



PRINCIPAL TECHNOLOGIES INC.

MANAGEMENT INFORMATION CIRCULAR

FOR THE

**ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS**

TO BE HELD ON

TUESDAY, DECEMBER 12, 2023

DATED AS OF:

OCTOBER 30, 2023

TABLE OF CONTENTS

SECTION 1 - INTRODUCTION	1
SECTION 2 – PROXIES AND VOTING RIGHTS.....	1
MANAGEMENT SOLICITATION	1
APPOINTMENT OF PROXY	1
REVOCAION OF PROXIES	2
VOTING OF SHARES AND PROXIES AND EXERCISE OF DISCRETION BY MANAGEMENT NOMINEES	2
ADVICE TO BENEFICIAL SHAREHOLDERS.....	3
NOTICE-AND-ACCESS	4
NOTICE TO SHAREHOLDERS IN THE UNITED STATES.....	4
SECTION 3 - VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES	4
VOTING OF COMMON SHARES	4
PRINCIPAL HOLDERS OF VOTING SHARES	4
QUORUM.....	4
SECTION 4 – BUSINESS OF THE MEETING	4
1. FINANCIAL STATEMENTS	5
2. FIXING THE NUMBER OF DIRECTORS.....	5
3. ELECTION OF DIRECTORS	5
4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS	7
5. APPROVAL & ADOPTION OF NEW STOCK OPTION PLAN.....	7
6. APPROVAL OF CONDITIONAL OPTIONS	10
7. OTHER MATTERS.....	10
SECTION 5 - STATEMENT OF EXECUTIVE COMPENSATION.....	10
OBJECTIVE:	10
DEFINITIONS:	10
EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS.....	11
DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION	12
STOCK OPTIONS AND OTHER COMPENSATION SECURITIES	13
EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs	14
EMPLOYMENT CONSULTING AND MANAGEMENT CONTRACTS.....	14
TERMINATION AND CHANGE OF CONTROL BENEFITS.....	15
OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSATION	15
PENSION AND OTHER BENEFIT PLANS	16
SECTION 6 – AUDIT COMMITTEE	16
AUDIT COMMITTEE CHARTER	16
COMPOSITION OF THE AUDIT COMMITTEE	16
RELEVANT EDUCATION AND EXPERIENCE	16
AUDIT COMMITTEE OVERSIGHT	17
RELIANCE ON CERTAIN EXEMPTIONS	17
PRE-APPROVAL POLICIES AND PROCEDURES	17
EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY).....	18
SECTION 7 – CORPORATE GOVERNANCE.....	18
GENERAL	18
BOARD OF DIRECTORS	18
DIRECTORSHIPS IN OTHER REPORTING ISSUERS	19
ORIENTATION AND CONTINUING EDUCATION	19
ETHICAL BUSINESS CONDUCT	19
NOMINATION OF DIRECTORS	20
COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER.....	20
COMMITTEES OF THE BOARD OF DIRECTORS.....	20
ASSESSMENTS	20
SECTION 8 – ADDITIONAL INFORMATION	20

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	20
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	21
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON	21
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	21
SECTION 9 – BOARD APPROVAL	22
SCHEDULE “A” – PRINCIPAL TECHNOLOGIES INC. AUDIT COMMITTEE CHARTER	
SCHEDULE “B” – PRINCIPAL TECHNOLOGIES INC. 20% FIXED STOCK OPTION PLAN	

PRINCIPAL TECHNOLOGIES INC.

Suite 2500, 700 West Georgia Street,
Vancouver, BC V7Y 1B3
Tel: (604) 609-6110

MANAGEMENT INFORMATION CIRCULAR

**As at October 30, 2023
(except as otherwise indicated)**

SECTION 1 - INTRODUCTION

This management information circular (the “**Information Circular**”) accompanies the notice of annual general and special meeting (the “**Notice**”) and is furnished to shareholders (the “**Shareholders**”) holding common shares without par value (the “**Common Shares**”) in the capital of Principal Technologies Inc. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held at **9:30 a.m. (Vancouver Time), on Tuesday, December 12, 2023, at Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, Canada**, or at any adjournment thereof.

SECTION 2 – PROXIES AND VOTING RIGHTS

MANAGEMENT SOLICITATION

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals’ authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out-of-pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

APPOINTMENT OF PROXY

Registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each Share that such Shareholder holds on the record date of October 30, 2023 (the “**Record Date**”) on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the “**Management Nominees**”) in the enclosed form of proxy are directors, officers and/or consultants of the Company.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY.

TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, TSX TRUST COMPANY, 301-100 ADELAIDE STREET WEST, TORONTO, ONTARIO, M5H 4H1, NOT LESS

THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, **TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department)**, by mail, fax, telephone voting system or via the Internet at least two business days (excluding Saturdays, Sundays and holidays) prior to the scheduled time of the Meeting, or any adjournment(s) thereof.

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarized certified copy thereof, must accompany the form of proxy.

REVOCAION OF PROXIES

A Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either to: (i) TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), at any time up to and including the last business day preceding the day of the Meeting or, if adjourned, any reconvening thereof, or (ii) the Chair of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (a) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (b) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

VOTING OF SHARES AND PROXIES AND EXERCISE OF DISCRETION BY MANAGEMENT NOMINEES

A Shareholder may indicate the manner in which the Management Nominees are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Shares represented will be voted or withheld from the vote on that matter accordingly. **The Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.**

IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE MANAGEMENT NOMINEES NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE MANAGEMENT NOMINEES WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Shares on any matter, the Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are “non-registered” Shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which Shares were purchased. More particularly, a person is not a registered Shareholder in respect of Shares which are held on behalf of that person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators or self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or CDS & Co.) of which the Intermediary is a participant. In accordance with the requirements set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Company has distributed copies of the Notice, this Information Circular, the form of proxy, and financial statements request form (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Transfer Agent as provided above; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one-page pre-printed form. Sometimes, instead of a one-page pre-printed form, the proxy authorization will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit a Non-Registered Holder to direct the voting of Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management Nominees named in the form and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

There are two types of beneficial owners: (i) those who object to their identity being made known to the issuers of securities which they own (“**Objecting Beneficial Owners**” or “**OBOs**”), and (ii) those who do not object to their identity being made known to the issuers of securities which they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”). Subject to the provisions of NI 54-101, issuers may deliver proxy-related materials directly to NOBOs.

The Company is sending these Meeting Materials directly to registered Shareholders and NOBOs. If you are a NOBO, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding shares on your behalf.

NOTICE-AND-ACCESS

The Company is not relying on the “Notice and Access” delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting by posting them on a non-SEDAR (SEDAR – System for Electronic Document Analysis and Retrieval) website.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada, and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

SECTION 3 - VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

VOTING OF COMMON SHARES

The Company is authorized to issue (i) an unlimited number of common shares without par value and without special rights or restrictions attached and (ii) an unlimited number of preferred shares without par value, as issuable with such special rights and restrictions as may be determined by the board of directors of the Company (the “**Board**”). As at the record date, determined by the Board to be the close of business on October 30, 2023 (the “**Record Date**”), a total of 22,875,461 common shares were issued and outstanding and no preferred shares were issued and outstanding.

Only registered Shareholders as at the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement thereof. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares. Each Shareholder is entitled to one vote for each common share registered in their name.

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of the directors and senior officers of the Company, as at the Record Date, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company other than:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Greenlands Global Opportunities Fund	12,500,000	54.64%

Note: Data from disclosure found on the System for Electronic Disclosure by Insiders (SEDI)

QUORUM

Pursuant to the Articles of the Company, subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of Shareholders is two (2) persons who are entitled to vote at the meeting, present in person or represented by proxy.

SECTION 4 – BUSINESS OF THE MEETING

MANAGEMENT OF THE COMPANY KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, IF ANY OTHER MATTERS THAT ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THEIR BEST JUDGEMENT.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

1. FINANCIAL STATEMENTS

The audited financial statements of the Company for the period ended July 31, 2023 and July 31, 2022 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, the Auditor's Report thereon together with related Management's Discussion and Analysis for the financial years ended July 31, 2023 and July 31, 2022 are available on SEDAR+ at www.sedarplus.ca. The Notice of Annual General and Special Meeting of Shareholders, Information Circular, Request for Financial Statements and form of Proxy will be available from the Company's Registrar and Transfer Agent, TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1, or from the Company's head office located at Suite 2500 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. The annual financial statements were audited by DMCL LLP, Chartered Professional Accountants of Vancouver, British Columbia.

Management will review the Company's financial results at the Meeting and Shareholders and proxyholders will be given an opportunity to discuss these results with management. **No approval or other action needs to be taken at the Meeting in respect of the Financial Statements.**

Request for Financial Statements

National Instrument 51-102 *Continuous Disclosure Obligations* sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered Shareholders must also provide written instructions in order to receive the Financial Statements.

2. FIXING THE NUMBER OF DIRECTORS

The directors of the Company are elected at each annual meeting and hold office until the next annual meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal.

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at three (3). The number of directors will be approved if the majority of Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour of fixing the number of directors at three (3).

Management recommends Shareholders vote in favour of the resolution fixing the number of directors at three (3). Unless you provide instructions otherwise, the Management Nominees intend to vote FOR the resolution fixing the number of directors at three (3).

Advance Notice Provisions

Pursuant to advance notice provisions of Articles of the Company (the "**Advance Notice Provisions**"), an advance notice is required to be given to the Company in circumstances where nomination of persons for election to the Board are made by Shareholders. The Advance Notice Provisions set a deadline by which Shareholders must submit nominations (a "**Notice**") for the election of directors to the Company prior to any annual or special meeting of Shareholders. The Advance Notice Provisions also set forth the information that a Shareholder must include in the Notice to the Company, and establish the form in which the Shareholder must submit the Notice for that notice to be in proper written form.

In the case of an annual meeting of Shareholders, a Notice must be provided to the Company not less than 30 days and not more than 65 days prior to the date of the annual meeting.

As of the date of this Information Circular, the Company has not received notice of a nomination in compliance with the Advance Notice Provisions.

3. ELECTION OF DIRECTORS

Information Concerning Nominees Submitted by Management

Management of the Company proposes to nominate the persons named in the table below for election by the Shareholders as directors of the Company. All of the nominees are current members of the Board and each has agreed

to stand for election. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director.

The following disclosure sets out the names of management's three nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date:

Name, Province or State and Country of Residence, and Position with the Company⁽¹⁾	Present Principal Occupation, Business or Employment⁽¹⁾	Date Served as Director Since	No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽¹⁾
Gerald Trent⁽²⁾ Vienna, Austria	Founder of Trent Investments (January 2009 to present); Head of Global Markets & Investment Banking, Sberbank Europe AG (February 2017 to December 2018); Head of M&A, PwC Austria (January 2013 to January 2017)	August 4, 2021	180,000
His Serene Highness Prince Alfred of Liechtenstein⁽²⁾ Liechtenstein	His Serene Highness Prince Alfred of Liechtenstein (Current)	August 4, 2021	270,000
Dr. Leopold Specht⁽²⁾ Vienna, Austria	Attorney at Law	August 4, 2021	180,000

Notes:

- (1) The information as to the location of residence, principal occupation and Common Shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually as of October 30, 2023, being the Record Date of this Information Circular.
- (2) Member of the Audit Committee.

Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Cease Trade Orders

To the knowledge of the Company's management, director, officer, Insider or Promoter or a Shareholder holding a sufficient number of securities to affect materially the control of the Company is, or within 10 years before the date of the Information Circular, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or 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.

Bankruptcies

To the knowledge of the Company's management, no proposed nominee for election as a director of the Company is, or has been, within 10 years before the date of this Information Circular a director, chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

None of the proposed directors comprising the Nominees is, as at the date hereof, or has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR all of the Nominees as set forth above and therein. The Company does not contemplate that any of such nominees will be unable to serve as directors.

4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

The Board proposes to re-appoint DMCL LLP, Chartered Professional Accountants, as the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of DMCL LLP as auditors of the Company to hold office until the close of the next annual general meeting of the Company and to authorize the remuneration to be paid to the auditors of the Company to be fixed by the Board of Directors of the Company.

Management recommends, and the persons named in the enclosed Proxy intend to vote in favour of, the re-appointment of DMCL LLP, Chartered Professional Accountants as auditor of the Company and the remuneration to be paid to the auditors of the Company be fixed by the Board of Directors of the Company.

5. APPROVAL & ADOPTION OF NEW STOCK OPTION PLAN

At the Company's last annual general and special meeting held on November 30, 2022, the Shareholders approved the Company's 10% "rolling" stock option plan (the "**Option Plan**"). As of the Record Date, options to purchase 2,050,000 common shares were outstanding under the Option Plan.

At the Meeting, the Shareholders will be asked to approve the adoption of a new stock option plan of the Company (the "**New Option Plan**") to be implemented by the Company following the Meeting. If implemented by the Company, the New Option Plan will replace the existing Option Plan which was last approved by the Shareholders at the annual general and special meeting held on November 30, 2022.

The New Option Plan is a twenty percent (20%) fixed stock option plan, and a copy of the New Option Plan is available for review under the profile for the Company on SEDAR+ (www.sedarplus.ca). The following is a summary of certain provisions of the New Option Plan and is subject to, and qualified in its entirety by, the full text of the New Option Plan.

A summary of the material provisions of the New Option Plan are as follows:

- a) the New Option Plan reserves, for issuance pursuant to the exercise of stock options, Common Shares of the Company equal to a maximum of 20% of the issued and outstanding Common Shares of the Company as of the date of the New Option Plan, being 4,575,092 common shares as of October 30, 2023;
- b) under the New Option Plan, an optionee must be an Eligible Charitable Organization or a Director, Officer, Employee, Consultant, or Management Company Employee of the Company at the time the option is granted;
- c) the maximum aggregate number of common shares issuance pursuant to options, and all other security based compensation, granted or issued in any 12-month period to Insiders (as a group), excluding the CEO, pursuant to the New Option Plan and any other Security Based Compensation Plan must not exceed 10% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval);
- d) the maximum aggregate number of common shares issuance pursuant to options, and all other security based compensation under the New Option Plan and any other security based compensation plan, granted or issued to Insiders (as a group), excluding the CEO, must not exceed 10% of the issued shares of the Corporation at any point in time (unless the Corporation has obtained the requisite Disinterested Shareholder Approval);
- e) the Company, subject to disinterested shareholder approval of the New Option Plan, can exceed the limits in (c) and (d) above for Insiders (as a group) for the CEO;
- f) the maximum aggregate number of common shares issuance pursuant to options, and all other security based compensation, granted, or issued in any 12-month period to any one Person (and companies wholly owned by that Person), excluding the CEO, pursuant to the New Option Plan and any other Security Based Compensation

Plan must not exceed 5% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval);

- g) the Company, subject to disinterested shareholder approval of the New Option Plan, can exceed the limits in (f) above for any one Person provided that Person is the CEO;
- h) the maximum aggregate number of common shares issuance pursuant to options, and all other security based compensation, granted or issued in any 12 month period to any one Consultant pursuant to the New Option Plan and any other Security Based Compensation Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant;
- i) the maximum aggregate number of common shares issuance pursuant to options granted or issued in any 12 month period to all Investor Relations Service Providers pursuant to the New Option Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant. If the Corporation is listed on the NEX board of the TSX Venture Exchange, no Options are permitted to be granted to Investor Relations Service Providers;
- j) the maximum aggregate number of common shares of the Company that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares of the Company, calculated as at the date the Charitable Stock Option is granted to the Eligible Charitable Organization;
- k) as mentioned in (e) and (g), the CEO is not subject to the limitations on grants and exercises for Insiders or to any one person;
- l) options issued to Investor Relations Service Providers must vest in stages over a period of not less than 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period;
- m) subject to a minimum of \$0.05 per common share, the minimum exercise price per common share of a stock option must not be less than the market price of the common shares of the Company;
- n) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period");
- o) stock options (other than options held by Investor Relations Service Providers) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" not exceeding 12 months after the optionee ceases to serve in such capacity, as determined by the Board. Stock options granted to Investor Relations Service Providers will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board;
- p) all options are non-assignable and non-transferable;
- q) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of a stock option, or the extension of the term of a stock option, if the optionee is an Insider of the Company at the time of the proposed amendment;
- r) the New Stock Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option, subject to prior acceptance of the TSX Venture Exchange, in the event of an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, other than in connection with a share consolidation or split;
- s) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option;

- t) Subject to the provisions of the New Option Plan and Board approval, once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:
- a. excluding Options granted to Investor Relations Service Providers, a “**net exercise**” procedure in which the Corporation issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or
 - b. a broker assisted “**cashless exercise**” in which the Corporation delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Corporation to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Corporation an amount equal to the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable laws, against delivery of the Common Shares to settle the applicable trade; and
- u) a stock option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire following the general disclosure of undisclosed Material Information; (b) the automatic extension of an optionee's stock option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities; and (d) the automatic extension is available to all Eligible Persons under the same terms and conditions.

"Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Investor Relations Service Provider", "Management Company Employee", "Market Price", "Material Information", "Person", "Securities Laws" and "Security Based Compensation" all have the same definition as in the policies of the Exchange.

In order for the resolution to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by Disinterested Shareholders present in person or by proxy at the Meeting. At the Meeting, Disinterested Shareholders will be asked to pass the following ordinary resolution to approve the adoption of the New Option Plan (the “**Stock Option Plan Resolution**”), substantially in the following form:

“BE IT RESOLVED THAT:

1. the New Option Plan, in substantially the form presented to Shareholders, with such additions and deletions as may be approved by the Directors of the Company or as may be required by any regulatory authority, is hereby adopted as the stock option plan of the Company effective immediately;
2. the exemptions for the CEO to the general limits on grants and exercises for Insiders with respect to the 10% limits and to any one person 5% limit which would allow the CEO to receive grants in excess of 10% and 5% limits in accordance with the terms of the New Option Plan is hereby approved;
3. all issued and outstanding stock options of the Company previously granted shall be ratified and continued under and governed by the New Option Plan; and
4. the directors of the Company be authorized to perform all such other acts and things as may be necessary or desirable to effect the adoption of the New Option Plan; and that the directors of the Company be authorized to implement or abandon these resolutions in whole or in part, at any time and from time to time in their sole discretion, all without further approval, ratification or confirmation by Shareholders.”

Management recommends that Disinterested Shareholders approve the Stock Option Plan Resolution. If the Stock Option Plan Resolution is approved by Disinterested Shareholders, the directors will have the authority, in their sole discretion, to implement or revoke the Stock Option Plan Resolution and otherwise implement or

abandon the New Option Plan. Unless contrary instructions are indicated on the instrument of proxy or the voting information form, the Management Proxyholders intend to vote FOR the Stock Option Plan Resolution.

A copy of the New Option Plan is available on request from the Company and a copy will be available for viewing at the Meeting, and is attached to the Information Circular as Schedule "B".

6. APPROVAL OF CONDITIONAL OPTIONS

On July 11, 2023, the Company granted 2,125,000 conditional stock options under the proposed New Option Plan Gerald Trent, CEO of the Company at an exercise price of \$0.12 per share (the “**Conditional Options**”). The Conditional Options vest immediately and are excisable for a 10-year term expiring on July 11, 2033. The Conditional Options may not be exercised until approval of disinterested shareholders and the TSXV are obtained.

At the meeting, Disinterested Shareholders will be asked to approve the following resolutions:

“BE IT RESOLVED THAT:

1. The granting of 2,125,000 conditional stock options at a price of \$0.12 per share to Gerald Trent be hereby ratified and approved, subject to any change required by the TSX Venture Exchange; and
2. the directors of the Company be authorized to perform all such other acts and things as may be necessary or desirable to effect the granting of the conditional options; and that the directors of the Company be authorized to implement or abandon these resolutions in whole or in part, at any time and from time to time in their sole discretion, all without further approval, ratification or confirmation by Shareholders.”

The resolutions must be approved by a simple majority approval of the votes cast at the meeting by the disinterested holders of Common Shares not entitled to receive the Conditional Options.

7. OTHER MATTERS

As of the date of this Circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the Proxy.

Additional information relating to the Company is available on the SEDAR⁺ website at www.sedarplus.ca. Copies of the Company’s financial statements and management’s discussion and analysis may be obtained, without charge, upon request from Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, Attention: Alicia Krywaniuk, or by email request to akrywaniuk@jaspermac.com.

SECTION 5 - STATEMENT OF EXECUTIVE COMPENSATION

OBJECTIVE:

The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure provides insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand how decisions about executive compensation are made.

DEFINITIONS:

For the purpose of this Statement of Executive Compensation, in this form:

“**Chief Executive Officer**” or “**CEO**” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**Chief Financial Officer**” or “**CFO**” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“closing market price” means the price at which the Company’s security was last sold, on the applicable date,

- (a) in the security’s principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security’s principal marketplace;

“Company” means Principal Technologies Inc.;

“company” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“equity incentive plan” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment;

“external management company” includes a subsidiary, affiliate or associate of the external management company;

“grant date” means a date determined for financial statement reporting purposes under IFRS 2 Share-based Payment;

“incentive plan” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“incentive plan award” means compensation awarded, earned, paid, or payable under an incentive plan;

“NEO” or **“Named Executive Officer”** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year;

“non-equity incentive plan” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“option-based award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“plan” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, Common Shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, Common Share equivalent units, and stock.

All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars.

The following disclosure of compensation earned by certain executive officers and directors of the Company in connection with their office or employment with the Company is made in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations*. Disclosure is required to be made in relation to “Named Executive Officers” (as defined above) and directors.

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

Through its executive compensation practices, the Company seeks to provide value to its Shareholders through a strong executive leadership. Specifically, the Company’s executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Company’s strategic objectives, motivate and reward executives

whose knowledge, skills and performance are critical to the Company's success, and align the interests of the Company's executives and Shareholders by motivating executives to increase Shareholder value.

Compensation to Named Executive Officers currently is based on a number of factors including the Company's executive performance during the fiscal year, the roles and responsibilities of the Company's executives, the individual experience and skills of, and expected contributions from, the Company's executives, the Company's executives' historical compensation and performance within the Company, and any contractual commitments the Company has made to its executives regarding compensation. See "Employment Consulting and Management Contracts" below for further details on consulting arrangements currently in place with the Company's CEO and CFO.

Risk management is a consideration of the board of directors of the Company (the "Board") when implementing its compensation policies and the Board do not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

In accordance with the provisions of applicable securities legislation, the Company had two (2) Named Executive Officers as at the last day of the financial year ended July 31, 2023 namely Gerald Trent (CEO) and Peter McKeown (CFO) and two (2) Named Executive Officers as at the last day of the financial year ended July 31, 2022 namely Gerald Trent (CEO) and Frank Stronach (CFO).

There were no other executive officers of the Company who individually earned more than \$150,000 in total compensation.

Director and NEO compensation, excluding options and compensation securities

The following table sets forth all compensation, excluding options and compensation securities, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, for the two most recently completed financial years, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company. Options and compensation securities are disclosed under the heading "Stock Options and Other Compensation Securities" below.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and Position	Year ended July 31	Salary, director's fee, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gerald Trent ⁽¹⁾ CEO and Director	2023	176,506	Nil	Nil	Nil	Nil	176,506
	2022	154,294	147,260	Nil	Nil	Nil	301,554
Peter McKeown ⁽²⁾ CFO and Corporate Secretary	2023	36,325 ⁽³⁾	Nil	Nil	Nil	Nil	36,325 ⁽³⁾
	2022	N/A	N/A	N/A	N/A	N/A	N/A
His Serene Highness Prince Alfred von Liechtenstein ⁽⁴⁾ Director	2023	9,933	Nil	Nil	Nil	Nil	9,933
	2022	33,063	Nil	Nil	Nil	Nil	33,063
Dr. Leopold Specht ⁽⁵⁾ Director	2023	6,622	Nil	Nil	Nil	Nil	6,622
	2022	22,042	Nil	Nil	Nil	Nil	22,042
Frank Stronach ⁽⁶⁾ <i>Former CFO, Corporate Secretary and Director</i>	2023	6,622	Nil	Nil	Nil	Nil	6,622
	2022	22,042	Nil	Nil	Nil	Nil	22,042
John McCoach ⁽⁷⁾ <i>Former Director and Interim CEO</i>	2023	9,932	Nil	Nil	Nil	Nil	9,932
	2022	33,063	Nil	Nil	Nil	Nil	33,063

Notes:

- (1) Gerald Trent was appointed as CEO and a director of the Company on August 4, 2021.
- (2) Peter McKeown was appointed as CFO of the Company on March 6, 2023
- (3) Financial services fees paid to Player Capital Corporation of which Peter McKeown is an officer
- (4) Prince Alfred von Liechtenstein was appointed as a director of the Company on August 4, 2021.
- (5) Dr. Leopold Specht was appointed as a director of the Company on August 4, 2021.
- (6) Frank Stronach served as CFO and Corporate Secretary of the Company from April 3, 2018 to March 6, 2023 and a director of the Company from April 3, 2018 to November 22, 2022.
- (7) John McCoach served as a director of the Company from April 3, 2018 to November 25, 2022, and as interim CEO from July 6, 2020 to August 4, 2021.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table sets out all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries during the most recently completed financial years ended July 31, 2023, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof.

COMPENSATION SECURITIES (FY2023)

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$ ⁽³⁾)	Expiry Date
Peter McKeown ⁽⁴⁾ CFO & Corporate Secretary	Stock Options	500,000 stock options (24.39%) (500,000 underlying common shares: 2.19%)	July 11, 2023	0.12	0.125	0.13	July 11, 2033

Notes:

- (1) Stock options fully vested as at date of grant.
- (2) Percentage of class represents percentage of compensation securities granted over the total number of compensation securities of the Company outstanding as at July 31, 2023.
- (3) Reflects the closing price of the Common Shares on the TSX Venture Exchange on July 31, 2023, the last trading day of July 2023
- (4) The total amount of compensation securities held by Peter McKeown as at July 31, 2023 was 500,000 stock options.

From grants issued in prior financial years, the NEOs and directors of the Company had the following stock options outstanding as at July 31, 2023:

- a) Gerald Trent (CEO, President and Director) held a total of 200,000 stock options to acquire 200,000 common shares, representing 9.76% of the outstanding stock options of the Company;
- b) Prince Alfred of Liechtenstein (Director) held a total of 200,000 stock options to acquire 200,000 common shares, representing 9.76% of the outstanding stock options of the Company;
- c) Dr. Leopold Specht (Director) held a total of 200,000 stock options to acquire 200,000 common shares, representing 9.76% of the outstanding stock options of the Company.

The following table sets out all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries during the most recently completed financial years ended July 31, 2022, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof.

COMPENSATION SECURITIES (FY2022)

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$) ⁽³⁾	Expiry Date
Gerald Trent ⁽⁴⁾ CEO and Director	Stock Options	200,000 stock options (12.12%) (200,000 underlying common shares: 1.12%)	December 3, 2021	0.16	0.16	0.10	December 3, 2031
His Serene Highness Prince Alfred von Liechtenstein ⁽⁴⁾ Director	Stock Options	200,000 stock options (12.12%) (200,000 underlying common shares: 1.12%)	December 3, 2021	0.16	0.16	0.10	December 3, 2031
Dr. Leopold Specht ⁽⁴⁾ Director	Stock Options	200,000 stock options (12.12%) (200,000 underlying common shares: 1.12%)	December 3, 2021	0.16	0.16	0.10	December 3, 2031
Frank Stronach ⁽⁵⁾ <i>Former CFO, Corporate Secretary and Director</i>	Stock Options	200,000 stock options (12.12%) (200,000 underlying common shares: 1.12%)	December 3, 2021	0.16	0.16	0.10	December 3, 2031
John McCoach ⁽⁶⁾ <i>Former CEO, Corporate Secretary & Director</i>	Stock Options	200,000 stock options (12.12%) (200,000 underlying common shares: 1.12%)	December 3, 2021	0.16	0.16	0.10	December 3, 2031

Notes:

- (1) Stock options fully vested as at date of grant.
- (2) Percentage of class represents percentage of compensation securities granted over the total number of compensation securities of the Company outstanding as at July 31, 2022
- (3) Reflects the closing price of the Common Shares on the TSX Venture Exchange on July 29, 2022 the last trading day of July 2022.
- (4) As at July 31, 2022, the respective option holders held no other options than those noted in the table above.
- (5) The total amount of compensation securities held by Frank Stronach as at July 31, 2022 was 300,000 stock options.
- (6) The total amount of compensation securities held by John McCoach as at July 31, 2022 was 300,000 stock options.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs

There were no compensation securities exercised by a director or NEO of the Company during the financial years ended July 31, 2023 and July 31, 2022.

During the financial year ended July 31, 2023, 300,000 stock options held by Frank Stronach and 300,000 stock options held by John McCoach expired.

EMPLOYMENT CONSULTING AND MANAGEMENT CONTRACTS

Except as disclosed herein, the Company did not have any employment, consulting, or management agreements or any formal arrangements with the Company's current NEOs or directors regarding compensation during the most recently completed financial years ended July 31, 2023 and July 31, 2022, in respect of services provided to the Company or subsidiaries thereof.

Consulting Agreement with Gerald Trent

The Company and its wholly-owned subsidiary, Principal Technologies Capital Management GMBH that exists pursuant to the laws of Austria, entered into a consulting agreement with a consulting company owned and controlled by Gerald Trent for his CEO services on June 11, 2021. In accordance with the consulting agreement the Company pays consulting fees in the amount of €10,000 per month. In addition, Mr. Trent received a one-time signing bonus of

€100,000 in 2021. Conditional upon the Company qualifying as an “investment issuer” pursuant to the policies of the Exchange, Mr. Trent is also entitled to an annual performance bonus equal to 20% of the increase (if any) in value of the Company’s equity capital, as measured in reference to the difference between the 20 day volume weighted average of the Common Shares multiplied by the issued and outstanding Common Shares as at the beginning and end of each such annual period (the “**Performance Bonus**”). The Performance Bonus, which was approved by the Company’s shareholders on June 30, 2021, will be paid in Common Shares subject to approval of the Exchange. Mr. Trent is also entitled to receive option based compensation periodically at the discretion of the Board.

Mr. Trent has agreed to terminate the Performance Bonus conditional upon shareholder and TSXV approval being obtained for the New Option Plan and the issuance of 2,125,000 stock options to him under the plan.

The Company entered into a consulting agreement with a consulting company owned and controlled by Frank Stronach for his CFO and Corporate Secretary services on August 4, 2021, pursuant to which the Company pays consulting fees on an hourly basis, as agreed upon \$150 per hour. Mr. Stronach resigned as Director of the Company on November 20, 2022, and resigned as Chief Financial Officer and Corporate Secretary on March 6, 2023, at which point the aforementioned contract was terminated.

The Company appointed Peter McKeown as CFO on March 6, 2023. Player Capital Corporation, a company of which Mr. McKeown is an officer, has been billing the Company for financial services rendered at the rate of \$125 per hour.

TERMINATION AND CHANGE OF CONTROL BENEFITS

During the financial years ended July 31, 2023 and July 31, 2022, the Company did not have any contract, agreement, plan, or arrangement that provides for payment to any NEOs, executive officers, or directors at, following or in connection with any termination (whether voluntary, involuntary, or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s, executive officer’s or director’s responsibilities.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSATION

The Board has not conducted a formal evaluation of the implications of the risks associated with the Company’s compensation policies. Risk management is a consideration of the Board when implementing its compensation policies and the Board does not believe that the Company’s compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Base Salary

The Company has entered into management agreements with its executive officers, and currently has agreed to pay its CEO’s consulting company a fixed amount per month. See “*Employment Consulting and Management Contracts*” for further details on consulting arrangements currently in place with the Company’s CEO.

Option Based Awards

The only plan based award program that the Company currently operates with, is its stock option plan. The purpose of the stock option plan is to advance the interests of the Company, through the grant of options, by (i) providing an incentive mechanism to foster the interest of directors, officers, employees and consultants in the success of the Company; (ii) encouraging directors, officers, employees and consultants to remain with the Company; and (iii) attracting new directors, officers, employees and consultants.

The Board administers the stock option plan and, at the present time, option grants are approved by the Board. For details of the stock option plan, please refer to “*Business of the Meeting – Adoption and Approval of New Stock Option Plan*”.

Director Compensation

Directors receive quarterly fees in the amount of €20,000 per annum beginning on August 4, 2021 until October 31, 2022. The Chairman of the Board and Chairman of the Audit Committee would received additional quarterly fees in the amount of €10,000 per annum until October 31, 2022. As at the Record Date, the Directors have agreed to forego receipt of all such amounts. Effective November 1, 2022, Directors earn a per meeting fee of \$500 and the Chair of the Board or a Committee earn an additional per meeting fee of \$1,000. Directors are also eligible to receive grants of stock options pursuant to the Company’s Stock Option Plan.

Use of Financial Instruments

The Company does not have a policy that would prohibit a NEO or director from 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 Named Executive Officer or director. However, management is not aware of any Named Executive or director purchasing such an instrument.

PENSION AND OTHER BENEFIT PLANS

The Company does not have any pension, retirement, defined benefit, defined contribution, or deferred compensation plans that provides for payments or benefits to its directors and NEOs at, following, or in connection with retirement and none are proposed at this time.

SECTION 6 – AUDIT COMMITTEE

Under National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”), the Company is required to include in this Circular the disclosure required under Form 52-110F2 with respect to the audit committee (the “**Audit Committee**”) of the Board, including the composition of the Audit Committee, the text of the Audit Committee charter (attached hereto as Schedule “A”), and the fees paid to the external auditor.

AUDIT COMMITTEE CHARTER

The charter of the Company's audit committee is attached as Schedule "A".

COMPOSITION OF THE AUDIT COMMITTEE

The following are the current members of the Audit Committee:

Name	Independence	Financial Literacy
Prince Alfred von Liechtenstein	Independent	Financially Literate
Dr. Leopold Specht ⁽²⁾	Independent	Financially Literate
Gerald Trent	Non-Independent	Financially Literate

Notes:

- (1) The Company is a “venture issuer” for the purposes of NI 52-110. As such, the Company is exempt from the requirement to have the Audit Committee comprised entirely of independent members.
- (2) Chair of the Audit Committee.

NI 52-110 provides that an individual is “financially literate” if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the members of the Company’s audit committee are financially literate as that term is defined.

RELEVANT EDUCATION AND EXPERIENCE

Each member of the Company’s Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

All of the Audit Committee members are senior-level businesspeople with experience in financial matters. Each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour.

Prince Alfred von Liechtenstein – Director

His Serene Highness Prince Alfred von Liechtenstein, is a member of the Princely Family of Liechtenstein. He conducted his studies at the University of Vienna in economics and information technology, as well as politics. Since 1976, Prince Alfred von Liechtenstein has been managing director and board and supervisory board member of several international enterprises operating in multiple areas, such as trade, business advisory, and financial services. He is, among other engagements, also owner and executive director of the supervisory board of a five-star chalet hotel in Corinthia, Austria.

Dr. Leopold Specht – Director

Dr. Specht, is an international legal expert in the areas of international taxation, project financing, cross-boarder mergers and acquisitions, and corporate law, and taught at Harvard Law School, University of Naples, Northeastern University School of Law, to name a few. He conducted his studies at Harvard Law School, University of Rome, and University of Vienna. Dr. Specht is the founder and managing partner of the international law firm Specht & Partner, with offices in Vienna, Moscow, Prague, Budapest, Belgrade, and Zagreb and is fluent in five languages (German, English, Russian, Italian, French). He is also Managing Director of Dr. Leopold Specht Beteiligungs-und Vermoegensverwaltung GmbH since 1996 and of Specht Asset Management Services GmbH since 2007. Dr. Specht is also Director of Drazenowitsch-Hering-Privatstiftung since 2000 as well as Supervisory Board Member of Amalgaro Investment SE since 2019 and of ALMDORF ‘Seinerzeit’ Touristik Aktiengesellschaft since 1994.

Gerald Trent – Director

Mr. Trent held multiple senior positions in various companies. He is the founder and managing director of Trent Investments, a direct investment multi-family office for ultra-high net worth individuals in Europe. Formerly he worked as Head of Global Markets & Investment Banking at Sberbank Europe AG and Head of M&A of PwC Austria (Pricewaterhouse Coopers).

AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company’s most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Company’s most recently completed financial years ended July 31, 2023 and July 31, 2022, has the Company relied on the exemption in section 2.4 of NI 52-110 - Audit Committees (*De Minimis Non-audit Services*), the exemption in section 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*), the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or an exemption, in whole or in part, granted under Part 8 of NI 52-110.

As the Company is a “Venture Issuer” pursuant to relevant securities legislation, the Company is relying on the exemption in section 6.1 of NI 52-110 - *Audit Committees*, from the requirement of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees billed by the Company's external auditor in each of the last two financial years with respect to the Company, by category, are as follows:

Financial Year Ending July 31	Audit Fees ⁽¹⁾ (\$)	Audit Related Fees ⁽²⁾ (\$)	Tax Fees ⁽³⁾ (\$)	All Other Fees ⁽⁴⁾ (\$)
2023	70,000	Nil	2,000	Nil
2022	35,000	Nil	Nil	Nil

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

SECTION 7 – CORPORATE GOVERNANCE

GENERAL

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Company is required to disclose its corporate governance practices. Corporate governance relates to the policies, structure and activities of a board of directors of a corporation, the members of which are elected by and are accountable to the Shareholders of the corporation and takes into account the role of the individual members of management who are appointed by the board of directors and who are charged with the day-to-day management of the corporation.

National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices.

Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of Shareholders and help to contribute to effective and efficient decision-making and believes the Company's corporate governance practices are appropriate and effective for the Company given its current size.

BOARD OF DIRECTORS

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

The Board facilitates its exercise of independent supervision over management by ensuring that the Board is composed of a majority of directors independent of management. In determining whether a director is independent, the Board considers whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management. The Board, at present, is composed of three directors, the majority of whom are considered "independent" as that term is defined in applicable securities legislation. Gerald Trent (CEO) is not considered independent for the purposes of NI 58-101 – *Disclosure of Corporate Governance Practices* by reason of his office as Chief Executive Officer.

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

DIRECTORSHIPS IN OTHER REPORTING ISSUERS

None of the directors of the Company are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction. Note: The information as to other directorships is not within the knowledge of management of the Company and has been furnished by the respective directors.

ORIENTATION AND CONTINUING EDUCATION

The Board is responsible for providing orientation for all new recruits to the Board. New directors are briefed on strategic plans, short-, medium- and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing Company policies. However, there is no formal orientation for new members of the Board and this is considered appropriate given the Company's size and current level of operations. Each new director brings a different skill set and professional background and, with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. New directors also have the opportunity to become familiar with the Company and its business by meeting with the other directors and with officers and employees. A formal orientation process will be implemented when growth of the Company's operations warrants such implementation.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Company provides continuing education for its directors as the need arises in respect of issues that are necessary for them to understand and meet their obligations as directors.

Board members are encouraged to communicate with management, auditors and technical consultants in order to keep current with industry trends and developments and changes in legislation. Board members have full access to the Company's records. In addition, all of the directors of the Company are actively involved in their respective areas of expertise.

ETHICAL BUSINESS CONDUCT

The Board relies on the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of the Company. The Board has found that these, combined with the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the Shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

NOMINATION OF DIRECTORS

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the Shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Board sets the level of compensation for directors. The Board reviews compensation for the directors and CEO as needed, taking into account time commitment, comparative fees, risks and responsibilities, to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

COMMITTEES OF THE BOARD OF DIRECTORS

There are currently no other committees of the Board of Directors of the Company other than the Audit Committee.

ASSESSMENTS

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither the Company nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by the other board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board. The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practice allows the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

SECTION 8 – ADDITIONAL INFORMATION

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at July 31, 2023 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾
Equity compensation plans approved by securityholders	5,061,537	\$0.12	237,546 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A ⁽¹⁾

Note:

- (1) Such numbers do not include the grant of 2,125,000 options to Mr. Gerald Trent on July 10, 2023, as such options remain subject to the approval of disinterested shareholders pursuant to this Information Circular and the TSXV.

The following table sets out information as at July 31, 2022 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	1,650,000	\$0.15	1,783,392
Equity compensation plans not approved by securityholders	Nil	Nil	Nil

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than "routine indebtedness" as defined in applicable securities legislation, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this Information Circular

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

No person who has been a director, senior officer or insider of the Company, no proposed nominee for director and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting other than the election of directors or the approval of the new control person.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere in this Circular or in the Notes to the Company's financial statements for the financial years ended July 31, 2023 and July 31, 2022, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company's financial year ended July 31, 2023 or July 31, 2022 or in any proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

SECTION 9 – BOARD APPROVAL

The contents of this Information Circular have been approved and the delivery of it to each Shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Vancouver, British Columbia, this 30th day of October, 2023.

/s/ Gerald Trent

Chief Executive Officer and Director

SCHEDULE “A”

AUDIT COMMITTEE CHARTER

PRINCIPAL TECHNOLOGIES INC. (the “Company”)

1. OVERALL PURPOSE AND OBJECTIVES

The Audit Committee will assist the directors (the “**Directors**”) of the Company in fulfilling their responsibilities under applicable legal and regulatory requirements. To the extent considered appropriate by the Audit Committee or as required by applicable legal or regulatory requirements, the Audit Committee will review the financial reporting process of the Company, the system of internal controls and management of the financial risks of the Company and the audit process of the financial information of the Company. In fulfilling its responsibilities, the Audit Committee should maintain an effective working relationship with the Directors, management of the Company and the external auditor of the Company as well as monitor the independence of the external auditor.

2. AUTHORITY

- (a) The Audit Committee shall have the authority to:
- (i) engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
 - (ii) set and pay the compensation for any advisors employed by the Audit Committee;
 - (iii) communicate directly with the internal and external auditor of the Audit Company and require that the external auditor of the Company report directly to the Audit Committee; and
 - (iv) seek any information considered appropriate by the Audit Committee from any employee of the Company.
- (b) The Audit Committee shall have unrestricted and unfettered access to all personnel and documents of the Company and shall be provided with the resources reasonably necessary to fulfill its responsibilities.

3. MEMBERSHIP AND ORGANIZATION

- (a) The Audit Committee will be composed of at least three members. The members of the Audit Committee shall be appointed by the Directors to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The majority of the members of the Audit Committee must be Directors who are independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules and regulations, and stock exchange requirements (“**Applicable Laws**”). In this Charter, the terms “independent” and “financially literate” have the meaning ascribed to such terms by Applicable Laws, and include the meanings given to similar terms by Applicable Laws, including in the case of the term “independent” the terms “outside” and “unrelated” to the extent such latter terms are applicable under Applicable Laws.
- (b) The chairman of the Audit Committee will be an independent Director and will be appointed by the Audit Committee from time to time and must have such accounting or related financial management expertise as the Directors may determine in their business judgment.
- (c) The secretary of the Audit Committee will be the chosen by the Audit Committee.
- (d) The Audit Committee may invite such persons to meetings of the Audit Committee as the Audit Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or Applicable Laws.
- (e) The Audit Committee may invite the external auditor of the Company to be present at any meeting of the Audit Committee and to comment on any financial statements, or on any of the financial aspects, of the Company.

- (f) The Audit Committee will meet as considered appropriate or desirable by the Audit Committee. Any member of the Audit Committee or the external auditor of the Company may call a meeting of the Audit Committee at any time upon 48 hours' prior written notice.
- (g) All decisions of the Audit Committee shall be by simple majority and the chairman of the Audit Committee shall not have a deciding or casting vote.
- (h) Minutes shall be kept in respect of the proceedings of all meetings of the Audit Committee.
- (i) No business shall be transacted by the Audit Committee except at a meeting of the members thereof at which a majority of the members thereof is present.
- (j) The Audit Committee may transact its business by a resolution in writing signed by all the members of the Audit Committee in lieu of a meeting of the Audit Committee.

4. ROLE AND RESPONSIBILITIES

To the extent considered appropriate or desirable or required by applicable legal or regulatory requirements, the Audit Committee shall:

- (a) recommend to the Directors
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, and
 - (ii) the compensation to be paid to the external auditor of the Company;
- (b) review the proposed audit scope and approach of the external auditor of the Company and ensure no unjustifiable restriction or limitations have been placed on the scope of the proposed audit;
- (c) meet separately and periodically with the management of the Company, the external auditor of the Company and the internal auditor (or other personnel responsible for the internal audit function of the Company) of the Company to discuss any matters that the Audit Committee, the external auditor of the Company or the internal auditor of the Company, respectively, believes should be discussed privately;
- (d) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, including the resolution of disagreements between management of the Company and the external auditor of the Company regarding any financial reporting matter and review the performance of the external auditor of the Company;
- (e) review judgmental areas, for example those involving a valuation of the assets and liabilities and other commitments and contingencies of the Company;
- (f) review audit issues related to the material associated and affiliated entities of the Company that may have a significant impact on the equity investment therein of the Company;
- (g) meet with management and the external auditor of the Company to review the annual financial statements of the Company and the results of the audit thereof;
- (h) review and determine if internal control recommendations made by the external auditor of the Company have been implemented by management of the Company;
- (i) pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company and, to the extent considered appropriate:

- (i) adopt specific policies and procedures in accordance with Applicable Laws for the engagement of such non-audit services; and/or
 - (ii) delegate to one or more independent members of the Audit Committee the authority to pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company provided that the other members of the Audit Committee are informed of each such non-audit service;
- (j) consider the qualification and independence of the external auditor of the Company, including reviewing the range of services provided by the external auditor of the Company in the context of all consulting services obtained by the Company;
- (k) consider the fairness of the Interim Financial Report and financial disclosure of the Company and review with management of the Company whether,
 - (i) actual financial results for the interim period varied significantly from budgeted or projected results,
 - (ii) generally accepted accounting principles have been consistently applied,
 - (iii) there are any actual or proposed changes in accounting or financial reporting practices of the Company, and
 - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure;
- (l) review the financial statements of the Company, management's discussion and analysis and any annual and interim earnings press releases of the Company before the Company publicly discloses such information and discuss these documents with the external auditor and with management of the Company, as appropriate;
- (m) review and be satisfied that adequate procedures are in place for the review of the public disclosure of the Company of financial information extracted or derived from the financial statements of the Company, other than the public disclosure referred to in paragraph 4(l) above, and periodically assess the adequacy of those procedures;
- (n) establish procedures for,
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters relating to the Company;
- (o) review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;
- (p) review the areas of greatest financial risk to the Company and whether management of the Company is managing these risks effectively;
- (q) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and consider their impact on the financial statements of the Company;
- (r) review any legal matters which could significantly impact the financial statements of the Company as reported on by counsel and meet with counsel to the Company whenever deemed appropriate;
- (s) institute special investigations and, if appropriate, hire special counsel or experts to assist in such special investigations;

- (t) at least annually, obtain and review a report prepared by the external auditor of the Company describing:
 - (i) the firm's quality-control procedures;
 - (ii) any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - (ii) (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- (u) review with the external auditor of the Company any audit problems or difficulties and management's response to such problems or difficulties;
- (v) discuss the Company's earnings press releases, as well as financial information and earning guidance provided to analysts and rating agencies, if applicable; and
- (w) review this charter and recommend changes to this charter to the Directors from time to time.

5. COMMUNICATION WITH THE DIRECTORS

- (a) The Audit Committee shall produce and provide the Directors with a written summary of all actions taken at each Audit Committee meeting or by written resolution.
- (b) The Audit Committee shall produce and provide the Directors with all reports or other information required to be prepared under Applicable Laws.

SCHEDULE "B"
FIXED STOCK OPTION PLAN
PRINCIPAL TECHNOLOGIES INC.

PRINCIPAL TECHNOLOGIES INC.

INCENTIVE STOCK OPTION PLAN

October 30, 2023

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND INTERPRETATION.....	1
1.1 Defined Terms	1
1.2 Interpretation	5
ARTICLE 2 ESTABLISHMENT OF PLAN.....	5
2.1 Purpose.....	5
2.2 Shares Reserved.....	5
2.3 Non-Exclusivity.....	6
2.4 Effective Date.....	6
ARTICLE 3 ADMINISTRATION OF PLAN	6
3.1 Administration.....	6
3.2 Amendment, Suspension and Termination	7
3.3 Compliance with Laws.....	7
3.4 Tax Withholdings	8
ARTICLE 4 OPTION GRANTS.....	8
4.1 Eligibility and Multiple Grants.....	8
4.2 Option Agreement	8
4.3 Limitation on Grants and Exercises.....	8
ARTICLE 5 OPTION TERMS	9
5.1 Exercise Price	9
5.2 Expiry Date; Additional Terms	9
5.3 Vesting	10
5.4 Accelerated Vesting Event	10
5.5 Non-Assignability.....	11
5.6 Ceasing to be Eligible Person.....	11
5.7 Blackout Periods.....	11
ARTICLE 6 EXERCISE PROCEDURE	12
6.1 Exercise Procedure	12
6.2 Cashless Exercise	12
ARTICLE 7 AMENDMENT OF OPTIONS	13
7.1 Consent to Amend	13
7.2 Amendment Subject to Approval	13
ARTICLE 8 MISCELLANEOUS	13
8.1 No Rights as Shareholder.....	13
8.2 No Right to Employment	13
8.3 Governing Law	13

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "**Accelerated Vesting Event**" means the occurrence of any one of the following events:
 - (i) a take-over bid (as defined under applicable Securities Laws) is made for Common Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any Person or Persons acting jointly or in concert (as determined under applicable Securities Laws) or Persons associated or affiliated with such Person or Persons (as determined under applicable Securities Laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (ii) the acquisition or continuing ownership by any Person or Persons acting jointly or in concert (as determined under applicable Securities Laws), directly or indirectly, of Common Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such Person or Persons, Persons associated with such person or persons, or persons affiliated with such Person or Persons (as determined under applicable Securities Laws) (collectively, the "**Acquirors**"), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (iii) an amalgamation, merger, arrangement or other business combination (a "**Business Combination**") involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- (b) "**Affiliate**" shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (c) "**Associate**" shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (d) "**Board**" means the board of directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;
- (e) "**CEO**" means Chief Executive Officer of the Corporation;

- (f) **"Charitable Stock Option"** means an Option under this Plan granted by the Corporation to an Eligible Charitable Organization;
- (g) **"Charitable Organization"** means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;
- (h) **"Common Shares"** means the common shares in the capital of the Corporation that are listed on the Exchange;
- (i) **"Consultant"** means, in relation to the Corporation, an individual (other than a Director, Officer, or Employee of the Corporation or of any of its subsidiaries) or Company that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Company, as the case may be; and
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.
- (j) **"Consultant Company"** means a Consultant that is a Company;
- (k) **"Convertible Securities"** means any security of the Corporation which is convertible into Common Shares;
- (l) **"Corporation"** means Principal Technologies Inc. and its successor entities;
- (m) **"Director"** means a director (as defined under Securities Laws) of the Corporation or of any of its subsidiaries;
- (n) **"Disinterested Shareholder Approval"** means approval by a majority of the votes cast by shareholders of the Corporation at the shareholders' meeting excluding those votes attaching to voting shares of the Corporation beneficially owned by:
 - (i) the Persons that hold or will hold the Security Based Compensation in question; and
 - (ii) Associates and Affiliates of those Persons.
- (o) **"Distribution"** has the meaning ascribed thereto by the Exchange;
- (p) **"Eligible Charitable Organization"** means:
 - (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or
 - (ii) a Registered National Arts Service Organization;
- (q) **"Eligible Person"** means
 - (i) a Director, Officer, Employee, Consultant, or Management Company Employee of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; or

- (ii) an Eligible Charitable Organization at the time the Option is granted;
- (r) **"Employee"** means:
- (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation, as the case may be, but for whom income tax deductions are not made at source.
- (s) **"Exchange"** means the TSX Venture Exchange or the NEX board of the TSX Venture Exchange, as the context requires, and any successor entity or the Toronto Stock Exchange if the Corporation is listed thereon;
- (t) **"Exchange Hold Period"** has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (u) **"Expiry Date"** means the last day of the term for an Option, as set by the Board at the time of grant in accordance with section 5.2 and, if applicable, as amended from time to time;
- (v) **"Governmental Authorities"** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:
- (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
 - (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (w) **"Insider"** means
- (i) a director or senior officer of the Corporation;
 - (ii) a director or senior officer of a Company that is itself an Insider or subsidiary of the Corporation;
 - (iii) a Person that has
 - (A) beneficial ownership of, or control or direction over, directly or indirectly, or

- (B) a combination of beneficial ownership of, and control or direction over, directly or indirectly,
- securities of the Corporation carrying more than 10% of the voting rights attached to all the Corporation's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of a distribution; or
- (iv) the Corporation if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security.
- (x) "**Investor Relations Activities**" has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (y) "**Investor Relations Service Provider**" includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;
- (z) "**Listed Shares**" are defined in section 1.1(h);
- (aa) "**Management Company Employee**" means an individual employed by a Company providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation;
- (bb) "**Market Price**" shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (cc) "**Material Information**" has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (dd) "**Officer**" means an officer (as defined under Securities Laws) of the Corporation or of any of its subsidiaries;
- (ee) "**Option**" means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (ff) "**Optionee**" means an Eligible Person of an Option granted by the Corporation;
- (gg) "**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (hh) "**Plan**" means this incentive stock option plan;
- (ii) "**Private Foundation**" means "private foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (jj) "**Public Foundation**" means "public foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (kk) "**Registered Charity**" means "registered charity" as defined in the *Income Tax Act* (Canada) as amended from time to time;

- (ll) "**Registered National Arts Service Organization**" means "registered national arts service organization" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (mm) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Corporation;
- (nn) "**Security Based Compensation Plan**" has the meaning ascribed thereto by the TSX Venture Exchange's Corporate Finance Manual;
- (oo) "**Termination Date**" means the date on which an Optionee ceases to be an Eligible Person; and
- (pp) "**VWAP**" means the volume weighted average trading price of the Corporation's Common Shares listed on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option.

1.2 **Interpretation**

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.
- (b) If the Corporation is listed on the Toronto Stock Exchange, the Company will have to amend the Plan to meet TSX policies.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 **Purpose**

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its subsidiaries, if any;
- (b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its subsidiaries, if any; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 **Shares Reserved**

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options under this Plan, together with all other Security Based Compensation Plan(s) shall not exceed 20% of the issued and outstanding Common Shares as at the date of this Plan being 4,575,092 common shares as of October 30, 2023. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the issued and outstanding Common Shares by reason of any adjustment, other than in connection with a share consolidation or split, the Board shall make, as it shall deem advisable and subject to the prior acceptance of the Exchange, including

adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, appropriate substitution and/or adjustment in:

- (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) accelerated vesting related to Investor Relations vesting provisions are subject to the prior approval of the Exchange, and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
 - (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.
 - (e) Share capital adjustments are subject to prior approval of the Exchange, except where they relate to consolidations or splits.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Effective Date

This Plan shall be subject to the approval of any regulatory authority whose approval is required and any required shareholder approval. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Optionee's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and

- (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 and 3.4 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Optionees and all other Persons.
- (c) For stock options granted to Directors, Officers, Employees, Consultants or Management Company Employees, the Corporation and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Director, Officer, Employee, Consultant or Management Company Employee, as the case may be.

3.2 Amendment, Suspension and Termination

The Board may amend, subject to the approvals of any regulatory authority, Exchange and shareholders whose approvals are required, suspend or terminate this Plan or any provision herein. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Optionee. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Laws

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any Governmental Authority as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the applicable Securities Laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Optionees pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable Securities Laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.
- (d) All Options granted to Insiders and Consultants of the Corporation, and all Options granted with an exercise price that is less than the applicable Market Price for the Common Shares

(as defined by the policies of the Exchange) at the date of grant, to the extent permitted by this Plan, will be subject to the Exchange Hold Period, and will bear a legend indicating such hold period.

3.4 Tax Withholdings

Notwithstanding any other provision contained herein, in connection with the exercise of an Option by an Optionee from time to time, as a condition to such exercise the Corporation shall require such Optionee to pay to the Corporation or the relevant Affiliate an amount as necessary so as to ensure that the Corporation or such Affiliate, as applicable, is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Affiliate, as applicable shall be entitled to withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Affiliate is in compliance with the applicable provisions of any federal, provincial, local or foreign laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. The Corporation may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such withholding obligations including, without limitation, requiring the Optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such withholding obligations or (b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions, subject to the limitations set forth herein.

4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Corporation and the Optionee. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) **To Insiders.** The maximum aggregate number of Common Shares issued pursuant to Options and all other Security Based Compensation, granted or issued in any 12 month period to Insiders (as a group), excluding the CEO, pursuant to this Plan and any other Security Based Compensation Plan must not exceed 10% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval). In addition, the maximum aggregate number of Common Shares issuable pursuant to Options and all other Security Based Compensation under this Plan and any other Security Based Compensation Plan granted or issued to Insiders (as a group), excluding the CEO, must not exceed 10% of the issued shares of the Corporation at any point in time (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).
- (b) **To any one Person.** The maximum aggregate number of Options granted or issued in any 12 month period to any one Person (and companies wholly owned by that Person), excluding

the CEO, pursuant to this Plan and any other Security Based Compensation Plan must not exceed 5% of the issued shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

- (c) **To Consultants.** The maximum aggregate number of Common Shares issuable pursuant to Options granted or issued in any 12 month period to any one Consultant pursuant to this Plan and any other Security Based Compensation Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Consultant.
- (d) **To Investor Relations Service Providers.** Investor Relations Service Providers may not receive any Security Based Compensation other than Stock Options. The maximum aggregate number of Common Shares issuable pursuant to Options granted or issued in any 12 month period to all Investor Relations Service Providers pursuant to this Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant. If the Corporation is listed on the NEX board of the TSX Venture Exchange, no Options are permitted to be granted to Investor Relations Service Providers.
- (e) **To Eligible Charitable Organizations.** The maximum aggregate number of Common Shares of the Corporation that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares of the Corporation, calculated as at the date the Charitable Stock Option is granted to the Eligible Charitable Organization.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) Subject to a minimum exercise price of \$0.05 per Common Share, the exercise price per Common Share for an Option shall be determined by the Directors or their delegates if any, but will in no event be less than Market Price for the Common Shares at the date of grant.
- (b) A minimum exercise price cannot be established unless the Options are allocated to particular Persons.
- (c) The Corporation may settle stock options through:
 - (i) In cash or by cash equivalent acceptable to the Board, including cashless exercise; or
 - (ii) by a net exercise arrangement, as defined in section 6.2

provided that the net exercise alternative for payment may only be permitted in accordance with the procedures contemplated by the policies of the TSXV so long as the shares of Common Stock are listed on the TSXV.

5.2 Expiry Date; Additional Terms

- (a) Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant (subject to extension where the expiry date falls within a “blackout period”, pursuant to section 5.7) hereof.
- (b) A Charitable Stock Option must expire on or before the earlier of:

- (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and
 - (ii) the 90th day following the date that the holder of the Charitable Stock Option ceases to be an Eligible Organization.
- (c) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of Options, or the extension of the term of an Option, if the Optionee is an Insider of the Corporation at the time of the proposed amendment.

5.3 Vesting

- (a) Subject to section 5.3(b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that:
 - (i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted;
 - (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted;
 - (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and
 - (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted.

5.4 Accelerated Vesting Event

Subject to section 2.2(b) and in compliance with the policies of the Exchange, upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and subject to the prior acceptance of the Exchange, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to:

- (a) accelerating the vesting of Options, conditionally or unconditionally;
- (b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction;
- (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or
- (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

5.5 Non-Assignability

Options may not be assigned or transferred.

5.6 Ceasing to be Eligible Person

- (a) If an Optionee who is a Director, Officer, Employee, Consultant or Management Company Employee is terminated for cause, each Option held by such Optionee shall terminate and therefore cease to be exercisable upon such termination for cause.
- (b) If an Optionee dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Optionee shall be exercisable by the heirs or administrators of such Optionee and shall terminate and therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months from the date of the Optionee's death.
- (c) Unless an option agreement specifies otherwise, if an Optionee ceases to be an Eligible Person for any reason other than death or termination for cause, each Option held by the Optionee other than an Investor Relations Service Provider will cease to be exercisable 90 days after the Termination Date or for a "reasonable period" after the Optionee ceases to serve in such capacity, as determined by the Board, with such "reasonable period" not exceeding 12 months following the Termination Date. For Investor Relations Service Providers, Options shall cease to be exercisable 30 days after the Termination Date.
- (d) If any portion of an Option is not vested at the time an Optionee ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Optionee or its legal representative, as the case may be, provided that the Board may, in its discretion, thereafter permit the Optionee or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates.

5.7 Blackout Periods

An Option will be automatically extended past the expiry date of an Option governed by the Plan if such expiry date falls within a period (a "**blackout period**") during which the Corporation prohibits Optionees from exercising their Options provided that the following requirements are satisfied:

- (a) The blackout period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Corporation formally imposing a blackout period, the expiry date of any Options will not be automatically extended in any circumstances.
- (b) The blackout period must expire following the general disclosure of the undisclosed Material Information. The expiry date of the affected Options can be extended to no later than ten (10) business days after the expiry of the blackout period.
- (c) The automatic extension of an Optionee's Options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation's securities.
- (d) The automatic extension is available to all Eligible Persons under the Plan under the same terms and conditions.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Optionee only upon the Optionee's delivery to the Corporation at its head office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable Securities Laws; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Optionee's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of Securities Laws of any jurisdiction;

and on the business day following, the Optionee shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Optionee.

6.2 Cashless Exercise

Subject to the provisions of this Plan (including, without limitation, Section 3.4) and Board approval, once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) excluding Options granted to Investor Relations Service Providers, a “**net exercise**” procedure in which the Corporation issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or
- (b) a broker assisted “**cashless exercise**” in which the Corporation delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Corporation to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Corporation an amount equal to the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable laws, against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this Section 6.2 from time to time by delivery to the Corporation, at its head office or such other place as may be specified by the Corporation of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of the Option, the method of cashless exercise, and the number of Options to be exercised and (ii) payment of the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable Laws, as verified by the Corporation to its satisfaction (or by entering into some other arrangement acceptable to the Corporation in its discretion). The Optionee shall comply with Section 3.4 hereof with regard to any applicable required

withholding obligations and with such other procedures and policies as the Corporation may prescribe or determine to be necessary or advisable from time to time, including the prior written consent of the Board in connection with such exercise.

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Optionee and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option or the extension of the term of an Option if the Optionee is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires Exchange and shareholder approvals, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon an Optionee any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Optionee shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Optionee's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.