

**HYPERBLOCK INC.**



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS AND  
MANAGEMENT INFORMATION CIRCULAR**

**IN RESPECT OF AN ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
HYPERBLOCK INC.  
TO BE HELD ON MARCH 10, 2020**

Dated as of February 7, 2020

**These materials are important and require your immediate attention. The shareholders of HyperBlock Inc. are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisor.**

**If you have any questions or require further information with regard to voting your shares or completing your transmitted documentation, please contact TSX Trust Company, our transfer agent, toll free within North America at 1-866-600-5869 or by email at [TMXInvestorservices@tmx.com](mailto:TMXInvestorservices@tmx.com).**



## HYPERBLOCK INC.

### Notice of Annual General and Special Meeting of Shareholders

Notice is hereby given that an annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of HyperBlock Inc. ("**HyperBlock**" or the "**Corporation**") will be held at 140 Yonge Street, Suite 209, Toronto, Ontario, M5C 1X6, on March 10, 2020 at 10:00 a.m. (Eastern time) for the following purposes:

- (a) to receive the audited financial statements of the Corporation for the year ended December 31, 2018, and the report of the auditors thereon;
- (b) to fix the number of directors of the Corporation at three until the next annual meeting of shareholders;
- (c) to elect directors of the Corporation for the ensuing year;
- (d) to confirm the appointment of Manning Elliott LLP as auditors of the Corporation and to authorize the board of directors (the "**Board of Directors**") to fix their remuneration;
- (e) to consider and, if thought advisable, to pass, with or without variation, a special resolution in the form set forth in the accompanying management information circular authorizing an amendment to the Corporation's articles to consolidate (the "**Consolidation**") the Corporation's issued and outstanding Common Shares on the basis of one post-Consolidation share for every ten (10) pre-Consolidation shares or such lesser Consolidation ratio as the directors may approve; and
- (f) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Circular accompanying this Notice of Meeting.

The record date for determining the Shareholders entitled to receive notice of and vote at the Meeting is the close of business on January 31, 2020 (the "**Record Date**"). Only Shareholders whose names have been entered in the applicable register of Shareholders as of 5:00 p.m. (Eastern time) on the Record Date are entitled to receive notice of and vote at the Meeting. Those Shareholders of record will be included in the list of Shareholders prepared as at the Record Date and will be entitled to vote the Common Shares recorded therein at the Meeting.

**A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, such proxy must be received by the Corporation's transfer agent, TSX Trust Company, by 10:00 a.m. (Eastern time) on March 6, 2020, or two business days prior to the time of the reconvening of any adjournment or postponement of the Meeting.**

**If you are an unregistered holder of Common Shares and have received these materials through your broker, investment dealer, bank, trust corporation, trustee or other intermediary, please complete and return the form of proxy provided to you by your intermediary in accordance with the instructions provided therein.**

If you require any assistance in completing your form of proxy, please contact TSX Trust Company by calling toll free within North America at 1-866-600-5869 or by e-mail at [TMXEinvestorservices@tmx.com](mailto:TMXEinvestorservices@tmx.com).

DATED at Toronto, Ontario this 7<sup>th</sup> day of February 2020.

**BY ORDER OF THE BOARD OF DIRECTORS OF HYPERBLOCK INC.**

(signed) "*Sean Walsh*"

Sean Walsh  
Chairman and Chief Executive Officer

## HYPERBLOCK INC.

### GENERAL PROXY INFORMATION

#### Date, Time and Place of Meeting

The Meeting will be held on March 10, 2020, at 10:00 a.m. (Eastern time), at 140 Yonge Street, Suite, Toronto, Ontario, M5C 1X6.

#### Record Date

Only Registered Shareholders (as defined herein) of the Corporation as of 5:00 p.m. (Eastern time) on the Record Date of January 31, 2020 are entitled to receive notice of and to vote at the Meeting or the reconvening of any adjournment or postponement thereof. The Record Date will remain the same even if the Meeting is adjourned or postponed, subject to applicable laws and regulatory requirements.

#### Voting of Common Shares

As of the close of business on January 31, 2020, the Corporation had 245,520,648 Common Shares outstanding, each carrying the right to one vote per share. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote at the Meeting, except special resolutions requiring the approval by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the special resolution.

#### Solicitation of Proxies

The management of the Corporation is using this Circular to solicit proxies from Shareholders for use at the Meeting. All solicitation costs will be borne by the Corporation. Proxies will be solicited primarily by mail, but proxies may also be solicited personally, by telephone or through electronic means (including via the internet, e-mail or facsimile) by directors, officers and employees of the Corporation.

#### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors or officers of the Corporation. A Shareholder has the right to appoint a person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the form of proxy provided by the Corporation. To exercise this right, the Shareholder should strike out the name of the management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy. In order to be effective, a proxy must be received by the Corporation's registrar and transfer agent, TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, Canada M5H 4H1, no later than 10:00 a.m. (Eastern time) on March 6, 2020, or two business days prior to the time of the reconvening of any adjournment or postponement of the Meeting. The proxy must be in writing and executed by the Shareholder, or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the Corporation c/o TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, Canada M5H 4H1, at any time up to and including 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or the reconvening of any adjournment or postponement of the Meeting or to the chair of the Meeting on the day of the Meeting or the reconvening of any adjournment or postponement of the Meeting. **Only Shareholders who hold Common Shares in certificate form in their name (each such Shareholder shall be hereinafter referred to as a "Registered Shareholder") have the right to revoke a proxy. Beneficial Shareholders (as defined below) who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf in accordance with any requirements of the intermediaries.**

#### Proxy Voting

All Common Shares represented at the Meeting by properly completed and executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, Common Shares represented by the proxy will be voted in accordance with such instructions. Registered Shareholders will also be able to vote by calling a toll-free number or by using the internet, as provided for in the form of proxy. **In the absence of any such instructions, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. If any other business or amendments or variations to matters identified in the Notice of Annual General and Special Meeting of**

**Shareholders properly come before the Meeting, then discretionary authority is conferred upon the persons appointed in the proxy to vote in the manner they see fit.**

### **Advice to Beneficial Shareholders**

The information set forth in this section is of significant importance to many Shareholders, as a number of Shareholders do not hold Common Shares in their own names (each such Shareholder shall be hereinafter referred to as a "**Beneficial Shareholder**"). Beneficial Shareholders should note that only proxies deposited by Registered Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of the Intermediary. In Canada, the majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms and other such Intermediaries). Common Shares held by Intermediaries or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries and their agents and nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co., or of other Intermediaries, are held. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its Intermediary (or the agent of its Intermediary) is similar to the form of proxy provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder (the Intermediary or the agent of the Intermediary) how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form instead of the form of proxy. The Beneficial Shareholder is asked to complete the voting instruction form and return it to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit [www.proxyvote.com](http://www.proxyvote.com) to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the applicable meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of its Intermediary (or the agent of its Intermediary), a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholders for Registered Shareholders should enter their own names in the blank spaces on the instruments of proxy provided to them and return the same to their Intermediary (or the agent of their Intermediary) in accordance with the instructions provided by such Intermediary (or agent), well in advance of the Meeting.

### **Voting Securities and Principal Holders of Voting Securities**

The Corporation is authorized to issue an unlimited number of Common Shares. As at January 31, 2020, there are 245,520,648 Common Shares issued and outstanding, each carrying the right to one vote on all matters to come before the Meeting.

To the knowledge of the directors and executive officers of the Corporation, the following are the only persons who beneficially own or exercise control or direction over, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of outstanding securities of the Corporation entitled to vote at the Meeting:

<b>Name of Shareholder</b>	<b>Number of Common Shares held</b>	<b>Percentage of outstanding Common Shares</b>
Sean Walsh	48,214,186	19.6%

Notes:

(1) These Common Shares are held by Project Spokane LLC over which Mr. Walsh exercises control or direction. Mr. Walsh also holds options to purchase 750,000 Common Shares at an exercise price of \$0.05 CAD per Common Share and holds 750,000 restricted share units.

As of the date hereof, the directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 54,392,617 (22.15%) Common Shares.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2018, and the report of the auditors thereon will be received at the Meeting. The audited financial statements of the Corporation and the report of the auditors are being provided to each Shareholder entitled to receive a copy of the Notice of Meeting and this Information Circular and who requested a copy of the audited financial statements and the report of the auditors thereon. The financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Election of Directors

The Board of Directors is currently composed of three (3) existing directors, all of whom are elected annually. Shareholders will be asked to approve an ordinary resolution that the number of directors elected be fixed at three. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) (the "Act"), each director elected will hold office until the conclusion of the next annual general meeting of the shareholders of the Company, or if no director is then elected, until a successor is elected.

The directors of the Company determined that three (3) directors will be nominated at the Meeting. The persons named below (the "Proposed Directors") will be presented for election at the Meeting as management's nominees. Each director elected at the Meeting will hold office until the next annual general meeting of the shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the notice of articles or articles of the Company or the provisions of the Act.

**In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote at the Meeting FOR the election as directors of the Proposed Directors whose names are set forth below.** Management does not contemplate that any of the Proposed Directors will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such nominee(s) may be voted by the person(s) designated by management of the Corporation in the enclosed form of proxy, in their discretion, in favour of another nominee.

In the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herein, it is intended that the discretionary power granted by the enclosed form of proxy shall be used by the persons named therein to vote at their discretion for any other person or persons as directors.

The following table and notes thereto set forth the names of all the Proposed Directors to be nominated for election as directors, their positions with the Corporation, their principal occupations or employments, the periods during which they have served as directors of the Corporation and the approximate number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them. The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective Proposed Directors individually.

<b>Name and municipality of residence</b>	<b>Position with the Corporation</b>	<b>Director Since</b>	<b>Principal occupation for Previous Five Years</b>	<b>Number of Common Shares owned, controlled or directed</b>
Roozbeh Ebbadi <sup>(1)</sup> Toronto, Ontario	Director and Chief Operating Officer	2019	Chief Operating Officer of the Corporation (2017 – present, including its predecessor entity, CryptoGlobal Inc.); Chief Technology Officer, Face to Face Technologies Inc. (2015-2018); Business Intelligence Manager, Donorworx Inc. (2013-2017)	3,003,480
Hon. Ronald R. Spoehel <sup>(1)</sup> Hobe Sound, Florida, United States	Director	2018	Managing Partner, Windrock Investments, LLC (2010 – present); Managing Partner, Windrock Capital LLC (2013 – Present); Chief Financial Officer, National Aeronautics and Space Administration (NASA) (2007 – 2009)	3,174,951 <sup>(2)</sup>
Sean Walsh <sup>(1)</sup> San Juan, Puerto Rico	Chairman, Chief Executive Officer and Interim Chief Financial Officer	2018	Chief Executive Officer of the Corporation (2018 – present); Manager of Project Spokane LLC (2016 – Present); Founder of Redwood City Ventures (2015 – Present); Vice President, Bertram Capital (2011 – 2015)	48,214,186 <sup>(3)</sup>

**Notes:**

(1) Member of the Audit Committee. Mr. Ronald R. Spoehel is the chair of the Audit Committee.

(2) Mr. Spoehel holds options to purchase 375,000 common shares, which are exercisable at an exercise price of \$0.05 CAD per share and also holds 375,000 restricted share units.

(3) Mr. Walsh holds options to purchase 750,000 common shares, which are exercisable at an exercise price of \$0.05 CAD per share and also holds 750,000 restricted share units.

During the last five years, the Proposed Directors have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their names or with related or affiliated companies.

To the knowledge of the Corporation, except as described below, no director of the Corporation or any of the Proposed Directors are, or have been within the past 10 years, a director or officer of any corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or, while such person was acting in that capacity or within one year thereafter, was declared bankrupt or made a voluntary assignment in bankruptcy, 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.

To the knowledge of the Corporation, no director of the Corporation or any of the Proposed Directors are, or have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, or has entered into a settlement agreement with a Canadian securities regulatory authority, nor has any director of the Corporation or any of the Proposed Directors been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a Proposed Director.

To the knowledge of the Corporation, except as described below, no director of the Corporation or any of the Proposed Directors, nor any personal holding corporation of any such person, has, within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Mr. Ronald R. Spoehel was a director of Millennial Esports Corporation at the time that it was the subject of a cease trade order on January 7, 2019, as its annual financial statements and associated filings were not completed by the statutory deadline. Upon completion of the required filings, the cease trade order was lifted and trading resumed April 16, 2019.

Mr. Ronald R. Spoehel was a director of STG Group, Inc., until resigning on November 20, 2017. Following the sale of the underlying operating company, STG, Inc., on April 11, 2018, the parent company, STG Group, Inc., ceased operations and on April 19, 2018, filed a voluntary petition under Chapter 7 of the U.S. Bankruptcy Code at the U.S. Bankruptcy Court Eastern District of Virginia.

Mr. Sean Walsh was a Managing Member of AQH, LLC ("AQH") during 2015. On February 18, 2015, the Members of AQH filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Northern District of California. On June 20, 2016, the U.S. Bankruptcy Court granted the motion of the U.S. Trustee to dismiss the case for cause under § 1112(b)(4)(A) for continuing loss and no reasonable likelihood of rehabilitation.

On June 11, 2011 Mr. Sean Walsh filed a voluntary petition in his personal capacity under Chapter 7 of the U.S. Bankruptcy Code at the U.S. Bankruptcy Court for the Central District of California, which was discharged by the court on October 17, 2011.

## Appointment of Auditors

In April 2019, the Corporation announced that, as a result of the Canadian Public Accountability Board December 2018 guidance document outlining its expectations for audits of companies that own crypto-assets and recommending standards to be adopted in the audit practices of those companies' auditors, the Company's auditor, MNP LLP had resigned. The Board appointed Manning Elliott LLP ("Manning"), 17<sup>th</sup> floor, West Georgia Street, Vancouver, BC V6E 2Y3 as auditor of the corporation to fill the vacancy created thereby, effective April 3, 2019.

In accordance with the provisions of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"), annexed to this Information Circular as Schedule "B" is the requisite reporting package relating to the resignation of MNP and the appointment of Manning as successor auditor. To the date of its resignation, MNP had never expressed any reservation in any report on the Corporation's consolidated financial statements or issued any "reportable events" (as defined in Section 4.11(1) of NI 51-102).

Shareholders are being asked to confirm the actions of the board and appoint Manning as auditor of the Corporation to hold office until the next annual meeting of shareholders. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Corporation will be voted "FOR" the appointment of Manning Elliott LLP as auditor of the Corporation to hold office until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the Board.**

Additional information on the Corporation's Audit Committee, and on the Corporation's relationship with its independent auditor, is set out in the section "Audit Committee", below.

The fees paid to MNP for the audit of the financial year ended December 31, 2017 and to Manning for the audit of the financial year ended December 31, 2018 were as follows:

	2018	2017
Audit fees <sup>(1)</sup>	\$446,350	\$NIL
Audit-related fees <sup>(2)</sup>	\$NIL	\$NIL
Tax fees <sup>(3)</sup>	\$36,124	\$NIL
All other fees <sup>(4)</sup>	\$57,432	\$NIL
<b>Total</b>	<b>\$539,907</b>	<b>\$NIL</b>

### Notes:

- (1) "Audit fees" include fees necessary to perform the annual audit of the Corporation'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. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice include assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and request for rulings or technical advice from tax authorities.
- (4) "All other fees" include all other non-audit services.



## Share Consolidation

Shareholders will be asked to consider, and, if thought advisable, to pass, with or without variation, a special resolution authorizing the filing of articles of amendment in order to effect a consolidation (the “**Consolidation**”) of the Common Shares on the basis of ten (10) pre-Consolidation shares for one (1) post-Consolidation Share of the Corporation or such lesser Consolidation ratio as the Board may approve (the “**Consolidation Ratio**”). No fractional shares will be issued under the Consolidation.

Upon completion of the Consolidation, any resulting shares with the first decimal place being less than five will be cancelled without payment of any consideration, any resulting shares with the first decimal place being five or greater will be rounded up to one whole post-Consolidation share.

### Rationale for the Share Consolidation

The Board believes that it is in the best interests of the Corporation to optimize the share structure of the Corporation by reducing the number of shares that are outstanding.

### Effects of the Consolidation

The Consolidation will have the following effects on the current share capital of the Corporation:

- (a) the number of Common Shares of the Corporation issued and outstanding will be reduced on the basis of the Consolidation Ratio;
- (b) the number of Common Shares of the Corporation issuable upon the conversion or exercise of outstanding warrants, options, convertible debentures and other similar instruments of the Corporation will be reduced proportionately based on the Consolidation Ratio with corresponding adjustments, where applicable, to the exercise or conversion price of such instruments;
- (c) the number of Common Shares reserved for issuance under the Corporation’s Stock Option Plan and Restricted Share Plan will be reduced proportionately based on the Consolidation Ratio.

### Share Consolidation Resolution

If the requisite approval of the Shareholders is obtained, the Consolidation will take place as soon as reasonably practicable following the Meeting, subject to the receipt of all necessary regulatory approvals, including the consent of the Canadian Securities Exchange. Notwithstanding the approval by the Shareholders, the Board may, without further shareholder action, revoke the special resolution authorizing the Consolidation and not implement the Consolidation, if in the sole discretion of the Board, it is deemed desirable to do so.

The full text of the special resolution approving the Consolidation is as follows:

“BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF THE CORPORATION THAT:

1. The Corporation is hereby authorized to consolidate the issued and outstanding Common Shares of the Corporation (the “Consolidation”) on the basis of ten (10) pre-Consolidation shares for one (1) post-Consolidation share of the Corporation or such lesser Consolidation ratio as the directors may approve. Any resulting fractional shares with the first decimal place being less than five shall be cancelled without payment of any consideration, and any resulting fractional shares with the first decimal place being five or greater shall be rounded up to one whole post-Consolidation share;
2. Notwithstanding that this special resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered without further notice to, or approval of, the shareholders to determine not to proceed with the Consolidation at any time prior to the filing of the articles of amendment giving effect to the Consolidation. The directors of the Corporation may, at their sole discretion, revoke this resolution before it is acted upon without further approval or authorization of the shareholders of the Corporation;
3. The effective date of the Consolidation shall be the date shown in the certificate of amendment issued under the *Canada Business Corporations Act* or such other date indicated in the articles of amendment;

4. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all such documents and to do all such other acts and things as he or she may determine to be necessary or advisable to give effect to this special resolution including, without limitation, to determine the timing for delivery and effect the delivery of articles of amendment in the prescribed form to the Director appointed under the *Canada Business Corporations Act*, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

To be effective, the special resolution to approve the Consolidation must be approved by a majority of not less than two-thirds of the votes cast by the Shareholders who vote in respect of the special resolution in person or represented by proxy at the Meeting in accordance with the provisions of the *Canada Business Corporations Act*.

**The Board recommends that Shareholders vote “FOR” the resolution relating to the Corporation’s name change. Unless a Shareholder directs that his or her Common Shares are to be voted against this resolution, the persons named in the enclosed form of proxy will vote FOR the special resolution to consolidate the Common Shares.**

#### Procedure for Implementing the Consolidation

If the Board decides to proceed with the Consolidation and assuming that Shareholder approval for the Consolidation is received at the Meeting and all regulatory approvals are obtained, including the approval of the Canadian Securities Exchange, the Consolidation will only become effective upon the filing by the Corporation of Articles of Amendment with the Director under the *Canada Business Corporations Act* giving effect to the Consolidation and the endorsement by the Director of a certificate of amendment in respect thereof.

The Corporation will issue a press release announcing the filing of the Articles of Amendment giving effect to the Consolidation, and, in accordance with the rules of the Canadian Securities Exchange, the post-Consolidation Common Shares will be assigned a new CUSIP number.

#### Letter of Transmittal

Included with these Meeting Materials is a letter of transmittal (the "**Letter of Transmittal**") which will need to be duly completed and submitted by any Shareholders wishing to receive share certificates reflecting the post-Consolidation shares to which he, she or it is entitled if the Corporation completes the Consolidation. The Letter of Transmittal can be used for the purpose of surrendering certificates representing the currently outstanding shares to the Corporation's registrar and transfer agent in exchange for new share certificates reflecting the post-Consolidation shares of the Corporation.

After the Consolidation, currently issued share certificates reflecting the pre-Consolidation shares of the Corporation will (i) not constitute good delivery for the purpose of trades following the Consolidation; and (ii) be deemed for all purposes to represent the number of post-Consolidation shares to which the Shareholders are entitled as a result of the Consolidation. No delivery of a new certificate to a Shareholder will be made until the Shareholder has surrendered his, her or its current issued certificates. Please do not send the Letter of Transmittal until the Corporation announces by press release that the Consolidation will become effective.

Non-registered Shareholders holding Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for registered Shareholders. If you hold shares with such bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee to obtain instructions.

#### Certain Risks Associated with the Consolidation

The Board believes that it is in the best interests of the Corporation to reduce the number of outstanding Common Shares by way of the Consolidation; however, there are certain risks associated with the Consolidation, including, but not limited to:

- Impact on Common Share Price – numerous factors could affect the price of the Common Shares following the Consolidation, including those described in the Corporation’s public filings. Accordingly, the price of the Common Shares may not be sustainable at the direct arithmetic result of the Consolidation, and may be lower. If the price of the Common Shares is lower than it was before the Consolidation on an arithmetic equivalent basis, the Corporation's total market capitalization after the Consolidation may be lower than before the Consolidation;

- Reduced Liquidity – a decline in the price of the Common Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation and thus the marketability and liquidity of the Common Shares could be adversely affected following the Consolidation; and
- Creation of “Odd Lots” – the Consolidation may result in some Shareholders owning “odd lots” of less than a “board lot” of Common Shares on a post-Consolidation basis, which may be more difficult to sell, or require greater transaction costs per Common Share to sell than Common Shares held in “board lots”.

#### Regulatory Approvals

The Consolidation is subject to regulatory approval including, but not limited to, approval of the Canadian Securities Exchange. As a condition to the approval of a consolidation of shares listed for trading on the Canadian Securities Exchange, the Canadian Securities Exchange requires, among other things, that an issuer continue to meet the continued listing requirements of the Canadian Securities Exchange on a post-Consolidation basis. In order for the Corporation to continue to meet such continued listing requirements, it must have at least 150 “public holders” holding at least one “board lot” of the security each, after completion of the Consolidation. As a result, the Board may in its sole discretion determine that it is necessary to implement a lower share consolidation ratio in order to satisfy the applicable continued listing requirements of the Canadian Securities Exchange and obtain approval of the Consolidation from the Canadian Securities Exchange. The Board may also determine to implement a lower share consolidation ratio for other reasons, such as to adjust to a higher stock price for the Corporation's Common Shares or to reflect an increase in the actual or expected value of the Corporation's assets.

#### Effect on Convertible Securities, Stock Options and Other Arrangements

The exercise price and/or the number of shares of the Corporation issuable under any of the Corporation's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted based upon the Consolidation Ratio.

### **STATEMENT OF EXECUTIVE COMPENSATION**

The following section provides disclosure of compensation earned by the Named Executive Officers and directors of the Corporation in connection with their office or employment with the Corporation for each of the two most recently completed financial years. The following information is presented in accordance with the requirements of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”) and provides details of all compensation for each of the directors and Named Executive Officers of the Corporation for the fiscal years ended December 31, 2017 and 2018.

For the purposes of this Circular, a Named Executive Officer of the Corporation means each of the following individuals:

- (a) the chief executive officer (“CEO”);
- (b) the chief financial officer (“CFO”);
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO, whose total compensation was more than \$150,000 for the financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of the financial year.

The following individuals are considered to be Named Executive Officers of the Corporation for the fiscal year ended December 31, 2018: Sean Walsh, CEO, Tim Smart, former CFO, Brent Arsenault, Former Interim CFO, Inder Saini, Former Interim CFO, Robert

Segal, former President, James Millership, General Manager, Dan Stivers, former Director of Corporate Opportunities and Chris McGarrigle, former Chief Information Officer.

### Summary Compensation Table

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer and director, in any capacity, for the last two fiscal years ended December 31, 2017 and 2018.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Sean Walsh, Director & CEO <sup>(1)</sup>	2018	\$233,548	\$10,000	NIL	\$30,784	NIL	\$274,333
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Tim Smart, Former CFO <sup>(2)</sup>	2018	\$133,358	NIL	NIL	\$660	NIL	\$134,019
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Brent Arsenault, Former Interim CFO <sup>(3)</sup>	2018	\$63,673	NIL	NIL	NIL	NIL	\$63,673
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Inder Saini, Former Interim CFO	2018	\$13,718	NIL	NIL	NIL	NIL	\$13,718
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Robert Segal, Former Director & President <sup>(4)</sup>	2018	\$152,763	\$148,903	NIL	\$17,290	NIL	\$318,956
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Dan Stivers, General Manager	2018	\$166,394	NIL	NIL	\$1,408	NIL	\$167,802
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Chris McGarrigle, Former Chief Information Officer <sup>(5)</sup>	2018	\$128,789	NIL	NIL	\$36,795	NIL	\$165,584
	2017	NIL	NIL	NIL	NIL	NIL	NIL
James Millership, Former Director, Corporate Opportunities <sup>(6)</sup>	2018	\$250,516	\$148,903	NIL	\$15,880	NIL	\$415,298
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Hon. Ronald R. Spoehel, Director <sup>(7)</sup>	2018	\$46,214	NIL	NIL	NIL	NIL	\$46,214
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Eric So, Former Director <sup>(8)</sup>	2018	\$75,000	NIL	\$22,195	NIL	NIL	\$97,195
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Anthony Gaffney, Former Director <sup>(8)</sup>	2018	\$43,844	NIL	NIL	NIL	NIL	\$43,844
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Dayna Gibbs, Former Director <sup>(8)</sup>	2018	\$47,119	NIL	NIL	NIL	NIL	\$47,119
	2017	NIL	NIL	NIL	NIL	NIL	NIL

### Notes:

1. Mr. Walsh was appointed CEO of the Corporation on July 10, 2018.
2. Mr. Smart resigned as CFO effective October 10, 2018.
3. Mr. Arsenault was appointed Interim CFO effective October 10, 2018.
4. Mr. Segal resigned as President and Director effective January 18, 2019.

5. Mr. McGarrigle resigned as Chief Information Officer effective April 12, 2019.
6. Mr. Millership exited this role effective October 10, 2018.
7. Mr. Spoehel was appointed as a director effective July 10, 2018.
8. Resigned as director effective April 16, 2019

### Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and Named Executive Officer by the Corporation or one of its subsidiaries in the financial year ended December 31, 2018 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$CAD)	Closing price of security or underlying security on date of grant (\$CAD)	Closing price of security or underlying security at year end (\$)	Expiry date
Sean Walsh, Director & CEO*	Options	750,000	12/28/18	\$0.05	\$0.03	\$0.03	12/28/22
	RSUs	750,000	12/28/18	\$0.05	\$0.03	\$0.03	12/28/22
Tim Smart, Former CFO	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Brent Arsenault, Former Interim CFO	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Inder Saini, Former Interim CFO	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Robert Segal, Former Director & President	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Dan Stivers, General Manager*	Options	750,000	12/28/18	\$0.05	\$0.03	\$0.03	12/28/22
	RSUs	750,000	12/28/18	\$0.05	\$0.03	\$0.03	12/28/22
Chris McGarrigle, Former Chief Information Officer*	Options	56,423	03/29/18	\$2.07	\$0.40	\$0.03	03/29/23
		126,870	06/27/18	\$0.44	\$0.14	\$0.03	06/26/23
		750,000	12/28/18	\$0.05	\$0.03	\$0.03	12/28/22
		750,000	12/28/18	\$0.05	\$0.03	\$0.03	12/28/22
James Millership, Former Director, Corporate Opportunities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Hon. Ronald R. Spoehel, Director**	Options	375,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
	RSUs	375,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
Eric So, Former Director**	Options	750,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
	RSUs	750,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
Anthony Gaffney, Former Director**	Options	375,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
	RSUs	375,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
Dayna Gibbs, Former Director**	Options	375,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22
	RSUs	375,000	12/28/18	\$ .05	\$ .03	\$ .03	12/28/22

**Notes:**

\*These stock options vest quarterly commencing with the date of grant in four equal installments.

\*\*These stock options vest immediately on the date of grant.

No compensation securities were exercised by a director or named executive officer during the financial year ended December 31, 2018.

**Oversight and Description of Director and Named Executive Officer Compensation of the Corporation**

The Corporation's compensation practices are designed to retain, motivate and reward its executive officers for their performance and contribution to the Corporation's long-term success. The Corporation had established a compensation committee but such compensation committee was disbanded when directors of the committee resigned in 2019.

The Corporation's compensation program consists primarily of three elements: base salary, annual bonus, and long-term equity incentives. Each element of compensation is described below in more detail.

*Base Salary*

Base salaries for the Corporation's executive officers are established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by other companies in the Corporation's industry for similar positions and the overall market demand for such executives at the time of hire. An executive officer's base salary will also be determined by reviewing the executive officer's other compensation with the intent that the executive officer's total compensation is in line with the Corporation's overall compensation philosophy.

Base salaries are to be reviewed annually and increased for merit reasons, based on the executive officers' success in meeting or exceeding individual objectives, and taking into account prevailing market conditions. Additionally, the Corporation may adjust base salaries as warranted throughout the year for promotions or significant changes in the scope or breadth of an executive officer's role or responsibilities.

*Annual Bonus*

The Corporation's compensation program will include eligibility for an annual incentive cash bonus. Annual incentive cash bonuses are discretionary and are not awarded pursuant to a formal plan. The Board of Directors will assess the level of the executive officer's achievement of meeting individual goals, as well as that executive officer's contribution towards corporation-wide goals. The amount of the cash bonus is expected to depend on the level of achievement of the individual performance goals, with a target bonus generally to be set as a percentage of base salary and based on profitability measures.

*Long-Term Equity Incentives*

The Corporation believes that equity-based awards will allow it to reward executive officers for their sustained contributions to the Corporation. The Corporation also believes that equity awards reward continued employment by an executive officer, with an associated benefit to the Corporation of employee continuity and retention. The Board of Directors believes that incentive stock options and other equity incentive awards provide management with a strong link to long-term corporate performance and the

creation of shareholder value. The Corporation's stock option plan (the "**Stock Option Plan**") allows the Corporation the opportunity to grant stock options to purchase Common Shares as well as various other awards. The Board of Directors will not issue stock options or awards according to a prescribed formula or target but will take into account the individual's position, scope of responsibility, ability to affect profits and the individual's historic and recent performance and the value of the awards in relation to other elements of the executive's total compensation. The Board of Directors will take previous grants of stock options and awards into consideration when considering new grants of stock options and awards under the Stock Option Plan.

## **Director Compensation**

The Corporation compensates its directors commensurate with current industry standards and their ability to contribute to the sustained performance of the Corporation. Directors will also be reimbursed for their out-of-pocket expenses incurred in connection with rendering services to the Corporation.

## **Stock Option Plan**

The Corporation maintains a Stock Option Plan. Any senior officer, director, employee, management company employee, consultant, or investor relations person of the Company or its subsidiaries (each as described in the Stock Option Plan and each, an "**Eligible Person**") is eligible to receive options under the Stock Option Plan.

### **Common Shares Subject to Stock Option Plan**

The Stock Option Plan provides that the maximum number of Common Shares which may be available for issuance under the Stock Option Plan will not exceed 10% of the total number of Common Shares issued and outstanding from time to time.

#### *Limits with Respect to Insiders*

- (a) The maximum number of Common Shares which may be reserved for issuance under options granted to insiders (as a group) under the Stock Option Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis); and
- (b) The maximum number of options which may be granted to insiders (as a group) under the Stock Option Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12 month period shall be 10% of the issued Common Shares, calculated on the date an option is granted to any insider (on a non-diluted basis).

#### *Limits with Respect to Consultants and Investor Relations Person*

- (a) The maximum number of options which may be granted to any one consultant under the Stock Option Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12 month period, must not exceed 2% of the issued and outstanding Common Shares, calculated at the date an option is granted to such consultant (on a non-diluted basis); and
- (b) The maximum number of options which may be granted to all investor relations persons under the Stock Option Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12 month period, must not exceed, in the aggregate, 2% of the issued and outstanding Common Shares, calculated on the date an option granted to any such investor relations person (on a non-diluted basis).

## **Exercise of Options**

The exercise price of options issued may not be less than the closing price of the Common Shares on the exchange on which the Common Shares are listed (and if the Common Shares are not listed on an exchange, the fair market value determined by the Board of Directors) at the time the option is granted, subject to the minimum exercise price allowable by the stock exchange on which the Common Shares are listed. Subject to the provisions of the Stock Option Plan and the particular option, an option may be exercised, in whole or in part, by delivering a written notice of exercise to the Corporation along with payment in cash or certified cheque for the full amount of the purchase price of the Common Shares then being purchased.

## Term and Expiry Date

The period within which options may be exercised and the number of options which may be exercised in any such period are determined by the Board of Directors at the time of granting the options provided, however, that the maximum term of any options awarded under the Stock Option Plan is five years.

## Vesting

All options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the stock exchange on which the Common Shares are listed, if applicable, or as may be imposed by the Board of Directors. All options granted to investor relations persons must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period.

## Termination of Options

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired options held by such optionee for a period of 90 days from the date of cessation (or until the normal expiry date of the option rights of such optionee, if earlier), subject to extension by the Board of Directors to a maximum of 12 months. An optionee who was engaged in providing investor relation activities may exercise any vested and unexpired options held by such optionee for a period of 30 days from the date that the optionee ceased to provide such investor relations activities.

In the event of a death of the optionee, the optionee's representative may exercise any vested and unexpired options held by the optionee for a period of 12 months from the optionee's death (unless such period is extended by the Board of Directors). Any extension of the exercise period by the Board of Directors is subject to the approval of the stock exchange on which the Corporation's securities are listed, if applicable.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised options of that optionee under the Stock Option Plan shall immediately become terminated and shall lapse.

## Transferability

Options granted under the Stock Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

## Capital Changes, Corporate Transactions and Change of Control

The Stock Option Plan contains provisions for the treatment of options in relation to capital changes and with regard to a reorganization, stock split, stock dividend, combination of shares merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The aggregate number and kind of shares available under the Stock Option Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation.

In the event of (i) an acquisition of beneficial ownership or more than 50% of the outstanding voting securities of the Corporation, (ii) any consolidation, reorganization, merger, amalgamation or arrangement, (iii) any sale, lease, exchange or transfer of all or substantially all of the assets of the Corporation, (iv) approval by the shareholders of any plan of liquidation or dissolution of the Corporation, or (v) the replacement by way of election or appointment at any time of one-half or more of the total number of the Board of Directors (each event as more particularly described in the Stock Option Plan and each defined as an “**Acceleration Event**”), provided that the Board of Directors has determined that no adjustment shall be made pursuant to the Stock Option Plan, the Board of Directors may (i) permit the optionee to exercise the option granted, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal, and (ii) require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise. Further, the Board of Directors, in its sole discretion, may authorize and implement any one or more of the following additional courses of action in the event of an Acceleration Event:

- (a) terminating without any payment or other consideration, any options not exercised or surrendered by the effective time of the Acceleration Event;



(b) causing the Corporation to offer to acquire from each optionee his or her options for a cash payment equal to the in-the-money amount, and any options not so surrendered or exercised by the effective time of the Acceleration Event will be deemed to have expired; and

(c) an option granted under the Stock Option Plan be exchanged for an option to acquire, for the same aggregate consideration, that number and type of securities as would be distributed to the optionee in respect of the shares issued to the optionee had he or she exercised the option prior to the effective time of the Acceleration Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Acceleration Event, regardless of the continuing directorship, officership or employment of the optionee.

#### Amendment and Termination of the Stock Option Plan

The Board of Directors may at any time amend or terminate the Stock Option Plan, but where amended, such amendment is subject to regulatory approval.

#### Restricted Share Unit Plan

The Corporation maintains a Restricted Share Unit Plan (the “**RSU Plan**”). The Corporation adopted the RSU Plan to assist and encourage Directors, officers, employees and consultants of the Corporation (“**RSU Eligible Persons**”) and its subsidiaries to work towards and participate in the growth and development of the Corporation and its subsidiaries and provide such Persons with the opportunity to acquire an ownership interest in the Corporation.

#### Common Shares Subject to RSU Plan

The RSU Plan provides that the maximum number of Common Shares which may be reserved for issuance pursuant to restricted share units (“**RSUs**”) will not exceed 24,323,493 Common Shares, provided, for greater certainty, such limit, in combination with the Stock Option Plan and any other share compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares.

##### *Limits with Respect to Insiders*

- (a) The maximum number of Common Shares which may be reserved for issuance to insiders (as a group) under the RSU Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, shall be 10% of the Common Shares issued and outstanding (on a non-diluted basis) at the time of the grant;
- (b) The maximum number of RSUs which may be granted to insiders (as a group) under the RSU Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, within any 12 month period shall be 10% of the issued Common Shares (on a non-diluted basis), calculated on the date an RSU is granted to any insider;
- (c) The maximum number of RSUs which may be granted to any on RSU Eligible Person under the RSU Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, within any 12 month period, must not exceed, in the aggregate, 5% of the issued and outstanding Common Shares (on a non-diluted basis), calculated on the date an RSU is granted to any such insider; and
- (d) The maximum number of options which may be granted to any one consultant under the RSU Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, within any 12 month period, must not exceed 2% of the issued and outstanding Common Shares (on a non-diluted basis), calculated at the date an RSU is granted to such consultant.

#### Granting and Vesting of RSUs

The Board may in its own discretion, at any time, and from time to time, grant RSUs to RSU Eligible Persons as it determines appropriate, subject to the limitations set out in the RSU Plan.

The Board shall make all determinations with respect to a performance period in respect of an RSU grant as the Board considers in its sole discretion to be necessary or desirable under the Plan, including, the date or dates within such performance period and such other terms and conditions, if any, on which all or a portion of such RSUs credited to an RSU Eligible Person shall vest (to be set

forth in a grant agreement documenting the terms and conditions of the RSU), provided that no performance period shall exceed three years and no RSUs may vest when prohibited by or in breach of applicable law.

At the time a grant of RSUs is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of RSUs. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. The Board may determine that an RSU shall vest in whole or in part only upon achievement of any one or more performance conditions. Performance conditions may differ for RSUs granted to any one or different RSU Eligible Persons.

#### Settlement of RSUs

RSUs shall vest pursuant to the vesting schedule set out in a grant agreement in respect of RSUs and, subject to black-out periods and to the achievement of any specified performance conditions, the Corporation shall redeem such RSUs only at the end of the performance period pertaining to the RSUs and issue from treasury one Common Share for each full RSU that has vested without any further action on the part of the RSU Eligible Person. Notwithstanding the foregoing, at the sole election of the Corporation, the Corporation may redeem all or part of the vested RSUs by making a lump sum payment at the end of the performance period pertaining to the RSUs in respect of all RSUs to be redeemed at such time, equal to the amount determined by multiplying the number of RSUs issued to an RSU Eligible Person that are vested on such vesting date by the market price of a common share on such vesting date.

#### Transferability

RSUs granted under the RSU Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

#### Adjustments to Entitlements under RSUs

The RSU Plan contains provisions for the adjustment to the limit of the number of Common Shares reserved for issuance under the RSU Plan and the number of Common Shares issuable on redemption of RSUs to give effect to adjustments resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the capital of the Corporation.

#### Amendment and Termination of the Stock Option Plan

The Board of Directors may at any time amend or terminate the RSU Plan, but where amended, such amendment is subject to applicable law and regulatory approval.

#### Termination and Change of Control Benefits

Effective December 19, 2017, the Corporation adopted the employment agreement entered into on November 29, 2017, with a predecessor entity to govern Mr. Walsh's role as Chief Executive Officer (the "**Walsh Employment Agreement**"). The Walsh Employment Agreement will continue indefinitely, until terminated in accordance its terms. Pursuant to the Walsh Employment Agreement, the Corporation will pay Mr. Walsh a base salary of US\$240,000 annually, payable in installments according to the customary practices of the Corporation. Further, Mr. Walsh will participate in the Corporation's annual incentive bonus plan, which will be determined annually by the Board of Directors. The Company may terminate Mr. Walsh's employment without cause and without advance notice provided that the Company pays a severance amount equal to six months of Mr. Walsh's annual salary. Mr. Walsh may terminate employment prior to the expiration of the term or following a Change of Control (as such term is defined in the Walsh Employment Agreement) in the event that there is a Good Reason (as such term is defined in the Walsh Employment Agreement). If Mr. Walsh resigns from his employment for a Good Reason or within 90 days of events constituting a Good Reason, and the Corporation has not cured such breach, default, reduction or requirement within 30 days of receiving written notice of such breach, default, reduction or requirement, Mr. Walsh shall be paid (i) his salary through the date of termination, (ii) any unused vacation time, (iii) reimbursed for any business expenses that are subject to reimbursement under the Corporation's then current policy on business expenses, and (iv) receive a severance amount equal to six months of Mr. Walsh's annual salary as of the termination date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2018, with respect to the Stock Option Plan and the Restricted Share Unit Plan ("RSU Plan"), being the sole compensation plans pursuant to which equity securities of the Corporation are authorized for issuance. A description of the Stock Option Plan and the Restricted Share Unit Plan may be found earlier in this Circular under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

Plan	Number of securities to be issued upon exercise of outstanding options or RSUs	Weighted average exercise price of outstanding options or RSUs (\$CAD)
Stock Option	7,530,314	\$0.043
RSU Plans	5,375,000	N/A
<b>Total Stock Options and RSUs</b>	<b>12,905,314</b>	

### Number of Common Shares remaining available for future issuance under Stock Option and RSU plan

**11,646,751**

#### Notes:

No stock options or restricted share units have been issued since the end of the financial year ended December 31, 2018.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, none of the executive officers, directors, employees or former executive officers, directors or employees of the Corporation or any of its subsidiaries was indebted to the Corporation or any of its subsidiaries and, as at the date hereof, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## MANAGEMENT CONTRACTS

Management services for the Corporation are not, to any substantial degree, performed by persons other than the executive officers of the Corporation. The Corporation management contract to engage the services of Inder Saini as Interim CFO for the financial year ended December 31, 2018.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purpose of this Circular, an "**Informed Person**" of the Corporation means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or corporation that is itself an Informed Person or subsidiary of the Corporation; (c) any person or corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the knowledge of the Corporation, no Informed Person of the Corporation, and no associate or affiliate of any such person, at any time, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction that has materially affected the Corporation, in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at the Meeting, except as disclosed below.

On July 10, 2018, in connection with HyperBlock's purchase of assets from Project Spokane (an entity controlled by HyperBlock's major shareholder and CEO, Sean Walsh), HyperBlock borrowed \$5,000,000 from Project Spokane. The loan is now repayable on July 10, 2021.

In June 2019, the company secured US \$2,000,000 in debt financing (the "**Loan**") from its CEO, Sean Walsh to purchase and deploy new Bitmain Bitcoin mining servers for its 20MW cryptocurrency datacenter. The Loan is secured by the assets of the Company and its subsidiary HyperBlock LLC, carries an annual interest rate of 15 per cent, carries no operational covenants and matures on July 31, 2021, with an option granted to Mr. Walsh, as lender, to extend the term of the Loan by an additional two years.

## **REPORT ON CORPORATE GOVERNANCE**

The Corporation and the Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its stakeholders, particularly Shareholders. The Corporation is pleased to present its approach to corporate governance which is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings, or as otherwise required and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below, in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

### ***Board of Directors***

Three (3) directors are being nominated for election to the Board of Directors.

Pursuant to National Instrument 52-110 – *Audit Committees* ("NI 52-110"), a director is considered independent if he or she has no direct or indirect material relationship with the Corporation that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Corporation.

The Board of Directors considers Ronald R. Spoehel to be independent. The Board of Directors considers that Sean Walsh and Roozbeh Ebbadi are not independent by virtue of being, respectively, the Corporation's CEO and COO.

As considered necessary or desirable, Mr. Spoehel is able to consider matters without the input of the non-independent directors.

### ***Directorships***

Mr. Spoehel also serves as a director of publicly-traded Profire Energy Inc. (NASDAQ: PFIE), while the other current directors of the Corporation currently do not serve as a director of any other reporting issuer.

### ***Orientation and Continuing Education***

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Corporation has not yet developed a formal orientation or training program for new directors or a formal continuing education program for existing directors. Nevertheless, through discussions and meetings with other directors, officers and employees, the Board intends to provide new directors with a thorough description of the Corporation's business, properties, assets, operations and strategic plans and objectives. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

### ***Ethical Business Conduct***

As part of its responsibility for the stewardship of the Corporation, the Board seeks to foster a culture of ethical conduct by requiring the Corporation to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Corporation, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to officers, directors, employees and consultants, to help them recognize and deal with ethical issues; promoting a culture of honesty, integrity and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or an employee or consultant of the Corporation has a material interest, which include ensuring that such individuals are familiar with rules concerning reporting conflicts of interest and obtaining direction from the Board or a member of senior management of the Corporation regarding any potential conflicts of interest.

The Board has adopted a written code of business conduct and ethics (the “**Code**”), which will apply to all employees, contractors, consultants, officers and directors of the Corporation. The purpose of the Code is to, among other things, promote honest and ethical conduct, promote the avoidance of conflicts of interest, promote compliance with applicable laws, rules and regulations, provide guidance to employees, contractors, consultants, officers and directors of the Corporation to help them recognize and deal with ethical issues and help foster a culture of honesty and accountability for the Corporation. Once adopted by the Board, a copy of the Code will be filed with the regulators, in accordance with applicable legislation, and will be available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board has adopted a written “Whistleblower Policy” which establishes procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, auditing matters or violations of the Code; and (ii) the submission by employees, contractors, consultants, directors or officers of the Corporation, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Code, any other policy, charter or mandate of the Corporation, or applicable laws, rules and regulations.

The Board has adopted both a “Corporate Disclosure Policy” and an “Insider Trading Policy” to ensure, among other things: (i) strict compliance by all insiders with all requirements relating to the reporting of insider trading and with respect to trading when in possession of “undisclosed material information” (as defined in the policy); and (ii) that individuals subject to scheduled and unscheduled blackout periods adhere to the restrictions on trading as set out in the policy.

### ***Nomination of Directors***

The Board had a committee responsible for director nominations which was dissolved upon the resignation of directors on the Committee. Until the Board forms a Committee responsible for nominating directors, the Board will be responsible for the nomination of directors and identifying new candidates for appointment to the Board. In that regard, the Board is also responsible for identifying the competencies and skills required for nominees to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making. The Board may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

The Board will consider its size each year when it determines the number of directors to be nominated for election. The Board will identify and recommend new nominees as directors of the Corporation based upon the following considerations:

- the competencies and skills necessary for the Board as a whole to possess;

- the competencies and skills necessary for each individual director to possess;

- the competencies and skills which each new nominee of the Board is expected to bring; and

- whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Corporation.

## ***Compensation***

The Board had a committee responsible for compensation matters which was dissolved upon the resignation of directors on the Committee. Until the Board forms a Committee responsible for compensation matters, the Board will be responsible for making determinations regarding remuneration of directors. The details of the current director remuneration policy and details of the remuneration paid to directors for the last fiscal year are set out earlier in this Circular under the "*Statement of Executive Compensation*".

The Corporation's Executive Compensation Program is administered by the Board of Directors, including the appointment and remuneration of executive officers of the Corporation. The details of such remuneration are set out earlier in this Circular under the heading "*Statement of Executive Compensation*".

## ***Board Committees***

The Corporation does not have any standing committees other than the Audit Committee.

The Audit Committee is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents, including the Corporation's annual audited financial statements and unaudited quarterly financial statements, and monitoring the performance and independence of the Corporation's external auditors. The Audit Committee is also responsible for reviewing with management the Corporation's risk management policies, the timeliness and accuracy of the Corporation's regulatory filings and all related party transactions as well as the development of policies and procedures related to such transactions.

## ***Assessments***

The Board of Directors intends to make annual assessments regarding the effectiveness of the Board of Directors itself and individual directors in fulfilling their responsibilities, as well as the adequacy of information provided to directors, communication between the Board of Directors and management and the strategic direction and processes of the Board of Directors.

## **Audit Committee Information**

### ***Composition of the Audit Committee***

The Audit Committee of the Corporation is currently composed of the following three members: Ronald R. Spoehel (Chair), Roozbeh Ebaddi and Sean Walsh, of whom Mr. Spoehel has been determined by the Board of Directors to be independent. Based on the education and breadth and depth of experience of each member of the Audit Committee, the Board of Directors has determined each such member to be financially literate.

### ***Relevant Education and Experience***

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee.

#### ***Ronald R. Spoehel***

Hon. Ronald R. Spoehel served as the Presidentially-appointed Senate-confirmed Chief Financial Officer of NASA and is a private investor with over 40 years of private investment, board, executive management, and investment banking experience, from Fortune 500 to technology start-ups. Mr. Spoehel presently serves as Managing Partner of Windrock Investments, LLC, and on the Board of Directors of publicly-traded Profire Energy, Inc. He also serves on other U.S. and international private company and advisory boards, including various EJV Capital investment funds and Republic Capital Access, a unit of Stephens Investments Holdings. He is a CIMA registered director and a member of the Economic Club of Washington, D.C. Prior to NASA, he was a partner in various investment companies and earlier served ten years in investment banking at Lehman Brothers and Bank of America. In addition, he held various board, and financial and general management positions with globally operating public and private companies in the U.S., Canada, Latin America, and Europe. Mr. Spoehel is an honors graduate of the University of Pennsylvania, where he received his BS in Economics and MBA in Finance from the Wharton School and MSE from the Moore School of Electrical Engineering.

*Roozbeh Ebaddi*

Mr. Ebaddi has served as the COO of HyperBlock since 2017 and was a Co-Founder of its predecessor CryptoGlobal. A civil engineer and longtime cryptocurrency mining expert, Mr. Ebaddi led the development of HyperBlock's proprietary financial and mining operations software platform. Before joining HyperBlock, Mr. Ebaddi led development for Face to Face Technologies Inc. as its Chief Technology Officer (2015-2018); and was the Business Intelligence Manager for Donorworx Inc. from 2013 to 2017. Since 2013, Mr. Ebaddi has been the Director of Business for Proteus Development Corporation, a technology startup that specializes in developing custom software solutions. Mr. Ebaddi has served on the HyperBlock Inc. Board since April 2019.

*Sean Walsh*

Sean Walsh was the founder of Project Spokane, LLC, one of the largest cryptocurrency mining datacenters in North America. Mr. Walsh also founded Redwood City Ventures ("RWCV"), a Silicon Valley based advisory and investment firm targeting the Bitcoin and Cryptocurrency ecosystem. Prior to RWCV, Mr. Walsh worked at the private equity firm, Bertram Capital, where he was responsible for Customer Acquisition, Product Management/Marketing, Ecommerce, Online Marketing, and Mobile Applications across more than a dozen operating companies in Bertram's \$1+ Billion portfolio. In 2011, he co-founded a division called Bertram Labs which was later recognized for disrupting the trillion-dollar private equity middle market. Mr. Walsh has devoted more than 15 years of his career to launching and growing online and mobile businesses, has helped design a number of commercial telecom satellite networks and has been involved with various NASA research missions. Mr. Walsh holds an Aerospace Engineering degree from the University of Colorado, Boulder.

***Audit Committee Charter***

The responsibilities and duties of the Audit Committee are set out in the Audit Committee's Charter, the text of which is attached as "Schedule A" to this Circular.

***Pre-Approval Policies and Procedures***

The Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services, other than as are set out in the Audit Committee's Charter, the text of which is attached as "Schedule A" to this Circular.

**AVAILABLE INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year.

Shareholders may request copies of the Corporation's financial statements and management's discussion and analysis by contacting the Corporation at 1-800-613-4721 or in person at 140 Yonge Street, Suite 209, Toronto, Ontario, M5C 1X6.

**OTHER MATTERS**

Management of the Corporation is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Annual General and Special Meeting of Shareholders. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

**DIRECTORS' APPROVAL**

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

DATED: February 7, 2020

**BY ORDER OF THE BOARD OF DIRECTORS OF HYPERBLOCK  
INC.**

(signed) *"Sean Walsh"*

Sean Walsh  
Chairman and Chief Executive Officer



## **SCHEDULE "A"**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

#### **HYPERBLOCK INC.**

#### **AUDIT COMMITTEE CHARTER**

**Adopted September 27, 2018**

### **I. PURPOSE AND COMPOSITION**

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") HyperBlock Inc. (the "**Company**") is to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to monitor:

- (i) the integrity of the Company's financial disclosure;
- (ii) the qualifications and independence of the Company's external auditor; and
- (iii) the performance of the external auditor.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. The majority of the members of the Audit Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with international financial reporting standards ("IFRS"), generally accepted accounting principles ("GAAP"), or applicable rules and regulations. These are the responsibilities of management and the external auditor.

The Audit Committee of the Company shall be composed of not less than three directors of the Company, each of whom shall be independent within the meaning of NI 52110, as amended or replaced from time to time. Each member of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial experience. The members of the Audit Committee will be appointed or reappointed by the Board following each annual meeting of the Company's shareholders. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board or ceases to be a director of the Company. Where a vacancy occurs at any time in the membership of the Audit Committee, the Board may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three directors as a result of any such vacancy.

### **II. MEETINGS AND OPERATIONS**

The Audit Committee shall meet as often as it determines necessary or as may be required by applicable legal or listing requirements. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. Any member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

At all Audit Committee meetings, a majority of the members shall constitute a quorum. The acts of the Audit Committee at a duly constituted meeting shall require the vote of a majority of the members present provided that, in any circumstances, a resolution or other instrument in writing signed by all members of the Audit Committee shall avail as the act of the Audit Committee. The Audit Committee shall meet periodically with management, the internal auditors, and the external auditor in separate executive sessions to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately. The Audit Committee may instruct and require any officer or employee of the Company or the Company's external legal counsel or external auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The members of the Audit Committee shall select a chair from among their number. The chair will preside at each meeting of the Audit Committee and, in consultation with the other members of the Audit Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting.

### **III. AUTHORITY AND RESPONSIBILITIES**

The Audit Committee shall have the sole authority and responsibility to appoint, nominate or replace the external auditor (subject, if applicable, to shareholder approval or ratification). The external auditors are ultimately accountable to the Audit Committee and to the Board, as representatives of the shareholders. The Audit Committee shall be directly responsible for the determination of compensation and oversight of the work of the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The external auditor shall report directly to the Audit Committee. The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its external auditor. The Audit Committee shall consult with management but shall not delegate any of its responsibilities to management.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the external auditor and to any advisors engaged by the Audit Committee.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall annually review the Audit Committee's own performance. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

To fulfill its responsibilities and duties the Audit Committee shall:

(a) **Financial Disclosure**

- (i) Review and discuss with management, and the external auditor if and as applicable, prior to filing with the appropriate securities regulatory authorities or public dissemination, the Company's:
  - i annual audited financial statements and related documents, including disclosures made in management's discussion and analysis,
  - ii quarterly financial statements and related documents including disclosures made in management's discussion and analysis,

- iii press releases or material change reports discussing financial matters, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made);
  - iv material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company or any of its subsidiaries with unconsolidated entities or other persons including related persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses;
  - v quality and acceptability of the accounting principles, policies and practices used in the preparation of the Company's financial statements, including all critical accounting policies and practices used, any alternative treatments of financial information, those policies for which management is required to exercise discretion or judgments regarding the implementation thereof, the ramification of their use and the external auditor's preferred treatment, as well as any other material communications between the external auditor and management;
- (ii) Discuss with the external auditor the matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants relating to the conduct of the audit.

**(b) External Audit**

- (i) Periodically review the independence of the external auditor;
- (ii) Meet with the external auditor and with management to discuss the audit plan, audit findings, any restrictions on the scope of the external auditor's work, and any issues that the external auditor experiences in performing the audit, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (iii) Review with the external auditor any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
- (iv) Review any evaluation of the Company's internal control over financial reporting conducted by the external auditor, together with management's response;
- (v) Preapprove (or delegate such preapproval to one or more of its independent members) in accordance with a preapproval policy, all engagements for nonaudit services to be provided to the Company or its subsidiary entities by the external auditor, together with all nonaudit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;
- (vi) Review and approve the Company's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and,
- (vii) In the event of a change of auditor, review and approve the Company's disclosure relating thereto.

(c) **Compliance Oversight Responsibilities**

- (i) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (ii) Discuss with management and the external auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies; and,
- (iii) Discuss with the Company's external legal counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

(d) **Other**

- (i) Review and, if deemed appropriate, approve all related-party transactions;
- (ii) Institute and oversee special investigations, as needed; and,
- (iii) provide a report of its activities to the shareholders of the Company as part of the Company's management proxy circular for its annual meeting.

**SCHEDULE “B”**  
**CHANGE OF AUDITOR REPORTING PACKAGE**

**See Attached.**



**VIA SEDAR**

April 3, 2019

Alberta Securities Commission  
600 - 250 5<sup>th</sup> Street SW  
Calgary, Alberta T2P 0R4

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre 701 West Georgia Street  
Vancouver, BC V7Y 1L2

Ontario Securities Commission  
20 Queen Street West, 22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8

**Attention: Continuous Disclosure**

Dear Sirs/Mesdames:

**Hyperblock, Inc. (the "Company")**  
**Notice Pursuant to National Instrument 51-102 – Change of Auditor (the "Notice")**

As required by National Instrument 51-102, we have reviewed the information contained in the Notice dated April 3, 2019 given by the Company. Based on our knowledge of such information at this date, we agree with the statements set out in the Notice.

Yours truly,

MANNING ELLIOTT LLP

*Manning Elliott LLP*

April 3, 2019

**TO:** British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

Dear Sirs/Mesdames:

**Re: Notice of Change of Auditor (the “Notice”) – HyperBlock Inc.**

We have read the Notice dated April 3, 2019 (the “Notice”), delivered to us pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* and, based on our knowledge of the information at this time, we agree with each statement contained in the Notice, other than statements relating to the successor auditor which we have no basis to agree or disagree.

Yours truly,



Chartered Professional Accountants  
Licensed Public Accountants

cc: The Board of Directors, HyperBlock Inc.

