# OMNI-LITE INDUSTRIES CANADA INC.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**To be held at 1:30 p.m. (Mountain Time)**
**Main Board Room**
**On the 15th Floor at the office of**
**MNP LLP**
**1500, 640 – 5th Avenue S.W.**
**Calgary, Alberta**
**T2P 3G4**
**On**

**January 15, 2016**

## MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

**Dated: December 2, 2015**

**OMNI-LITE INDUSTRIES CANADA INC.**

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

**TAKE NOTICE THAT** an Annual and Special Meeting (the "Meeting") of the shareholders of **OMNI-LITE INDUSTRIES CANADA INC.** (the "Corporation") will be held at the Main Board Room at the office of MNP LLP located at 1500, 640 – 5th Avenue S.W., Calgary, Alberta T2P 3G4 on Friday, January 15, 2016 at 1:30 p.m. (Mountain time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2014, together with the report of the auditors thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
4. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying Management Proxy Circular, ratifying, adopting and approving the stock option plan of the Corporation and authorizing the Corporation's board of directors to make any amendments thereto that may be required for the purpose of obtaining the approval of the TSX Venture Exchange or, if required, the Toronto Stock Exchange; and
5. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Management Proxy Circular.

A shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are requested to date, sign and return the accompanying Instrument of Proxy, or other appropriate form of proxy, in accordance with the instructions set forth in the accompanying Management Proxy Circular and Instrument of Proxy. An Instrument of Proxy will not be valid unless it is deposited at the offices of Computershare Trust Company of Canada at 8th Floor, 100 University Ave., Toronto, ON M5J 2Y1, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on December 2, 2015 (the "Record Date") are entitled to receive notice of the Meeting.

**SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.**

DATED at Calgary, Alberta as of the 2nd day of December 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) David F. Grant*

Chairman and CEO

**OMNI-LITE INDUSTRIES CANADA INC.**

**MANAGEMENT PROXY CIRCULAR**

(Unless otherwise stated, information contained herein is given as of December 2, 2015)

## INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

### Solicitation of Proxies

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Omni-Lite Industries Canada Inc. (the "Corporation") for use at the Annual and Special Meeting of the holders (the "Shareholders") of common shares ("Common Shares") of the Corporation to be held at the Main Board Room at the office of MNP LLP located at 1500, 640 – 5th Avenue S.W., Calgary, Alberta T2P 3G4 on Friday, January 15, 2016 at 1:30 p.m. (Mountain Time) (the "Meeting"), for the purposes set forth in the Notice of Annual and Special Meeting (the "Notice") accompanying this Management Proxy Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

### Appointment of Proxyholders

Accompanying this Management Proxy Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of Computershare Trust Company of Canada at 8th Floor, 100 University Ave., Toronto, ON M5J 2Y1 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.**

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting**. To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

### Signing of Proxy

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

### Revocability of Proxies

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

**Voting of Proxies and Exercise of Discretion by Proxyholders**

All Common Shares represented at the Meeting by properly 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 instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Except as disclosed in this Management Proxy Circular, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted on, other than the election of directors or the appointment of auditors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

**Voting of Common Shares – General**

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is December 2, 2015 (the "Record Date"). Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on that date and holders of Common Shares issued by the Corporation after such date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares without par value. On the Record Date, of the Corporation's authorized Common Shares, 11,512,441 Common Shares were issued and outstanding as fully paid and non-assessable.

**Voting of Common Shares – Advice to Non-Registered Holders**

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

(a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

(b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Proxy Circular and the instrument of proxy

(collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communications ("Broadridge")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

(a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.investorvote.com; or

(b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Trust Company of Canada at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

**Principal Holders of Common Shares**

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, the only persons or corporations beneficially owning, directly or indirectly, or exercising control or direction over more than 10% of the votes attached to the shares of the Corporation are:

| Name | Number of Common Shares | Percentage of Outstanding Shares |
|---|---|---|
| Boeckh Investments Inc. | 2,186,597 | 18.99% |
| Mary Quah | 1,254,038 | 10.89% |

**STATEMENT OF EXECUTIVE COMPENSATION**

**Summary Compensation Table**

Executive Compensation is required to be disclosed for each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year) and each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year and whose total salary and bonus exceeded $150,000 (the "Named Executive Officers"). The following table sets forth information concerning the total compensation paid, during each of the last three financial years (as applicable), to the Named Executive Officers.

The following table sets forth the details concerning the total compensation earned by each of the Named Executive Officers in respect of the financial years ended December 31, 2014, December 31, 2013, December 31, 2012.

**Financial Year Ended December 31, 2014**

| Name and Principal Position | Year | Salary | Share-Based Awards | Option-Based Awards (1) | Non-Equity Incentive Plan Compensation | | Pension Value | All Other Compensation (3) | Total Compensation |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Annual Incentive Plans (2) | Long-Term Incentive Plans | | | |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| David F. Grant Chairman and Chief Executive Officer | **2014** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| | 2013 | Nil | Nil | $ 78,264 | Nil | Nil | Nil | Nil | $78,264 |
| | 2012 | Nil | Nil | $ 26,586 | Nil | Nil | Nil | Nil | $26,586 |
| Allen Maxin Vice President Operation Support | **2014** | **$117,069** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **$3,275** | **$120,344** |
| | 2013 | $108,059 | Nil | $ 6,522 | Nil | Nil | Nil | $3,490 | $118,071 |
| | 2012 | $114,000 | Nil | $ 13,293 | Nil | Nil | Nil | $12,452 | $139,745 |
| Michael Walker Vice President Research and Development | **2014** | **$103,246** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **$2,839** | **$106,085** |
| | **2013** | $ 99,573 | Nil | $ 6,522 | Nil | Nil | Nil | $2,646 | $108,741 |
| | 2012 | $105,000 | Nil | $ 13,293 | Nil | Nil | Nil | $10,476 | $128,769 |
| Timothy Wang Chief Financial Officer | **2014** | **$101,769** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **$2,935** | **$104,704** |
| | 2013 | $ 95,562 | Nil | $ 6,522 | Nil | Nil | Nil | $3,180 | $105,264 |
| | 2012 | $ 99,526 | Nil | $ 13,293 | Nil | Nil | Nil | $4,544 | $117,363 |

**Notes:**

(1) In 2013, certain NEOs were granted an aggregate of 375,000 options to purchase Common Shares. The Company has adopted fair value accounting for options granted under its Stock Option Plan using Black-Scholes fair-value option pricing. No options were granted to NEOs in 2014. For additional detail, please see Note 10 of the Company's annual audited financial statements for the year ended December 31, 2013. In 2012, certain NEOs were granted an aggregate of 125,000 options to purchase Common Shares.

(2) Bonus plan based on meeting certain performance targets.

(3) Perquisites and other personal benefits, securities or property, received did not exceed the lesser of $50,000 and 10% of the total annual salary and bonuses for the Named Executive Officers. Compensation includes: SIMPLE IRA Contribution of up to 3% of Annual Salary, and Vacation Payout, if any. See "Compensation Plan".

### Compensation Plan

The Corporation has a Stock Option Plan, a Bonus Plan and a Pension Plan. The Corporation's Pension Plan is a Savings Incentive Match PLan for Employees Individual Retirement Account ("SIMPLE IRA") administered by a financial institution providing for a matching contribution by the Corporation of up to three (3%) percent of a participant's annual salary. No administration fees are charged to the Corporation.

### Long-Term Incentive Plan Awards Table

The Corporation has no long-term incentive plans. Accordingly, no such compensation was paid or distributed to the Named Executive Officers during the financial year ended December 31, 2014.

### Incentive Plan Awards

The following table sets forth the details regarding the incentive plan awards for each Named Executive Officer outstanding as of December 31, 2014. The closing price of the Common Shares on the TSX Venture was $1.14 per common share on December 31, 2014.

| | Option-Based Awards | | | | Share-Based Awards | |
|---|---|---|---|---|---|---|
| **Name and Principal Position** | **Number of Securities Underlying Unexercised Options** | **Option Exercise Price** | **Option Expiration Date** | **Value of Unexercised in-the-money Options [(1)]** | **Number of Shares or Units of Shares That Have Not Vested** | **Market or Payout Value of Share-based Awards That Have Not Vested** |
| | **(#)** | **($)** | | **($)** | **(#)** | **($)** |
| David F. Grant Chairman and Chief Executive Officer | 50,000 | $0.80 | 4/29/2015 | $14,619 | - | - |
| | 50,000 | $1.41 | 4/6/2017 | Nil | | |
| | 300,000 | $0.62 | 5/19/2018 | $134,149 | - | - |
| Allen Maxin Vice President Operation Support | 30,000 | $0.80 | 4/29/2015 | $8,771 | - | - |
| | 25,000 | $1.41 | 4/6/2017 | Nil | | |
| | 25,000 | $0.62 | 5/19/2018 | $11,179 | - | - |
| Michael Walker Vice President Research and Development | 30,000 | $0.80 | 4/29/2015 | $8,771 | - | - |
| | 25,000 | $1.41 | 4/6/2017 | Nil | | |
| | 25,000 | $0.62 | 5/19/2018 | $11,179 | - | - |
| Timothy Wang Chief Financial Officer | 20,000 | $0.80 | 4/29/2015 | $5,848 | - | - |
| | 25,000 | $1.41 | 4/6/2017 | Nil | | |
| | 25,000 | $0.62 | 5/19/2018 | $11,179 | - | - |

(1) On December 31, 2014, the closing price of the Common Shares on the TSX Venture was $1.14 per common share. Value is calculated as the difference between market value of the securities underlying the options December 31, 2014 and the exercise price of the option.

## Value Vested or Earned During the Financial Year Ended December 31, 2014

| **Name and Principal Position** | **Option-Based Awards - Value Vested During the Year [(2)]** | **Share-Based Awards- Value Vested During the Year** | **Non-Equity Incentive Plan Compensation - Value Earned During the Year** |
|---|---|---|---|
| | **($)** | **($)** | **($)** |
| David F. Grant *Chairman and Chief Executive Officer* | $28,536 | N/A | Nil |
| Allen Maxin *President* | $2,378 | N/A | Nil |
| Michael Walker *Vice President Research and Development* | $2,378 | N/A | Nil |
| Timothy Wang *Chief Financial Officer* | $614 | N/A | Nil |

(2) Represents the aggregate dollar value that would have been realized if the Options under the option-based awards had been exercised on their vesting dates.

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

Except as disclosed in this Management Proxy Circular, there are no employment contracts between the Corporation and any Named Executive Officer. There are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Corporation or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Corporation or any subsidiary thereof or any change in such Named Executive Officer's responsibilities following a change in control, where in respect of the Named Executive Officer the value of such compensation exceeds $100,000.

**Compensation of Directors**

The Corporation has no standard arrangement pursuant to which directors of the Corporation are compensated by the Corporation for their services in their capacity as directors. However, each director who is not otherwise a full time employee of the Corporation is eligible to receive stock options of the Corporation.

The following table sets forth the details regarding compensation provided to the Company's independent directors during the financial year end December 31, 2014.

| Name | Fees Earned | Share-Based Awards | Option-Based Awards (1) | Non-Equity Incentive Plan Compensation | Pension Value | All Other Compensation | Total |
|---|---|---|---|---|---|---|---|
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| Norman Goodrich | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Donald Kelly | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Charles Samkoff | Nil | Nil | $14,728 | Nil | Nil | Nil | $14,728 |

(1) On December 31, 2014, the closing price of the Common Shares on the TSX Venture was $1.14 per common share. Value is calculated as the difference between market value of the securities underlying the options December 31, 2014 and the exercise price of the option.

The following table sets forth the details regarding the incentive plan awards for each non-executive director of the Company outstanding as of December 31, 2014.

| | Option-Based Awards | | | | Share-Based Awards | |
|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options | Option Exercise Price (CAD) | Option Expiration Date | Value of Unexercised in-the-money Options (1) | Number of Shares or Units of Shares That Have Not Vested | Market or Payout Value of Share-based Awards That Have Not Vested |
| | (#) | ($) | | ($) | (#) | ($) |
| Charles Samkoff | 50,000 | $0.80 | 6/19/2019 | $14,619 | | |
| Norman Goodrich | 15,000 | $0.80 | 4/24/2015 | $4,386 | - | - |
| | 15,000 | $1.41 | 4/6/2015 | Nil | | |
| | 25,000 | $0.62 | 5/19/2017 | $11,179 | | |
| Donald Kelly | 25,000 | $0.80 | 4/24/2015 | $7,309 | - | - |
| | 15,000 | $1.41 | 4/6/2017 | Nil | | |
| | 25,000 | $0.62 | 5/19/2017 | $1,179 | - | - |

(1) On December 31, 2014, the closing price of the Common Shares on the TSX Venture was $1.14 per common share. Value is calculated as the difference between market value of the securities underlying the options December 31, 2014 and the exercise price of the option.

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each non-executive director of the Company for the financial year ended December 31, 2014.

| Name | Option-Based Awards - Value Vested During the Year | Share-Based Awards- Value Vested During the Year | Non-Equity Incentive Plan Compensation - Value Earned During the Year |
|---|---|---|---|
| | ($) | ($) | ($) |
| Charles Samkoff | Nil | N/A | Nil |
| Norman Goodrich | Nil | N/A | Nil |
| Donald Kelly | Nil | N/A | Nil |

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (CAD) (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| **Equity compensation plans approved by securityholders** | 1,156,678 | $0.82 | 7,115 |
| **Equity compensation plans not approved by securityholders** | Nil | Nil | Nil |
| **Total** | 1,156,678 | $0.82 | 7,115 |

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

In 2013, the Company agreed to loan $400,000 to David F. Grant with interest payable at a rate of 2% per annum. The estimated value of the residence used as security is approximately $700,000.

| INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES AND (2) OTHER PROGRAMS | | | | | | |
|---|---|---|---|---|---|---|
| Name and Principal Position | Involvement of Company or Subsidiary | Largest Amount Outstanding During 2014 | Amount Outstanding as at December 2, 2015 | Financially Assisted Securities Purchased During 2014 | Security for Indebtedness | Amount Forgiven During 2014 |
| Securities Purchase Programs | | | | | | |
| Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Other Programs | | | | | | |
| David F. Grant *Chief Executive Officer* | Loan made by Company | $403,385 | $403,213 | Nil | Deed of Trust on Real Estate Property | Nil |

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Management Proxy Circular, none of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

## MANAGEMENT CONTRACTS

The Corporation does not have in place any management contracts between the Corporation and any directors or officers and there are no management functions of the Corporation that are to any substantial degree performed by a person or company other than the directors or officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

## NORMAL COURSE ISSUER BID

The Corporation has implemented a normal course issuer bid ("NCIB") to purchase for cancellation, from time to time, as it considers advisable, up to 604,000 Common shares on the open market through the facilities of the TSX Venture Exchange or through other recognized marketplaces. The NCIB commenced on May 26, 2014 and ended May 25, 2015. During this period, 156,000 shares were repurchased and cancelled. Subsequently, another NCIB commenced on May 26, 2015 and will end May 26, 2016. Pursuant to the current NCIB, the Company may purchase for cancellation up to 590,000 common shares. As at the date of the Information Circular, the Corporation has purchased 383,700 Common shares pursuant to the current NCIB.

## CORPORATE GOVERNANCE

The Board of Directors of the Corporation is responsible for the stewardship of the Corporation and generally directs the business and affairs of the Corporation through consultation with management of the Corporation. On January 10, 2005, the Corporation adopted a Corporate Governance Policy, the full text if which is attached to this Management Proxy Circular as Schedule "C".

## AUDIT COMMITTEE

### *Audit Committee Charter*

The Charter of the Corporation's Audit Committee is attached to this Management Proxy Circular as Schedule "B".

### *Composition of the Audit Committee*

The following are the members of the Committee:

| | | |
|---|---|---|
| Sébastien Goulet [(1)] | Independent [(3)] | Financially literate [(3)] |
| Roger Dent [(2)] | Independent [(3)] | Financially literate [(3)] |
| Charles Samkoff | Independent [(3)] | Financially literate [(3)] |

**Note:**

(1) Donald Kelly's Audit Committee position was replaced by Sébastien Goulet on August 11, 2015.
(2) Norman Goodrich's Audit Committee position was replaced by Roger Dent on October 20, 2015.
(3) As defined by Multilateral Instrument 52-110 ("MI 52-110").

### *Relevant Education and Experience*

**Roger Dent**

Mr. Dent holds a Masters of Business Administration from Harvard Business School and a Bachelor of Commerce degree from Queen's University. Mr. Dent is the Chief Executive Officer of Quinsam Capital Corporation and is a director of Quinsam Opportunities I Inc., Quia Resources Inc. and ACUITYAds Inc. Mr. Dent also serves as a Director of California Nanotechnologies Corp., a company founded by Omni-Lite in 2005, and as a member of the advisory board of Energex Petroleum Inc. From 2003 to 2011, he has held various positions including portfolio manager with Matrix Fund Management Inc., where he managed the Matrix Strategic Small Cap Fund and the Matrix Small Companies Fund. He was formerly vice-chairman of one of Canada's largest independent investment dealers and was managing director and deputy manager of research at CIBC World Markets. Mr. Dent is the current chairman of the audit committee.

**Charles Samkoff**

Mr. Samkoff is currently Managing Director and Head of the Mergers and Acquisitions Group at Cypress Partners LLC, an affiliate of Cypress Associates LLC ("Cypress"). Mr. Samkoff has been in the investment banking industry for over 20 years. From 1998 until joining Cypress in 2004, he was a Managing Director in CIBC World Markets' Mergers and Acquisitions Group overseeing the Defense/Aerospace, Communications and Industrial M&A Groups. Mr. Samkoff joined CIBC World Markets as a senior member of a core team of M&A bankers mandated to build CIBC World Markets' M&A franchise. During his leadership tenure, CIBC World Markets' M&A Group ranked as one of the fastest growing M&A practices on Wall Street. Mr. Samkoff is a graduate of Fordham University, Graduate School of Business, where he earned his M.B.A. with Honors. He earned his undergraduate degree from the University of Denver.

**Sébastien Goulet**

Mr. Goulet holds a Masters Degree in Engineering Management, a Masters in Manufacturing Engineering, a Bachelor of Science in Mechanical Engineering and a Bachelor of Science in Aerospace Engineering, all from Syracuse University. He is currently a Director at Airspeed Equity, and is responsible for implementing operational, sales and marketing and financial business improvements for several companies. At GE, Mr. Goulet was Global

Sourcing Manager and Quality Director. At ITT, he was VP and Director of Global Operations and as such lead their nine P&L and global manufacturing centers to a new improved level of performance. Mr. Goulet also serves as a Director of California Nanotechnologies Corp.

**Donald Kelly**

Mr. Kelly has been practising corporate and commercial law for over 40 years. He was for over 17 years a director in Startech Energy Inc., a company trading on the Toronto Stock Exchange until its acquisition by Arc Resources Ltd. in January 2001. Mr. Kelly served as the past chair of the audit committee.

**Norman Goodrich**

Mr. Goodrich received a Bachelor of Science in Civil Engineering from the University of Alberta in 1961 and a Master of Science in Civil Engineering (Structures) from the University of Calgary in 1968. He worked for an A/E Consulting practice for 17 years as an Associate and Principal Structural Engineer on hundreds of building projects the most notable of which were Mount Royal College and the Calgary International Airport. He joined the Simpson Lester Goodrich Partnership in 1978 a major Structural Engineering Consulting practice in Western Canada specializing in Building, Bridge, and Industrial markets. Mr. Goodrich has been a participant with California Nanotechnologies and Omni-Lite Industries through its various stages of development.

***Audit Committee Oversight***

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of MI 52-110 *(De Minimis Non-audit Services)*, or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

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

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

***External Auditor Service Fees (By Category)***

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

| Financial Year Ending | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees | Total |
|---|---|---|---|---|---|
| 2014 | $70,514 ($82,000 CAD) | - | $2,580 ($3,000 CAD) | Nil | $73,094 |
| 2013 | $74,788 ($80,000 CAD) | - | $2,805 ($3,000 CAD) | $8,507 ($9,100 CAD) | $86,100 |

***Exemption***

The Corporation is relying on the exemption provided in Section 6.1 of MI 52-110.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**Financial Statements**

The financial statements of the Corporation for the year ended December 31, 2014 and the Auditors' Report thereon accompanying this Management Proxy Circular will be placed before the Shareholders at the Meeting for their consideration.

Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Computershare Trust Company of Canada.

**Election of Directors**

The term of office of each of the present directors expires at the Meeting. The number of directors to be elected at the Meeting has been fixed at five (5). Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All of the nominees are currently members of the board of directors of the Corporation.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election, as directors, of the nominees whose names are set forth below.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

| Name and Present Principle Occupation | Province (or State) and Country of Residence | Director Since | Positions with the Company | Number of Common Shares Beneficially Owned (1) |
|---|---|---|---|---|
| **David F. Grant**<br>*Chairman and Chief Executive Officer* | Singapore, Singapore | 10/15/1992 | Director, Chairman, CEO | 65,700 |
| **Charles Samkoff**<br>Managing Director with Cypress Associates LLP (2) | New York, United Sates | 6/20/2014 | Director | Nil |
| **Roger Dent**<br>Chief Executive Officer of Quinsam Capital Corporation (2) | Ontario, Canada | 10/20/2015 | Director | 115,300 |
| **Sébastien Goulet**<br>Director with Airspeed Equity (2) | New York, United Sates | 8/11/2015 | Director | Nil |

**Notes:**

(1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.

(2) Member of the Audit Committee.

*Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

No director or executive officer of the Corporation, is, as at the date hereof, or has been, within the ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Omni-Lite) that:

(a) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(a) is, as at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including Omni-Lite) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Other than as set forth below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Pursuant to the terms of a settlement agreement dated December 17, 2001 between Mr. Roger Dent and the Ontario Securities Commission, Mr. Dent received a reprimand and agreed to pay a penalty of $50,000 plus $10,000 in costs to the Ontario Securities Commission in connection with certain trades in which he was involved while in a conflict of interest position as a result of being an officer and director of Yorkton Securities Inc.

**Appointment of Auditors**

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favor of the re-appointment of MNP LLP as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the board of directors of the Corporation. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote FOR the resolution.**

**Approval and Ratification of Stock Option Plan**

The Corporation has implemented a “rolling” stock option plan (the "Plan") reserving a maximum of 10% of the issued and outstanding Common shares for issuance. In accordance with the TSXV policy, Shareholders are being asked to consider and, if deemed advisable, ratify, adopt and re-approve the Corporation's stock option plan and to authorize the Corporation’s board of directors (the "Board") to make any amendments thereto that may be required for the purpose of obtaining the TSXV's approval of the Plan. The Plan authorizes the Board to issue options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Corporation.

The following is a summary of the terms of the Plan and is qualified in its entirety by the full text of the Plan, which is attached hereto as Schedule "A":

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan is a rolling maximum of 10% of the issued and outstanding common shares of the Corporation from time to time;

- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation’s issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Corporation’s issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations’ services must not exceed 2% of the Corporation’s issued and outstanding common shares in any 12 month period.

- The exercise price for options granted under the Plan will not be less than the market price of the Corporation’s Common Shares at the time of the grant, less applicable discounts permitted by the policies of the TSXV.

- Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee’s death or the cessation of the optionee’s services to the Corporation.

- Options granted under the Plan are non-assignable, except by will or by the laws of descent and distribution.

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting. The TSXV requires such approval before it will allow the adoption of the Plan. Options to purchase Common Shares that were previously granted to directors, officers and employees of the Corporation will be deemed to be granted under the Plan. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the resolution to ratify, adopt and approve the Plan.**

The text of the resolution regarding this matter is as follows:

**"BE IT RESOLVED THAT:**

1. the stock option plan of the Corporation, as described in the Management Proxy Circular of the Corporation dated December 2, 2015, as may be amended by the board of directors as required by the TSX Venture Exchange, is hereby ratified, adopted and approved;
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
4. any one director or officer of the Corporation is authorized, on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution."

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com. Financial information on the Corporation is provided in the comparative annual financial statements and management discussion and analysis of the Corporation for its most recently completed financial year. Shareholders can access this information on SEDAR at www.sedar.com or by request at 17210 Edwards Rd., Cerritos, CA 90703 or Fax (562) 926-6913.

## Directors' Approval

The contents and the sending of the Notice of Meeting and the Management Information Circular to each shareholder of the Company entitled thereto, each director of the Company, the auditors of the Company and, where required, all applicable securities regulatory authorities have been approved the Board of Directors.

**Dated** at Calgary, Alberta, the 2nd day of December, 2015

**ON BEHALF OF THE BOARD OF DIRECTORS**

*(Signed) David F. Grant*
Chairman and CEO

## SCHEDULE "A"

## STOCK OPTION PLAN

1. **Purpose**

The purpose of the Stock Option Plan (the "Plan") of Omni-Lite Industries Canada Inc., a body corporate incorporated under the *Business Corporations Act* (Alberta) (the "Corporation"), is to advance the interests of the Corporation or any of its subsidiaries or affiliates by encouraging the directors, officers, employees and consultants of the Corporation or any of its subsidiaries or affiliates to acquire common shares in the capital of the Corporation (the "Common Shares"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation or any of its subsidiaries or affiliates and furnishing them with additional incentive in their effects on behalf of the Corporation or any of its subsidiaries or affiliates in the conduct of their affairs.

2. **Administration and Granting of Options**

(a) The Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of directors appointed from time to time by the Board of Directors of the Corporation (such committee, or if no such committee is appointed, the Board of Directors of the Corporation is hereinafter referred to as the "Committee") pursuant to rules of procedure fixed by the Board of Directors.

(b) Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or corporation which provides management services to the Corporation or its subsidiaries ("Management Corporation Employees") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "Participants"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options ("Options") granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

(c) Subject to the terms hereof, the Committee shall determine to whom Options shall be granted, the terms and provisions of the respective Option agreements, the time or times at which such Options shall be granted and vested, and the number of Common Shares to be subject to each Option. In the case of employees or consultants of the Corporation or Management Corporation Employees, the Option agreements to which they are a party of must contain a representation of the Corporation that such employee, consultant or Management Corporation Employee, as the case may be, is a bona fide employee, consultant or Management Corporation Employee of the Corporation or its subsidiaries.

(d) A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option or Options if the Committee shall so determine.

3. **Stock Exchange Rules**

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Common Shares are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "Exchange").

4. **Shares Subject to Plan**

(a) Subject to adjustment as provided in Section 14 hereof, the shares to be offered under the Plan shall consist of common shares of the Company's authorized but unissued Common Shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation from time to time. If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Common Shares subject thereto shall again be available for the purpose of this Plan.

(b) The number of shares subject to an Option to a Participant shall be determined by the Committee, but no Participant, upon the Corporation becoming listed on any stock exchange, shall be granted an Option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction.

(c) The number of Common Shares subject to an Option granted to any one Participant shall be determined by the Committee, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.

(d) No single Participant may be granted Options to purchase a number of Common Shares equal to more than 5% of the issued Common Shares in any one in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.

(e) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).

(f) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares of the Corporation in any twelve month period to employees of the Corporation (or of any of its subsidiaries) conducting investor relation activities. Options granted to persons performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the Options vesting in any 3 month period.

5. **Duration of Options**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option agreement and shall be subject to earlier termination as provided in Sections 10 and 11, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange ("TSX-V") the maximum term may not exceed 10 years if the Corporation is classified

as a "Tier 1" issuer by the TSX-V, and the maximum term may not exceed 5 years if the Corporation is classified as a "Tier 2" issuer by the TSX-V.

6. **Vesting**

The Committee may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or then, no vesting restriction shall exist.

7. **Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of shares as will be sufficient to satisfy the requirements of the Plan.

8. **Exercise Price**

(a) The exercise price of the Common Shares subject to each Option shall be determined by the Committee, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Committee, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Committee approval, provided that in the case of Options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an Option may be reduced only if disinterested shareholder approval is obtained.

9. **Option Period, Consideration and Payment**

(a) The Option Period shall be a period of time fixed by the Committee, not to exceed the maximum period permitted by any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction, provided that the Option Period shall be reduced with respect to any Option as provided in Paragraphs 10 and 11 covering cessation as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates or death of the Participant;

(b) Except as set forth in subparagraph 9(c) and Paragraphs 10 and 11, no Option may be exercised unless the Participant is at the time of such exercise a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates;

(c) Notwithstanding any other provision to the contrary, an Option granted to a consultant in connection with specific services provided or to be provided by that consultant shall be exercised only after the date of completion of such service and prior to thirty (30) days following the date of completion of such service.

(d) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of shares

with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such shares with respect to which the Option is exercised. No Participant or his legal representatives, legatees, or distributees will be, or will be deemed to be, a holder of any shares subject to an Option under this Plan, unless and until the certificates for such shares are issued to such persons under the terms of the Plan.

## 10. Ceasing to be a Director, Officer, Employee or Consultant

If a Participant shall cease to be a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates for any reason other than death of the Participant, the Option granted to the Participant may be exercised by the Participant, only within the next ninety (90) days succeeding the Participant's ceasing to be a director, officer or employee or consultant, to the extent that the Participant was entitled to exercise it at the date of such cessation.

Nothing contained in the Plan nor in any Option granted pursuant to the Plan shall confer upon any Participant any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates.

## 11. Death of Participant

In the event of death of a Participant, the Option previously granted to him shall be exercisable only within the next twelve (12) months succeeding such death and then only:

(a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and

(b) if and to the extent that the Participant was entitled to exercise the Option at the date of the Participant's death.

## 12. Rights of Optionee

No person entitled to exercise an Option shall have any of the rights or privileges of a shareholder of the Corporation in respect of any shares issuable upon exercise of such Option until certificates representing such shares shall have been issued and delivered.

## 13. Proceeds from Sale of Shares

The proceeds from sale of shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Committee may determine and direct.

## 14. Adjustments

Appropriate adjustments in the number of Common Shares optioned and in the option price per share, as regards to the Options granted or to be granted, may be made by the Committee in its discretion to give effect to adjustments in the number of Common Shares of the Corporation resulting subsequent to the approval of the Plan by the Committee from subdivisions,

consolidations or reclassification of the Common Shares of the Corporation, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation.

## 15. Transferability

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any benefits, rights and Options may only be exercised by the Participant.

## 16. Amendment and Termination of Plan

Subject to applicable approval of the Exchange, the Committee may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Committee may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

## 17. Necessary Approvals

The ability of the Options to be exercised and the obligations of the Corporation to issue and deliver shares in accordance with the Plan are subject to any approvals which may be required from the shareholders of the Corporation, any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Participant.

## 18. Prior Plans

The Plan shall entirely replace and supersede prior share option plans, if any, enacted by the Board of Directors of the Corporation or its predecessor corporations.

## 19. Effective Date of Plan

The Plan has been adopted by the Committee subject to the approval of any stock exchange on which the shares of the Corporation are to be listed or other regulatory body having jurisdiction and, if so approved, the Plan shall become effective upon such approvals being obtained.

## SCHEDULE "B"

## AUDIT COMMITTEE CHARTER

1. **Establishment of Audit Committee:** The directors of the Corporation (the "Directors") hereby establish an audit committee (the "Audit Committee").

2. **Membership**: The membership of the Audit Committee shall be as follows:

   (a) The Audit Committee shall be composed of three members or such greater number as the Directors may from time to time determine.

3. **Oversight Responsibility**: The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders' representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.

4. **Mandate**: The Audit Committee shall have responsibility for overseeing:

   (a) the accounting and financial reporting processes of the Corporation; and

   (b) audits of the financial statements of the Corporation.

   In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Corporation to review all financial statements of the Corporation which require approval by the Directors, including year end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

   (a) reviewing the Corporation's financial statements, MD&A and earnings press releases before the information is publicly disclosed;

   (b) overseeing the work of the external auditors engaged for the purpose of preparing or issuing, an audit report or performing other audit, review or attest services of the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

   (c) reviewing annually and recommending to the Directors:

      (i) the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and

      (ii) the compensation of the external auditors.

(d) discussing with the external auditor:

(i) the scope of the audit, in particular their view of the quality of the Corporation's accounting principles as applied in the financials in terms of disclosure quality and evaluation methods, inclusive of the clarity of the Corporation's financial disclosure and reporting, degree of conservatism or aggressiveness of the Corporation's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;

(ii) significant changes in the Corporation's accounting principles, practices or policies; and

(iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the Corporation;

(e) reviewing with the external auditor and the Corporation's senior financial management the results of the annual audit regarding:

(i) the financial statements;

(ii) MD&A and related financial disclosure contained in continuous disclosure documents;

(iii) significant changes, if any, to the initial audit plan;

(iv) accounting and reporting decisions relating to significant current year events and transactions;

(v) the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and

(vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under generally accepted auditing standards;

(f) reviewing and discussing with the Corporation's senior financial management and, if requested by the Audit Committee, the external auditor:

(i) the interim financial statements;

(ii) the interim MD&A; and

(iii) any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies;

(g) receiving from external auditor of a formal written statement delineating all relationships between the auditor and the Corporation and considering whether the advisory services performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between the external auditor and the Corporation is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor;

(h) pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee;

(i) reviewing and discussing with the external auditors and senior financial management the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above;

(j) establishing and reviewing procedures for:

(i) receipt, retention and treatment of complaints received by the Corporation and its subsidiary entities regarding internal accounting controls, or auditing matters;

(ii) anonymous submission by employees of the Corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and

(iii) hiring policies regarding employees and former employees of present and former external auditors of the Corporation and its subsidiary entities;

(k) reviewing with the external auditor, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures;

(l) reviewing and/or considering that, with regard to the previous fiscal year:

(i) management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;

(ii) the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's financial statements;

(iii) the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and

(iv) in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects and that the financial statements fairly reflect the financial condition of the Corporation.

5. **Administrative Matters**: The following general provisions shall have application to the Audit Committee:

(a) a quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all of the members of the Audit Committee;

(b) any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Corporation. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed;

(c) the Audit Committee may invite such Directors, officers and employees of the Corporation or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The independent auditor is to appear before the Audit Committee when requested to do so by the Audit Committee;

(d) the time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Corporation;

(e) the Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting;

(f) notice of meetings of the Audit Committee may be given to the independent auditor and shall be given in respect of meetings relating to the annual audited financial statements. The independent auditor has the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the independent auditor, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or shareholders of the Corporation;

(g) the Audit Committee shall report to the directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the Directors of the Corporation may from time to time refer to the Audit Committee;

(h) the members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Corporation with the Directors, officers, employees and independent auditor of the Corporation and its affiliates;

(i) minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors;

(j) the Audit Committee shall, upon the approval of the Directors, adopt a formal written charter, which sets out the Audit Committee's responsibilities, the way they should be implemented and any other requirement such as membership and structure of the Audit Committee. The Audit Committee shall review and reassess the adequacy of the charter on an annual basis;

(k) the Audit Committee shall ensure and/or consider that, with regard to the previous fiscal year:

(i) management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;

(ii) the external auditor and the Audit Committee have discussed the independent auditor's judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's and/or the Corporation's financial statements;

(iii) the Audit Committee, on its own (without management or the independent auditors present), has considered and discussed all the information

disclosed to the Audit Committee from the Corporation's management and the external auditor; and

(iv) in reliance on review and discussions conducted with management and outside auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with GAAP in all material respects;

(l) the Audit Committee shall have the authority to:

(i) engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;

(ii) set and pay the compensation for any advisors employed by the Audit Committee; and

(iii) communicate directly with the internal (if any) and external auditors and qualified reserves evaluators or auditors.

## SCHEDULE "C"

## CORPORATE GOVERNANCE POLICY

### 1. Stewardship

The Board of Directors shall be responsible for overseeing the business of the Corporation which shall be conducted on a day-to-day basis by management engaged with the approval of the Board. Corporate policies shall be established by the Board, which shall supervise management to ensure that those policies are carried out. The Board shall approve all significant decisions, supervise their implementation and review their results.

#### (a) Strategic Planning Process

The Board shall be involved with management on an ongoing basis in the development and implementation of the Corporation's strategic plan, and shall be responsible for its approval. A specific review of the plan shall form part of the Agenda for at least one Board meeting in each year.

#### (b) Principal Risks

The identification of the principal risks of the Corporation's business shall be contained in the Management Discussion and Analysis attached to the annual and quarterly financial statements and appropriate steps shall be taken to manage those risks.

#### (c) Succession Planning

The Board is responsible for choosing the President and the Chief Executive Officer, appointing senior management and for monitoring their performance. One of the criteria in the recruitment of management personal is an evaluation of the potential for advancement to more senior positions, and, where possible, management endeavours to develop that potential.

#### (d) Communications Policy

The Board or a committee thereof, approves all of the Corporation's major communications, including annual and quarterly reports, financing documents and press releases. The primary responsibility for monitoring and preparing communications is assigned to the Chief Financial Officer who responds to shareholder inquiries.

#### (e) Integrity of Internal Control

The Board, through its Audit Committee, examines the effectiveness of the Corporation's internal control processes and management information systems and consults with the Corporation's auditors to ensure the integrity of these systems.

## 2. Directorships

David F. Grant, Roger Dent, and Sébastien Goulet are currently directors of California Nanotechnologies Corp. which is a reporting issuer. Roger Dent is also CEO and director of Quinsam Capital Corporation and director of Quia Resources Inc. and AcuityAds Holdings Inc. which are reporting issuers.

## 3. Board Independence

The Chief Executive Officer of the Corporation is the only one of the four present members of the Board who is an inside director. The Corporation does not have a significant shareholder.

## 4. Individual Unrelated Directors

The Board is responsible for determining whether or not each director is an unrelated director. To do this the Board analyses all the relationships of the directors with the Corporation and its subsidiaries. David F. Grant is a related director because of his position as the CEO. The Company retained Cypress Associates LLC ("Cypress") to advise the Company on its review of potential strategic and financial opportunities. Cypress is a nationally-recognized boutique investment banking firm, providing mergers and acquisition expertise, restructuring advisory services, and private placements of debt and equity securities. Chuck Samkoff is a Managing Director of Cypress and also a director of Omni-Lite, and as such will recuse himself from board decisions regarding this review. The other two directors are unrelated directors. None of the other directors work in the day-to-day operations of the Corporation.

## 5. Ethical Business Conduct

The Board of Directors encourages and promotes a culture of ethical business conduct by monitoring all directors, officers, employees and consultants on the Corporation and taking corrective action if unethical conduct is detected.

## 6. Nomination of Directors

The Corporation does not have a nominating committee. Each director may present to the Board as a prospective director candidates possessing qualifications and an interest in serving on the Board.

## 7. Assessing the Board's Effectiveness

Due to the relatively small size of the Board, the Board as a whole assumes responsibility for assessing the effectiveness of its individual members.

## 8. Orientation and Continuing Education of Directors

Senior management makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff. Directors are invited to tour the Corporation's facilities and to familiarize themselves with the details of the Corporation's operations.

## 9. Effective Board Size

Having regard to the Corporation's relatively small size it is appropriate that the Board not be large. As an Alberta corporation carrying on its business through subsidiaries outside of Canada it is a requirement that at least one quarter of the Board be resident Canadians. The current Board composition of one resident Canadian and three members who reside outside of Canada permits the Board to operate in a prudent and effective manner.

## 10. Compensation of Directors

To the Corporation's present stage of development compensation has been restricted to participation in the Corporation's stock option plan. As the Corporation matures, the subject of other possible forms of compensation will be considered at a minimum of one meeting each year.

## 11. Other Board Committees

Due to the relatively small size of the Board, the only committee established at the present time is the Audit Committee which is made up entirely of outside directors, Roger Dent, Sébastien Goulet, and Charles Samkoff. The committee meets four times each year with the auditor and the Chief Financial Officer to review the Corporation's annual consolidated financial statements and the recommendations of the auditors and to recommend approval of the statements by the Board.

## 12. Approach to Corporate Governance

The Board as a whole has assumed responsibility for the development of governance issues.

## 13. Position Descriptions

The Board, including the CEO, is responsible for defining the role of the CEO.

## 14. Board Independence

Any two directors may convene a meeting of the Board members apart from the Chairman and CEO should it be considered necessary and at any such meeting of outside directors, a Lead Director may be appointed should it be found appropriate.

## 15. Audit Committee

The Board has an Audit Committee, the composition and function of which is discussed under Item 11 above.

## 16. Outside Advisors

Any director may hire outside advisors which may be at the Corporation's expense upon the approval of one other director.