development; in addition, Mr. Sahai has been named to Posera's Board of Directors as of March 29, 2019. The mikStar Confidentiality Agreement is effective for the duration of Posera's engagement of Mr. Sahai's consulting services. As compensation for Mr. Sahai's services, mikStar Enterprises invoices Posera monthly in the amount of \$25,000, along with invoices for the reimbursement of certain expenses incurred by Mr. Sahai in the ordinary course of conducting business for the Company. Mr. Sahai is eligible for an annual bonus at the discretion of the Human Resource and Corporate Governance Committee. The mikStar Confidentiality Agreement during the term of the agreement imposes confidentiality obligations on Mr. Sahai, including the obligation not to use any confidential information disclosed by Posera to the detriment of Posera and/or customers. Posera may terminate Mr. Sahai's engagement as a consultant at its discretion. All outstanding options held by Mr. Sahai that have vested upon termination of Mr. Sahai's engagement as a consultant, unless agreed upon otherwise, will be exercisable until their expiry date.

### ***Michel Cote — Senior Vice-President, Partners and Products***

Posera and Mr. Michel Cote entered into an employment agreement as of April 30th, 2010 (the "Cote Employment Agreement"), which agreement was transferred to Posera pursuant to the plan of arrangement. Mr. Cote acted as the President of Posera from May 2010 until January 2016 when he transitioned to Vice-President, Business Development and subsequently transitioned to Senior Vice-President, Partners and Products on May 8, 2017. Posera renewed the Cote Employment Agreement on April 30 2010 for a four (4) year term, Posera renewed the Cote Employment Agreement on April 30 2010 for a four (4) year term, and thereafter renews automatically for successive periods of one (1) year unless either party gives notice of its intention to terminate the Cote Employment Agreement. As compensation for his services, Mr. Cote receives an annual salary of \$221,000 per annum and is eligible for annual bonuses at the discretion of the Board. Mr. Cote is also entitled to participate in the Stock Option Plan and group insurance benefits. Mr. Cote is entitled to four weeks of vacation per year, as well as the reimbursement of certain expenses. The Cote Employment Agreement imposes confidentiality obligations on Mr. Cote, as well as non-competition and non-solicitation obligations during the term of the agreement and for a period of twelve months after the termination of the agreement. Posera may terminate the Cote Employment Agreement for cause, or without cause upon providing Mr. Cote with a lump sum payment equal to 12 months' compensation. If Mr. Cote tenders his resignation within 60 days of a change of control of Posera, Mr. Cote is entitled to receive an amount equal to 12 months' compensation, accrued and unpaid expenses and value of vacation pay or unused vacations. In addition, all outstanding options held by Mr. Cote will vest upon termination and will be exercisable until their expiry date. The Cote Employment Agreement imposes confidentiality obligations on Mr. Cote, as well as

non-competition and non-solicitation obligations during the term of the agreement and for a period of twelve months after the termination of the agreement.

***Jean Guimond - VP Sales and International Business***

Posera Inc., whom was acquired by Posera Ltd. on May 1, 2010, and Mr. Jean Guimond entered into an employment contract as of September 1, 1999 (the "Guimond Employment Agreement"), and this agreement was transferred to Posera pursuant to the plan of arrangement. Mr. Guimond acted as Director of International Sales before moving into the role of Vice President of Sales and International Business. As compensation for his services, Mr. Guimond receives an annual salary of \$126,600 and is eligible to earn sales commissions per the terms of Posera's annual Sales Compensation Plan, as well as annual bonuses at the discretion of the Board. Mr. Guimond is also entitled to participate in the Stock Option Plan and group insurance benefits. Mr. Guimond is entitled to four (4) weeks of vacation per year, as well as the reimbursement of certain expenses. Posera further entered a Non-Disclosure and Intellectual Property Agreement with Mr. Guimond as of April 27, 2000, followed by a renewed Non-Disclosure and Intellectual Property Agreement and an Ongoing Obligations Agreement and (known together as the "Additional Agreements") on April 30, 2019. These Additional Agreements impose confidentiality obligations on Mr. Guimond, as well as non-competition and non-solicitation obligations during the term of employment and for a period of six (6) months after the termination of employment for any reason. In addition, all outstanding options held by Mr. Guimond that have vested upon termination, unless agreed upon otherwise, will be exercisable until their expiry date.

***Kevin Mills — CFO***

Posera Ltd. and Mr. Kevin Mills entered into an employment agreement as of February 13, 2008 (the "Mills Employment Agreement"), which agreement was transferred to Posera Ltd. pursuant to the plan of arrangement. Mr. Mills acts as the Chief Financial Officer for Posera for a three-year term. On November 11, 2010 Posera renewed Mr. Mills' employment agreement for another three-year term and thereafter renews automatically for successive periods of one year unless either party gives notice of its intention to terminate the Mills Employment Agreement. As compensation for his services, Mr. Mills receives an annual salary of \$149,600 per annum and is eligible for annual bonuses at the discretion of the Board. Mr. Mills is also entitled to participate in the Stock Option Plan and group insurance benefits. Mr. Mills is entitled to four weeks of vacation per year, as well as the reimbursement of certain expenses. Posera may terminate the Mills Employment Agreement for cause, or without cause upon providing Mr. Mills with a lump sum payment equal to 12 months' compensation. If Mr. Mills tenders his resignation within 60 days of a change of control of Posera, Mr. Mills is entitled to receive an amount equal to 12 months' compensation, accrued and unpaid expenses and value of vacation pay or unused vacations. In addition, all outstanding options held by Mr. Mills will vest upon termination and will remain exercisable until their expiry date.



## 2018 Stock Option Grants

The following table sets forth individual grants of options to purchase Common Shares to the Named Executive Officers during the fiscal year ended December 31, 2018. All of the options granted had an exercise price equal to the market price of Common Shares on the date immediately preceding the date of the grant.

### Outstanding Share-based Awards and Option Based Awards

An option to acquire Posera Shares is "in-the-money" when it can be exercised at a profit. This happens when the market value of the Posera Shares is higher than the price at which the options may be exercised. The value of unexercised in-the-money options is calculated using the closing price of a board lot of Common Shares on the TSX on December 31, 2018, less the exercise price of those options. The underlying options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the Posera Shares on the date of exercise.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Dan Poirier	500,000	\$0.125	July 1, 2021	Nil	187,500	Nil
	750,000	\$0.17	April 30, 2022	Nil	375,000	Nil
Akash Sahai	1,000,000	\$0.15	August 21, 2022	Nil	500,000	Nil
Michel Cote	20,000	\$0.125	July 1, 2021	Nil	7,500	Nil
	80,000	\$0.15	August 21, 2022	Nil	40,000	Nil
Jean Guimond	20,000	\$0.125	July 1, 2021	Nil	7,500	Nil
	60,000	0.15	August 21, 2022	Nil	30,000	Nil
Kevin Mills	35,000	\$0.125	July 1, 2021	Nil	13,125	Nil
	450,000	\$0.17	April 30, 2022	Nil	225,000	Nil

Notes:

- (1) The value of the unexercised options is based on the December 31, 2018 closing price on the TSX of \$0.11 for each Posera Share.

### Incentive Plan Awards – Value Vested or Earned during the Year

Order Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Dan Poirier	\$30,117	N/A	N/A
Akash Sahai	\$13,188	N/A	N/A
Michel Cote	\$2,647	N/A	N/A
Jean Guimond	\$2,055	N/A	N/A
Kevin Mills	\$14,356	N/A	N/A

## Incentive Plan Exercises – Number of Options and Cash Value of Exercises

The below schedule indicates the number of options that were exercised, and the cash value received by Posera by the Named Executive Officers during the financial year ended December 31, 2018.

<b>Order Name</b>	<b>Corporation Stock Option Plan – Number of Options Exercised</b>	<b>Cash Value of Exercise – Number of Options multiplied by the Exercise Price</b>
Dan Poirier	N/A	N/A
Akash Sahai	N/A	N/A
Michel Cote	N/A	N/A
Jean Guimond	N/A	N/A
Kevin Mills	N/A	N/A

## Director Compensation

Up until June 21, 2006, the independent directors were compensated for serving as directors of Posera and as chairs or members of committees of the board through a combination of stock options, cash compensation consisting of retainer fees and meeting fees, and reimbursement of reasonable related expenses, with cash compensation being the primary form of compensation. Posera has adopted a revised policy under which directors are paid fixed retainers for participation on the board and its standing committees, with no per diem meeting fees.

The Chairman of the Board is entitled to cash compensation of \$36,000 per year, and each director is entitled to cash compensation of \$12,000 per year. Members of committees of the board are also entitled to an annual fee of \$5,000 per year, and the Chairman of each committee is entitled to an additional \$5,000 per year. The Chief Executive Officer is not entitled to any additional compensation in his capacity as a member of the Board, unless otherwise stipulated in the Chief Executive Officer's employment agreement.

## Director Compensation Table

The director's compensation table that follows shows detailed information on total compensation provided to the directors, in that capacity, of Posera for most recently completed financial year ending December 31, 2018.

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Paul Fornazzari <sup>(2)</sup>	22,000	Nil	Nil	Nil	Nil	Nil	22,000
Loudon Owen <sup>(1,4)</sup>	9,000	Nil	Nil	Nil	Nil	Nil	9,000
Michael Brown	52,000	Nil	Nil	Nil	Nil	Nil	52,000
David Del Chiaro	27,000	Nil	Nil	Nil	Nil	Nil	27,000
Gary Figueira	37,000	Nil	Nil	Nil	Nil	Nil	37,000
Edwin Nordholm <sup>(3)</sup>	56,159	Nil	Nil	Nil	Nil	Nil	56,159
Tom McCole <sup>(7)</sup>	31,650	Nil	Nil	Nil	Nil	Nil	31,650

Notes:

- (1) Appointed as a director in June 2006 and resigned as a director in May 22, 2018
- (2) Appointed as a director in June 2009 and resigned as a director in March 29, 2019
- (3) Elected as a director in June 2016 and resigned as a director in November 6, 2018
- (4) Mr. Owen acted as CEO of Posera from October 23, 2015 to January 30, 2017, this compensation has been disclosed separately in the Officers Compensation section. Mr. Owen also received compensation for the year as a director of Posera, this has been disclosed separately in the Director Compensation Table. Mr. Owen prior to being appointed the CEO of the Corporation did receive compensation as a director which is included in director compensation section later in the information circular. Mr. Owen became the Executive Chairman and ceased to be the CEO of the Corporation on January 30, 2017. Mr. Owen resigned his directorship on May 22<sup>nd</sup>, 2018.
- (5) Appointed as a director in January 2017.

## Director Outstanding Share-based Awards and Option-based Awards

An option is "in-the-money" when it can be exercised at a profit. This happens when the market value of the Common Shares is higher than the price at which the options may be exercised. The value of unexercised in-the-money options is calculated using the closing price of a board lot of Common Shares on the TSX on December 31, 2018, less the exercise price of those options. The underlying options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Michael Brown	240,000	\$0.15	January 1, 2022	Nil	Nil	Nil
	130,000	\$0.32	April 18, 2019	Nil	Nil	Nil
David Del Chiaro	240,000	\$0.15	January 1, 2022	Nil	Nil	Nil
	205,000	\$0.32	April 18, 2019	Nil	Nil	Nil
Gary Figueira	240,000	\$0.15	January 1, 2022	Nil	Nil	Nil
	130,000	\$0.32	April 18, 2019	Nil	Nil	Nil
Paul Fornazzari <sup>(4)</sup>	240,000	\$0.15	January 1, 2022	Nil	Nil	Nil
	165,000	\$0.32	April 18, 2019	Nil	Nil	Nil
Tom McCole	240,000	\$0.15	January 1, 2022	Nil	Nil	Nil

Notes:

- (1) The value of the unexercised options is based on the December 31, 2018 closing price on the TSX of \$0.11 for each of Posera's Common Shares.
- (2) Mr. Owen resigned from his role as Executive Chair and Director on May 22, 2018.
- (3) Mr. Nordholm resigned from his role as Chairman and Director on November 6, 2018.
- (4) Mr. Fornazzari resigned from his role as a Director on March 29, 2019.

## Incentive Plan Awards – Value Vested or Earned during the Year

Order Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Loudon Owen <sup>(1)</sup>	\$2,003	N/A	N/A
Paul Fornazzari <sup>(3)</sup>	\$2,740	N/A	N/A
Michael Brown	\$2,614	N/A	N/A
David Del Chiaro	\$2,740	N/A	N/A
Gary Figueira	\$2,740	N/A	N/A
Edwin Nordholm <sup>(2)</sup>	\$2,180	N/A	N/A
Tom McCole	\$2,238	N/A	N/A

- (1) Mr. Owen resigned from his role as Executive Chair and Director on May 22, 2018.
- (2) Mr. Nordholm resigned from his role as Chairman and Director on November 6, 2018.
- (3) Mr. Fornazzari resigned from his role as a Director on March 29, 2019.
- (4) No options were exercised by the current Director's during the financial year ended December 31, 2018.

### **Hedging of Economic Risks for Personal Equity Ownership**

The Corporation has not formally adopted a policy which prohibits NEOs and Directors from selling the Corporation's securities short or buying or selling call or put options or purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that 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 is not aware of any Director or NEO purchasing any of these types of financial instruments in order 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.

### **Securities Authorized for Issuance under Equity Compensation Plans**

Posera's only security-based compensation arrangements are its two option plans and a share purchase plan. The 2002 Stock Option Plan (the "2002 Plan") was established in 2002 in connection with Posera's initial public offering. It provides for the issuance of up to 2,000,000 Common Shares pursuant to the exercise of options under this Plan, of which 1,157,894 options had been granted and nil remain issued and outstanding as at May 12<sup>th</sup>, 2015. Posera does not intend to grant any further options under the 2002 Plan.

The 2011 Stock Option Incentive Plan (the "Plan") was approved by the shareholders of Posera in September 2011. The Plan provides for a rolling maximum number of Posera Shares that may be issued upon the exercise of stock options, being 10% of the issued and outstanding Posera Shares at the time of grant. On June 29, 2016, the Corporation's shareholders approved an amendment to the Plan, whereby the rolling maximum number of Posera shares that may be issued was increased from 10% to 15% of Posera Shares outstanding at the time of the grant. Any increase in the total number of issued and outstanding Posera Shares will result in an increase in the available number of Posera Shares issuable under the Plan, and any exercises of options will make new grants available under the Plan. The Plan was re-approved by the Shareholders of the Corporation on June 18<sup>th</sup>, 2014 and June 29<sup>th</sup>, 2016. Finally, as of May 27<sup>th</sup>, 2019, Posera was authorized to issue 17,969,532 options under the Plan (being 15% of the Corporation's issued and outstanding Common Shares), of which 7,404,750 are outstanding and remain unexercised (which represents approximately 6.2% of the Corporation's issued and outstanding Common Shares).

The annual burn rate of the Plan (as expressed as a percentage based on the number of options under the Plan granted during the applicable fiscal year divided by the weighted average number of issued and outstanding Common Shares for the applicable fiscal year) was 0% for the fiscal year 2018, 5.5% for the fiscal year 2017 and 5.2% for the fiscal year 2016.

#### *Key Terms of the Plan*

The Plan was enacted to encourage ownership of the Corporation's Common Shares by its key officers, directors, employees and consultants.

The Plan provides that the maximum number of Common Shares which may be reserved and set aside for issuance under the Plan will not exceed, in the aggregate, 15% of the issued and outstanding Common Shares calculated on the date on which an option is granted to a participant (excluding any Common Shares issued pursuant to the exercise of share compensation arrangements over the one-year period preceding the date on which the calculation is made). Based on the issued and outstanding Common Shares calculated as of the date of this Circular such maximum number of Common Shares which may be reserved and set aside is 17,969,532 Common Shares. The Plan is a rolling plan and as such any increase in the total number of issued and outstanding Common Shares will result in an increase in the available number of options issuable under the Plan, and any exercises of options will make new grants available under the Plan.

The Plan also provides that the aggregate number of Common Shares reserved for issuance pursuant to all options granted under the Plan to any one optionee shall not exceed 5% of the issued and outstanding Common Shares.

The Plan is administered by the Board or the Human Resources and Compensation Committee or persons appointed by the Board. All options will be evidenced by an option agreement setting out provisions in respect of the option, including the exercise price, the term and the vesting provisions, which provisions shall be determined as follows:

- *Exercise Price.* The exercise price for options will be set by the Board, but in no event shall the exercise price be less than the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the date of grant.
- *Term.* The term of each option shall be fixed by the Board, but no option shall be exercisable more than ten years after the date the option is granted.
- *Vesting.* The vesting provisions in respect of options shall be determined by the Board at the date of grant.
- *Take-over Bid or Sale.* In the event that a take-over bid is made for the Common Shares or the Corporation enters into an agreement in respect of the sale of the Corporation's assets, the Board may authorize the Corporation to give notice to option holders that all options will expire on the date set out in the notice and each optionee may exercise all options held by such optionee prior to such date.
- *Assign Transfer.* All options are non-assignable and non-transferable.

Other terms of the Plan include the following:

*Amendments to the Plan*

- (a) Subject to regulatory approval and the approval of any stock exchange on which the Common Shares are then listed for trading, and the limitations set out in paragraphs b) and (c) below, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time without notice to or approval of the shareholders of the Corporation, including, without limitation, for the purpose of:
  - (i) changing the class of persons who will be eligible to be granted options pursuant to the Plan (other than as provided for in paragraph below) and the authority of the Board in respect of the grant of options under the Plan;
  - (ii) ensuring continuing compliance with applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or stock exchange having authority over the Corporation or the Plan;
  - (iii) changes of a "housekeeping", clerical, technical or stylistic nature, including, without limitation, eliminating any ambiguity, error or defect, supplying any omission or correcting or supplementing any provision contained in the Plan or in any agreement subject to the Plan which may be incorrect or incompatible with any other provision of the Plan or such agreement;
  - (iv) changing the method of determining the option price for options granted pursuant to the Plan, provided that the option price shall not in any case be lower than the "market price" of a Common Share, as that term (or any successor term) is interpreted and applied by the Toronto Stock Exchange;
  - (v) changing the following terms governing options under the Plan: (A) vesting terms (including the acceleration of vesting); (B) exercise and payment method (including providing for cashless option exercise) and frequency; (C) transferability or assignability, other than as provided for in paragraph (b) below; (D) to fairly or properly take into account a sale or take-over bid; (E) adjustments required in the circumstances of a change in the capital structure of the Corporation; and (F) the effect of termination (for whatever reason) of the optionee's employment or service;
  - (vi) determining that any of the provisions of the Plan or any agreement subject to the Plan concerning the effect of termination (for whatever reason) of the optionee's employment,

service or consulting agreement/arrangement or cessation of the optionee's directorship or office, shall not apply for any reason acceptable to the Board;

- (vii) changing the terms and conditions of any financial assistance which may be provided by the Corporation to the optionees to facilitate the purchase of Common Shares, or adding or removing any provisions providing for such financial assistance;
  - (viii) adding a cashless exercise feature, payable in cash or securities, provided same includes a full deduction of the number of underlying Common Shares from the Plan reserved under the Plan;
  - (ix) providing for the granting of non-equity-based kinds of awards under the Plan, including, without limitation, stock-appreciation rights;
  - (x) adding or amending provisions necessary for options under the Plan to qualify for favourable tax treatment to optionees and/or the Corporation under applicable tax laws;
  - (xi) changing any terms relating to the administration of the Plan; and
  - (xii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules and policies of the Toronto Stock Exchange and of any other stock exchange or market having authority over the Corporation or the Plan).
- (b) Subject to regulatory approval, the approval of any stock exchange on which the Common Shares are then listed for trading and the limitations set out in paragraph (c) below, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time for the following purposes, provided that any such amendment, variance or discontinuance will not become effective unless and until approved by a majority of the votes cast by disinterested shareholders of the Corporation, in person or by proxy, at a meeting of shareholders:
- (i) any increase in the maximum number of Common Shares issuable under the Plan as provided for in the Plan or any change from a fixed maximum number of Common Shares issuable under the Plan to a fixed maximum percentage;
  - (ii) any reduction in the option price of an outstanding option held by an insider except for the purpose of maintaining option value in connection with an adjustment relating to changes in the capital structure of the Corporation (for this purpose, the cancellation or termination of an option of an optionee prior to expiry of the option term for the purpose of reissuing an option to the same optionee with a lower exercise price shall be treated as an amendment to reduce the option price of an option);
  - (iii) any extension of the option term of an option held by an insider (except where the date of the expiry of the option term would have fallen within a blackout period);
  - (iv) any increase to the limit on the numbers of securities issued or issuable to insiders set out in the Plan, if any; and
  - (v) any other amendment requiring shareholder approval under applicable law (including, without limitation, under the rules and policies of the Toronto Stock Exchange and of any other stock exchange or market having authority over the Corporation or the Plan).
- (c) Notwithstanding anything to the contrary set out in the Plan, no amendment, variance or discontinuance of the Plan, or any agreement or entitlement subject to the Plan, may be made, without the prior written consent of the optionee, if the Board determines that the effect thereof is

to impair, derogate from or otherwise materially and adversely affect any option previously granted to such optionee under the Plan.

- *Termination of Participant.* If a holder of an option ceases to be eligible under the Plan any unvested portion of the option held by such person will immediately expire on the date such person becomes ineligible and, further, any vested portion of any option held by that person will expire (i) in the case of termination without cause, on the date which is 90 days following the termination date, (ii) in the case of death, on the date which is one year after the death; and (iii) in all other cases on the termination date.
- *Blackout Period.* No option may be exercised by a holder thereof during any when the holder is then restricted from trading Common Shares pursuant to any policy of the Corporation or applicable securities laws (“Blackout Period”). If an option expiry date falls on a date within a Blackout Period or within ten business days following the expiration of a Blackout Period, the expiry date for that option will be automatically extended, without any further act or formality, to that date which is the tenth business day after the end of the Blackout Period.

In addition to its stock option plans, in 2005 the shareholders of Posera approved the establishment of a share purchase plan to encourage ownership of Posera Shares by its employees, officers, directors and other eligible participants (the “Share Purchase Plan”). The number of Posera Shares reserved for issuance under the Share Purchase Plan is 750,000 shares with provision that the Board has the right from time to time to increase such number subject to the approval of the Shareholders of Posera. During 2018, no Posera Common Shares were issued under the Share Purchase Plan.

The following table sets out information on these plans as at December 31, 2018.

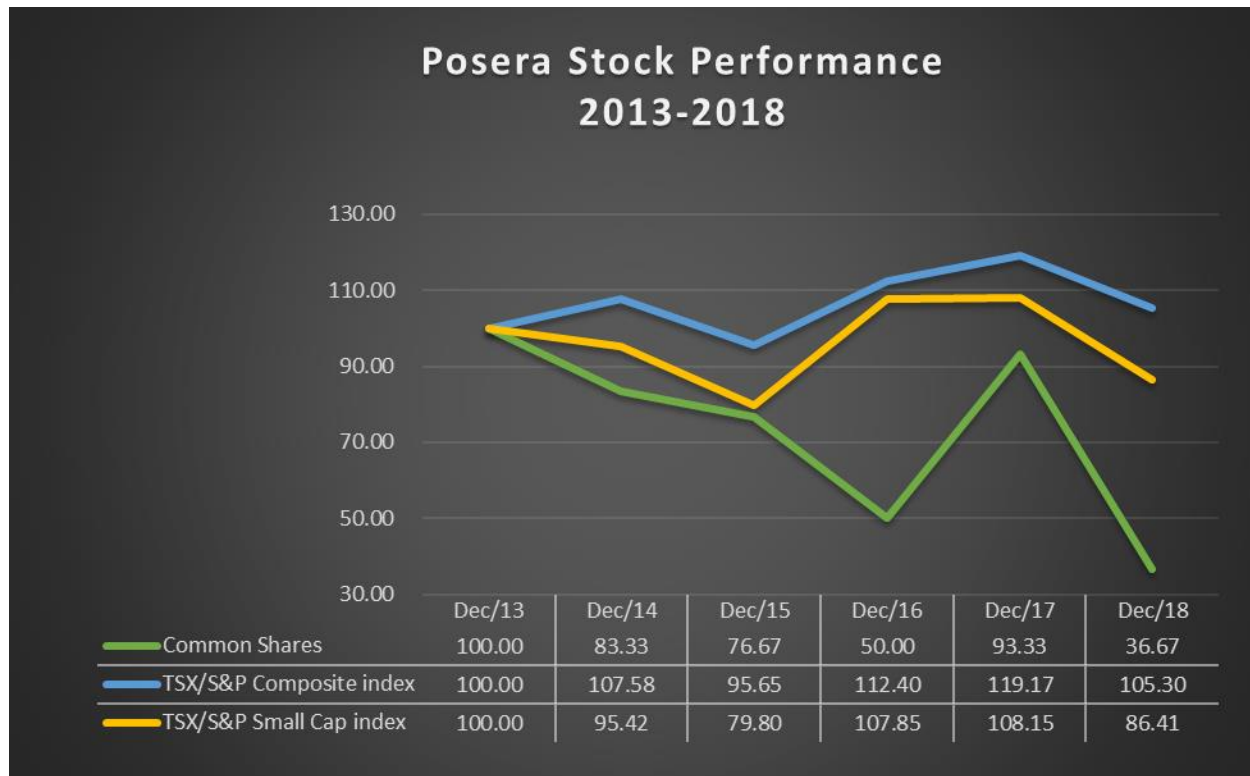
<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	8,443,250	\$0.18	9,526,282
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>8,443,250</b>	<b>\$0.18</b>	<b>9,526,282</b>

## **Insurance Coverage and Indemnification**

Posera’s directors and officers are covered under directors and officer’s liability insurance policies. Currently, the aggregate limit of liability applicable to the insured directors and officers under the policies is \$10 million inclusive of defense costs subject to a \$50,000 deductible. The policies include coverage for wrongful acts (including misleading statements), insuring against any legal obligation to pay on account of any claims brought subject to policy exclusions. Posera’s by-laws also provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations. Posera has also entered into an individual indemnification agreement, each in identical terms, with each director and officer to indemnify each such director or officer to the fullest extent permitted by law in connection with any event or claim related to the individual being a director or officer of Posera or any subsidiary of Posera, and to set out the process for indemnification payments to be made.

## Performance Graph

The following graph compares the percentage change in the cumulative shareholder return on the Common Shares compared to the cumulative total return of the S&P/TSX Composite Index and the TSX/S&P Small Cap Index from the January 1, 2014 to December 31, 2018, based on the price of the Common Shares, assuming a \$100 investment on January 1, 2014.



	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
<b>Actual Data:</b>						
Common Shares	\$ 0.30	\$ 0.25	\$ 0.23	\$ 0.15	\$ 0.28	\$ 0.11
TSX/S&P Composite index	\$ 13,601.60	\$ 14,632.40	\$ 13,010.00	\$ 15,287.60	\$ 16,209.13	\$ 14,322.90
TSX/S&P Small Cap index	\$ 610.71	\$ 582.73	\$ 487.34	\$ 658.66	\$ 660.51	\$ 527.72



## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of May 27<sup>th</sup>, 2018, no person who is, or who was at any time during the fiscal year-ended December 31, 2018, a director, executive officer, senior officer or employee, or a former director, executive officer, senior officer or employee, of the Corporation or a subsidiary thereof, and no person who is a proposed nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year-ended December 31, 2018, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year-ended December 31, 2018 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation, other than Michel Cote who was indebted to the Corporation in amounts of \$45,733. This indebtedness has been agreed to be repaid in full throughout the next three years or waived in tranches if certain performance metrics are achieved by Mr. Cote.

Aggregate Indebtedness		
Purpose	To the Company or its Subsidiaries	To Another Entity
Share Purchases	N/A	N/A
Other <sup>(1)</sup>	\$45,733	N/A

(1) The foregoing amount was loaned on December 31<sup>st</sup>, 2018 in order for Michel Cote to satisfy a debt owned by Mr. Cote pursuant to the terms of a settlement agreement relating to an indemnification claim under a share purchase agreement previously entered into between the Corporation, Mr. Cote, and others. The loan bears interest at 5% annually. The principal amounts of these loans were not an obligation until the settlement agreement was finalized for all terms and conditions with the Corporation by Mr. Cote during the last fiscal year.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS

The following table sets out for: (i) each individual who is, or at any time during the fiscal year ended December 31, 2018 was, a director or executive officer of the Corporation; (ii) each proposed nominee for election as a director of the Corporation; and (iii) each associate of any such director, executive officer or proposed nominee, the indebtedness of such person since January 1, 2018, to: (a) the Corporation or any of its subsidiaries; or (b) another entity, if such indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof, other than “routine indebtedness” as defined in National Instrument 51-102 Continuous Disclosure Obligations.

### Indebtedness of Directors and Executive Officers Under Securities Purchase and Other Programs

Name and principal position	Involvement of the Company or subsidiary	Amount outstanding during fiscal year ended December 31, 2018 (\$)	Amount outstanding May 27, 2019 (\$)	Financially assisted Securities purchases during fiscal year ended December 31, 2018 (#)	Security for indebtedness	Amount forgiven during fiscal year ended December 31, 2018 (\$)
Securities Purchase Programs:	N/A	Nil	Nil	Nil	N/A	Nil
Other Programs:						
Michel Cote, Vice-President, Business Development <sup>(1)</sup>	The Company is the Lender	\$45,733	\$46,650 <sup>(1)</sup>	Nil	None	\$5,373

(1) The foregoing amount was loaned on December 31<sup>st</sup>, 2018 in order for Michel Cote to satisfy a debt owned by Mr. Cote pursuant to the terms of a settlement agreement relating to an indemnification claim under a share purchase agreement previously entered into between the Corporation, Mr. Cote, and others. This loan bears interest at 5% annually. The principal amount of this loan was not an obligation until the settlement agreement was finalized for all terms and conditions with the Corporation by Mr. Cote.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board is responsible for the stewardship of the Corporation. The Board has a written mandate to govern the Corporation and to protect and enhance the assets of the Corporation in the long-term best interests of the shareholders. The governance structure – including the board and board committee mandates, board oversight and approvals framework, board issued policies, and a number of other elements – is regularly reviewed and revised as governance best practices evolve. For example, in the past several years’ new rules, policies and suggested practices were adopted by the securities regulatory authorities in Canada in connection with corporate governance, disclosure, and audit committees. The Corporation has updated its governance programs to comply with the new requirements and has also adopted suggested practices where they were considered to be appropriate for the Corporation and its stakeholders.

The following is an overview of the Corporation's corporate governance practices.

#### DIRECTOR INDEPENDENCE

The Board is responsible for determining whether or not each director is independent within the meaning of applicable securities laws. To do this, the Board analyzes whether each director is independent of management and free from any interest or any business or other relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment.

At December 31, 2018, the directors of the Corporation were Messrs. Paul Fornazzari, Michael Brown, David Del Chiaro, Dan Poirier, Tom McCole and Gary Figueira. In the view of the Board, all these directors were and are independent within the meaning of the relevant CSA rules, except for Mr. Poirier, as he was and has been the CEO of the Corporation within the last three years, and Mr. Fornazzari, as his law firm from time to time acts as the Corporation’s counsel. At the Company’s regularly scheduled quarterly Board meetings or on an ad hoc basis as required, the independent directors in attendance and

Mr. Fornazzari, whom is not involved in operating the Company, held in-camera sessions without management and non-independent directors. None of the other four directors have worked in the day-to-day operations of the Corporation or is a party to any material contracts with the Corporation or has a direct or indirect material relationship with the Corporation so as not to be independent for the purposes of being a director, within the meaning of the applicable definitions in section 1.2 of NI 58-101 and section 1.4 of Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”).

See "Particulars of Matters to be Acted Upon – Election of Directors" for more information about each director.

### **Directorships of Other Reporting Issuers**

Nil

### **Meetings of the Board**

The governance framework has been designed to enable the Board to function independently. At every regular board meeting, an in-camera session is scheduled for all non-management directors. The Board and the committees regularly invite members of management to attend meetings to report on relevant subjects and facilitate communication between the directors and management.

### **Independent Chair**

The Corporation’s Board Charter stipulates that the roles of the Chair of the Board and the CEO should be separate, further enabling the independence of the Board. Mr. McCole is an independent director who was appointed Chair of the Board and has served as the principal liaison between the Board and management. In addition, as Chair of the Board, he ensured that the Board operated independently of management and that directors had an independent leadership contact. He managed the affairs of the Board with a view to ensuring that the Board functioned effectively and met its obligations and responsibilities to shareholders.

### **Attendance of Current Directors in 2018**

<b>Director</b>	<b>Board Meetings</b>
Michael Brown <sup>(1)</sup>	12 of 12
David Del Chiaro <sup>(1)</sup>	12 of 12
Gary Figueira <sup>(1)</sup>	12 of 12
Tom McCole <sup>(2)</sup>	12 of 12
Dan Poirier <sup>(3)</sup>	6 of 6

Notes:

- (1) Appointed as a director in October 2011
- (2) Appointed as a director in January 2017
- (3) Appointed as a director in June 2018

## **Board Mandate**

As stated above, the Board is responsible for the stewardship of the Corporation. The mandate of the Board, more fully set out in Schedule "A" to this Information Circular, describes the Board's responsibilities and provides a list of specific matters which the Board must oversee and/or approve. The Board discharges its responsibilities directly, and through committees constituted by the Board.

## **POSITION DESCRIPTIONS**

The Board has approved descriptions of the roles and responsibilities for the Chair of the Board and the CEO, outlining their respective authorities and responsibilities. The HRCG&N Committee reviews and recommends to the Board for approval the corporate objectives that the CEO is responsible for meeting. The CEO's performance evaluation is the responsibility of the Chair of the Board with input from the full Board.

## **Orientation and Continuing Education**

In conjunction with the Chair, the HRCG&N Committee is responsible for the orientation and training of new directors.

When a director is elected to the Board, he or she will be given a letter of appointment outlining his or her duties, responsibilities, and remuneration, and an orientation package including material that will assist in familiarizing the new director with the Corporation.

On a frequent basis, members of management attend Board meetings or provide briefing papers to provide insights to the directors on the Corporation's operations, industry developments and the competitive landscape, or trends in governance matters, in order to keep the directors informed and up to date.

## **DIVERSITY**

Posera recognizes the potential benefit of gender diversity in leadership positions, including with respect to its Board and executive officer positions. Diversity, including gender diversity, is considered in assessing potential candidates for appointment to the Board and to executive officer positions. However, the Board is of the view that it is in the best interests of the Corporation that all appointments are made on merit in the context of the skills, expertise and experience the Corporation requires. The Board recognizes the importance of having the flexibility to appoint qualified candidates when they are available, which may mean adding male or female candidates, and as a result cannot commit to selecting a candidate whose gender is a decisive factor in their appointment. Based on the foregoing, the Board has not adopted a formal policy concerning gender diversity for the Board or with respect to executive positions in the Corporation or a formal target to be achieved by a specified date for the gender composition of the Board or executive officers.

The Board's primary objective in the director identification and selection process, as set out above, is the identification of candidates possessing the skills, expertise and experience the Corporation requires, with gender not being a decisive factor in the candidate's selection.

As described above, the Board's primary objective in the executive officer identification and selection process is the identification of candidates possessing the skills, expertise and experience the Corporation requires, with gender not being a decisive factor in the candidate's selection. To the extent that the Board believes that executive officers need to be replaced or new executives hired diversity, including gender diversity will be part of the selection process.

Given that the Board's primary objective in director and executive officer identification and selection is the identification of candidates possessing the skills, expertise and experience the Corporation requires and in light of the Corporation's relatively small number of directors and officers, the Corporation has not adopted a formal target to be achieved by a specified date for the gender composition of the Board or executive officers.

Currently, there are no women on the Board or in the position of executive officer of the Corporation.

## **ETHICAL BUSINESS CONDUCT**

The Board has adopted a code of ethical business conduct (the "Code"), which summarizes the standards of business conduct that are to guide the actions of all directors, officers and employees of the Corporation. The goal of the Code is to promote, above all, honest and ethical conduct and fair dealing in all business relationships with respect to all of the Corporation's stakeholders – including its shareholders, customers, suppliers, other business partners, regulators, and employees.

In addition, the Corporation has adopted "whistleblower" procedures so that an employee can report, on an anonymous basis if preferred, concerns that he or she may have regarding accounting, internal accounting controls or auditing matters as well as compliance with the Code. The Board is responsible for monitoring compliance with the Code and only the HRCG&N Committee of the Corporation or the Board may waive the application of any provision of the Code to a director or officer of the Corporation. Any amendments to the Code may only be made by the Board.

The Code was adopted in 2006. There were no material change reports filed during the fiscal year ended December 31, 2018 that relate to conduct which would have represented departures from the Code by any directors or officers of the Corporation.

A director or officer who is directly a party to a material transaction or is a director or officer of a party to a material transaction with the Corporation must disclose in writing the nature and extent of his or her interest in the transaction and subject to certain statutory exceptions shall not vote on any resolution to approve the transaction, all as detailed in the OBCA.

A copy of the Code is available on the Corporation's website at [www.posera.com](http://www.posera.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **HRCG&N COMMITTEE**

The HRCG&N Committee of the Board is composed of one independent director and one director who is deemed to be non-independent under the CSA rules. The HRCG&N Committee recommends to the Board such compensation policies for the Chair of the Board, the directors and executive management to ensure alignment with shareholders' interests and corporate performance.

When reviewing candidates, the HRCG&N Committee takes into consideration factors such as the candidate's skills, commitment, and ability to add value to the Board. The candidate must have business experience compatible with the Corporation's strategic and business objectives, the ability to devote the time required, show support for the Corporation's mission and strategic objectives, and be willing to serve.

The HRCG&N Committee may engage outside advisors to assist in identifying qualified candidates. The charter of the HRCG&N Committee requires that all committee members satisfy the applicable independence requirements of NI 58-101, National Policy 58-101 Corporate Governance Guidelines ("NP 58-201"), and other regulatory requirements.

The HRCG&N Committee reviews directors' and officers' compensation once a year and makes its recommendations to the Board. To make its recommendations, the HRCG&N Committee takes into account the types of compensation and the amounts paid to directors and officers in comparable publicly-traded Canadian companies.

Board members, other than the CEO, are compensated for serving as directors of the Corporation and as Chairs or members of committees of the Board through a combination of stock options, cash compensation consisting of retainer fees and meeting fees, and reimbursement of reasonable related expenses. Specific details of the compensation of directors are provided under the heading, "Compensation of Directors".

The HRCG&N Committee is responsible to review and recommend to the Board the compensation for the CEO and may approve the compensation for each other member of executive management. It also reviews management's recommendations for the granting of stock options to executive management and other key employees of the Corporation.

The HRCG&N Committee is also responsible to review the appointments and succession planning for executive management and has oversight responsibility for the Corporation's general human resources policies and practices.

#### **AUDIT COMMITTEE**

The charter of the Audit Committee of the Corporation is set out on pages 22 to 26 in the Corporation's Annual Information Form filed on April 1<sup>st</sup>, 2019 with the regulatory authorities and is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Report of the Audit Committee is provided under the heading, "Report of the Audit Committee".

#### **OTHER BOARD COMMITTEES**

The only board committees that the Corporation currently has are the Audit Committee and the HRCG&N Committee. However, the Board may form one or more special committees from time to time as required to review particular matters or transactions.

#### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Board is comprised of three directors. As of the date of this Information Circular, the members of the Audit Committee are David Del Chiaro, Michael Brown and Gary Figueira, each being an independent director, with Mr. Brown being the chair. Each of Messrs. Del Chiaro, Brown and Figueira are financially literate under the standards established by Canadian securities regulatory authorities in NI 52-110.

The Audit Committee is responsible for the Corporation's financial reporting process and the quality of its financial reporting. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management and the external auditors and monitor independence of those auditors. In 2004, the Audit Committee formally adopted an Audit Committee charter, which sets forth purposes of the Audit Committee and guidelines for its practices.

The composition of the Audit Committee complies with the provisions of NI 52-110. Under its charter, the Audit Committee's primary duties and responsibilities are:

- to identify the current areas of greatest financial risk and its effective management by the management;

- to review the Corporation's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives;
- to monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting appropriateness and compliance;
- to monitor the independence and performance of the Corporation's external auditors;
- to provide an avenue of communication among the external auditors, management and the Board; and
- to review the annual audited financial statements with management and the external auditors and review the interim financial statements with management.

In carrying out its duties and responsibilities, the Audit Committee is required to perform the following tasks:

#### *Review Procedures*

- reviewing the Corporation's annual audited and interim financial statements and related documents prior to filing or distribution; reviewing should include discussion with management and external auditors of significant issues regarding accounting principles, practice, and significant management estimates and judgments;
- reviewing 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;
- reviewing emerging accounting issues and their potential impact on the Corporation's financial reporting;
- reviewing 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;
- reviewing 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; and
- reviewing the expenses of the Chair of the Board and Chief Executive Officer of the Corporation quarterly.

#### *External Auditors*

- reviewing the independence and performance of the auditors and annually recommending to the Board the appointment of the external auditors;
- approving the appointment, compensation and work carried out by the external auditors, including the provision of both audit related and non-audit related services;
- reviewing the report of the external auditors on the annual audited consolidated financial statements;
- reviewing major positive and negative observations of the external auditors during the course of the audit; and
- reviewing 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.

#### *Internal Audit and Legal Compliance*

- reviewing 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; and
- reviewing the annual audit plans of the internal (if any) and external auditors of the Corporation.

The Audit Committee reviewed all related party transactions between the Corporation and its subsidiaries and the officers and directors of the Corporation. The Committee determined that there were no related party transactions that required disclosure under any securities laws other than the following, as disclosed in the year-end financial statement of the Corporation.

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 <sup>(i)</sup>	\$ 1,037,406	\$ 1,110,970
Share-based payments	64,374	214,729
<b>Total</b>	<b>\$ 1,101,780</b>	<b>\$ 1,325,699</b>
Salaries and short-term employee benefits – gain on disposition of subsidiary <sup>(i)</sup>	-	95,000
Salaries and short-term employee benefits – discontinued operations <sup>(ii)</sup>	-	110,000
<b>Total Presented in Continuing Operations</b>	<b>\$ 1,101,780</b>	<b>\$ 1,120,699</b>

(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 and 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.

The Committee is satisfied that it appropriately fulfilled its mandate during the year ending December 31, 2018.

This report is submitted by the Audit Committee.

## **ADDITIONAL INFORMATION**

Additional information about Posera Ltd., including financial information, is contained in the Corporation's 2018 audited annual and unaudited quarterly financial statements, annual and quarterly management discussion and analysis and other continuous disclosure documents available on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Corporation's website has been designed for customers and investors and includes data and information of interest to the investing community. The website provides access to the latest events affecting the Corporation's performance, including press releases and financial reports.

These documents are also available upon request to the Company's Corporate Secretary, Posera Ltd., 341 Talbot Street, London, Ontario N6A 2R5.

## **APPROVAL OF DIRECTORS**

The contents and the sending of this Circular have been approved by the Board of the Corporation.

*“Michael Brown”*

Michael Brown  
Director, Chair of the Audit Committee

*“Tom McCole”*

Tom McCole  
Chairman of the Board of Directors

**DATED** this 27<sup>th</sup> day of May 2019

**SCHEDULE "A"**  
**THE MANDATE OF THE BOARD OF DIRECTORS OF**  
**POSERA LTD.**

**A. General**

The Board of Directors (the "Board") of Posera Ltd. (the "Corporation") is responsible for the stewardship of the Corporation. The Board is to govern the Corporation and to protect and enhance the assets of the Corporation in the long-term best interests of all shareholders. Each director in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Although directors may be elected by the shareholders to bring special expertise or a special point of view to Board deliberations, they are generally not chosen to represent a particular constituency exclusively and must act in the best interests of the Corporation at all times.

The Board, through its deliberations and actions should seek to take into account the following stakeholders:

Shareholders – to enhance value  
Customers – to enhance customer relationships  
Employees – to provide an equitable and safe work environment  
Suppliers – to enhance relationships  
Community – to encourage good corporate citizenship

The involvement and commitment of directors is evidenced by regular preparation for, attendance at, and active participation in, Board and committee meetings, and by performing in the interest of shareholders.

While the Board is called upon to "manage" the business of the Corporation, this is done by proxy through the Chief Executive Officer, who is charged with the day-to-day leadership and management of the Corporation. The CEO's prime responsibility is to lead the Corporation. The CEO formulates company policies and proposed action plans in conjunction with the management team and presents the policies and plans to the Board for approval. The Board approves the goals, the objectives and policies within which the Corporation is managed and then steps back and evaluates management performance. Reciprocally, the CEO keeps the Board fully informed of the progress of the Corporation towards achievement of its established goals and of all material deviations.

**B. Specific Responsibilities**

The Board, or any committee of the Board to which the Board has delegated the specific responsibility, shall have the following responsibilities:

1. represent the shareholders;
2. protect and enhance the Corporation's assets;
3. commission and approve strategic, business, and capital plans that enhance shareholder value;
4. ensure that specific and relevant corporate measures are developed and adequate controls and information systems are in place with regard to business performance;
5. monitor progress and efficiency of strategic, business, and capital plans and take appropriate action when performance falls short of goals;
6. supervise compliance with statutory requirements;
7. selection, evaluation, compensation and succession of the CEO and supervise the development and implementation of programs for management succession and development;

8. provide support, guidance, and counsel to the CEO;
9. adopt a communications and disclosure policy for the Corporation and require appropriate and timely communication to shareholders;
10. appoint committees that are appropriately configured;
11. monitor overall safety and security;
12. put processes or programs in place to identify the principal risks of the business and ensure the implementation of appropriate systems to manage these risks;
13. satisfy itself, to the extent feasible, as to the integrity of the CEO and other executive officers, and that the CEO and other executive officers create a culture of integrity throughout the Corporation; and
14. to the extent not otherwise referred to above, review and as appropriate approve all proposed transactions and matters described under the heading "C. Decisions Requiring Approval of the Board".

### **C. Decisions Requiring Approval of the Board**

Only the Board, or any committee of the Board to which the Board has delegated the specific approval authority, shall have the authority to approve the following:

#### *Strategic Matters*

1. strategic plans;

#### *Financial Matters*

2. annual business and capital plans;
3. annual financial statements and auditors report;
4. quarterly financial statements;
5. capital expenditures in excess of \$150,000;
6. acquisitions/divestitures;
7. significant refinancing opportunities;
8. dividend policy;
9. share re-purchase programs;
10. press releases related to financings, acquisitions and divestitures or material changes in branding and strategic direction, as deemed necessary by the Chair;

#### *Human Resources Matters*

11. appointment/succession/dismissal of CEO;
12. compensation for CEO;
13. executive compensation schemes and incentive plans;
14. employment/termination agreements for corporate officers;

#### *Administration and Compliance Matters*

15. appointment of Board committees;
16. Board and committee charters;
17. director nominees;
18. recommendation of shareholders' auditors;
19. offering memoranda and/or proxy circulars;
20. appointment of Chair;
21. major policies; and

#### *Other Matters*

22. such other matters as are mandated by the board or are required by law to be approved by the Board.

#### **D. Regulatory Framework**

The predecessor to the Corporation was incorporated on October 22, 2001 under the *Business Corporations Act* (Ontario) ("**OBCA**") and the Corporation was reorganized on October 7, 2011. Its head office is located in Toronto, Ontario, Canada. The Corporation's Common Shares are listed on the Toronto Stock Exchange ("**TSX**"). Consequently, the Corporation and the Board must act in accordance with:

- the OBCA;
- the Corporation's Articles of Incorporation and By-Laws;
- the rules of the TSX;
- the regulatory oversight by the Ontario Securities Commission, as the Principal Regulator of the Corporation in connection with the capital markets in Canada;
- various National Instruments, Multilateral Instruments and Policies enacted by Canadian Securities Administrators; and

other laws applicable to the Corporation and its business.

## **SCHEDULE “B”**

### **STOCK OPTION PLAN RE-APPROVAL RESOLUTION**

1. the Board of Directors of a predecessor of the Corporation adopted on July 29, 2011 a stock option plan (the “**Stock Option Plan**”) which does not have a fixed maximum number of Common Shares issuable hereunder;
2. the shareholders of the Corporation approved the unallocated options available under the Stock Option Plan, by a majority of votes cast, on June 29, 2016;
3. the rules of Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of maximum securities issuable, be approved every three (3) years;

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

1. all unallocated options under the Stock Option Plan be and are hereby approved; and
2. the Corporation have the ability to continue granting options under the Stock Option Plan until June 26, 2022, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought;
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determined to be necessary in order to give full effect to the intent and purpose of this resolution.

# POSERA

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