



Liquid AvatarTM

TECHNOLOGIES INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL MEETING OF SHAREHOLDERS

OF

LIQUID AVATAR TECHNOLOGIES INC.

TO BE HELD ON JUNE 29, 2021

May 18, 2021

LIQUID AVATAR TECHNOLOGIES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Liquid Avatar Technologies Inc. ("**LQID**" or the "**Company**") will be held virtually on June 29, 2021 at 10:00 am (Toronto time) via live audio webcast online at <https://web.lumiagm.com/207050130> with password "liquid2021" for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company as at and for the year ended December 31, 2020, together with the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at four, subject to permitted increases under the articles of the Company or otherwise;
3. to elect the directors of the Company for the ensuing year, as more particularly described under the heading "Particulars of Matters to be Acted Upon – Election of Directors" in the Company's management information circular dated May 18, 2021 (the "**Circular**");
4. to appoint RSM Canada LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year, and to authorize the directors to fix their remuneration;
5. to approve certain amendments to, and to re-approve as amended, the Company's stock option plan; and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Your vote is important.

The Company will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Notice and Access**") for the delivery of the Circular and other related materials of the Meeting (the "**Meeting Materials**") to Shareholders. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Company will mail paper copies of the Meeting Materials to those Registered Shareholders and Non-Registered Shareholders (as defined below) who have previously elected to receive paper copies of the Meeting Materials. The Meeting Materials will be available at <https://odysseytrust.com/client/liquidavatar/> on or about May 25, 2021 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-833-394-7716, or can be accessed online on SEDAR at www.sedar.com on or about May 25, 2021.

This year, given the unprecedented public health impact of the novel coronavirus, also known as COVID-19, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, we will be holding the Meeting in a virtual-only format, which will be conducted via live webcast, where all Shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Company and management as well as other Shareholders. **Shareholders will not be able to attend the Meeting in person.**

Registered Shareholders (as defined below) and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/207050130> with password "liquid2021". Non-Registered Shareholders (as defined below), being shareholders who hold their Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary, who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast but not be able to participate or vote at the Meeting.

If you hold your Shares directly (a "**Registered Shareholder**"), complete, date, sign and return the accompanying form of proxy in the enclosed envelope to Odyssey Trust Company, 702, 67 Yonge St. Toronto, ON M5E 1J8. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting held in virtual-only format or may be represented by proxy. Proxy appointment information can be sent via email to liquid@odysseytrust.com. Shareholders do not need to complete or return their form of proxy if they are planning to vote at the Meeting. Registered Shareholders

who are unable to attend the Meeting held in virtual-only format are requested to complete, date and sign the form of proxy and send it by facsimile to 800-517-4553 or by email to proxy@odysseytrust.com or by mail to the address of Odyssey Trust Company indicated above. Electronic voting is also available for this Meeting through <https://login.odysseytrust.com/pxlogin> Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy.

If you do not hold your Shares directly (a "**Non-Registered Shareholder**"), complete, date and sign the voting instruction form that has been provided by your broker, bank or other nominee and return it in the enclosed envelope in accordance with the instructions provided by your broker, bank or other nominee.

A Shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is **an additional step** to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Shares, or wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you **MUST** register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. Without a username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, Shareholders **MUST** send an email to liquid@odysseytrust.com and provide Odyssey Trust Company with their proxyholder's contact information including their email address, number of Shares appointed, name in which the Shares are registered if they are a Registered Shareholder, or name of broker where the Shares are held if a Non-Registered Shareholder, so that Odyssey Trust Company may provide the proxyholder with a username via email.

The board of directors of the Company has, by resolution, fixed the close of business on May 18, 2021 as the record date for the determination of the Registered Shareholders entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof. The board of directors of the Company has, by resolution, fixed 10:00 a.m. (Toronto time) on Friday, June 25, 2021, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment or postponement thereof must be deposited with the Company's transfer agent, Odyssey Trust Company.

DATED at Toronto, Ontario, this 18th day of May, 2021.

BY ORDER OF THE BOARD

"David Lucatch"

Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") has been prepared in connection with the solicitation of proxies by or on behalf of the management of Liquid Avatar Technologies Inc. ("**LQID**" or the "**Company**") for use at the annual and special meeting (the "**Meeting**") of holders (collectively, the "**Shareholders**", or individually, a "**Shareholder**") of common shares of LQID (the "**Common Shares**") to be held on June 29, 2021, at the time and place and for the purposes set forth in the accompanying notice of Meeting (the "**Notice**") and any adjournment or postponement thereof. References in this Circular to the Meeting include any adjournment or postponement thereof.

Unless otherwise stated, the information contained in this Circular is given as of May 18, 2021. Unless otherwise indicated herein, references to "\$" are to Canadian dollars.

Overview of the Business and Corporate Structure

The Company was incorporated under the laws of the province of British Columbia on September 10, 2014 as Torino Ventures Inc. The Company changed its name to Torino Power Solutions on November 13, 2016. The Company changed its name to KABN Systems NA Holdings Corp. on June 4, 2020 and on March 1, 2021 the Company changed its name to Liquid Avatar Technologies Inc.

On January 13, 2020, the Company entered into a Business Combination Agreement with KABN Systems North America Inc, an arm's length private company, providing for a transaction (the "**RTO Transaction**") whereby the Company would acquire all of the issued and outstanding shares of KABN Systems North America Inc. in exchange for issuance of common shares of the Company following the Consolidation. Immediately prior to the completion of the RTO Transaction, the Company completed a 1-for-10 share consolidation (the "**Consolidation**"). The RTO Transaction closed on June 4, 2020 and resulted in the business of KABN Systems North America Inc. becoming the business of the Company, and the Company wholly owing Liquid Avatar Operations Inc. (formerly, KABN Systems North America Inc.) ("**LAO**"). The Company has one other subsidiary, Oasis Digital Studios Limited (Barbados).

Notice and Access

The Company will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Notice and Access**") for the delivery of the Circular and other related materials of the Meeting (the "**Meeting Materials**") to Shareholders. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Company will mail paper copies of the Meeting Materials to those Registered Shareholders and Non-Registered Shareholders (as defined below) who have previously elected to receive paper copies of the Meeting Materials. The Meeting Materials will be available at <https://odysseytrust.com/client/liquidavatar/> on or about May 25, 2021 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-833-361-5163, or can be accessed online on SEDAR on or about May 25, 2021.

GENERAL PROXY MATTERS

Solicitation of Proxies

The enclosed proxy is being solicited by the management of the Company for use at the Meeting. Proxies may be solicited by mail, telephone, email, facsimile or other electronic means. Proxies may be solicited personally by directors or regular employees of the Company. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of solicitation of proxies will be paid by the Company.

Appointment of a Third Party as Proxy

The following applies to shareholders who wish to appoint a person (a "third party proxyholder") other than the management nominees set forth in the form of proxy or voting instruction form as proxyholder, including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

The persons named in the enclosed form of proxy are officers and/or directors of the Company. Shareholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Shares MUST submit their proxy or voting instruction form (as applicable) appointing such third party proxyholder AND register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.

Step 1: Submit your proxy or voting instruction form. To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial shareholder located in the United States, you must also provide Odyssey with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.

Step 2: Register your proxyholder. To register a proxyholder, shareholders MUST send an email to liquid@odysseytrust.com by 10:00 a.m. (Toronto time) on June 28, 2021 and provide Odyssey with the required proxyholder contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a beneficial shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. Please also see further instructions below under the heading "How do I attend and participate at the Meeting?".

Legal Proxy – US Beneficial Shareholders

If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey. Requests for registration from beneficial shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party

as their proxyholder must be sent by e-mail to liquid@odysseytrust.com and received by 10:00 a.m. (Toronto time) on June 28, 2021.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing to Odyssey Trust at liquid@odysseytrust.com at any time up to and including the last business day preceding the day of the Meeting.

Voting of Proxies

The board of directors of the Company (the "**Board**") has, by resolution, fixed the close of business on May 18, 2021 (the "**Record Date**") as the record date for the determination of the registered Shareholders entitled to notice of, and to vote at, the Meeting and any adjournment(s) or postponement(s) thereof. The Board has, by resolution, fixed 10:00 a.m. (Toronto time) on Friday, June 25, 2021, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment(s) or postponement(s) thereof must be deposited with Odyssey Trust by mail at Odyssey Trust Company, 702, 67 Yonge St. Toronto, ON M5E 1J8, facsimile at 800-517-4553 or by email at proxy@odysseytrust.com.

Shareholders of record ("**Registered Shareholders**") at the close of business on the Record Date will be entitled to vote in person (as described herein) or by proxy at the Meeting or at any adjournment or postponement thereof (subject, in the case of voting by proxy, to the timely deposit of a properly completed, signed and dated proxy with Odyssey Trust as specified herein and in the Notice).

Electronic voting is also available for this Meeting through <https://login.odysseytrust.com/pxlogin>. Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy. The Chairman of the Meeting may extend or waive the proxy deadline without notice.

The persons named in the form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the matters and resolutions described below. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

A proxy will not be valid unless it is signed by the registered Shareholder, or by the registered Shareholder's attorney with proof that they are authorized to sign. If you represent a registered Shareholder that is a corporation, your proxy should have the seal of the corporation, if applicable, and must be executed by an officer or an attorney, authorized in writing. If you execute a proxy as an attorney for an individual registered Shareholder, or as an officer or attorney of a registered Shareholder that is a corporation, you must include the original or notarized copy of the written authorization for the officer or attorney with your proxy form.

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares are beneficially owned by a Shareholder are registered either: (i) in the name of an intermediary with whom the Non-Registered Shareholder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans (an "**Intermediary**"); or

(ii) in the name of a clearing agency (such as CDS & Co., of which the Intermediary is a participant) (a **"Non-Registered Shareholder"**). Non-Registered Shareholders will be given, in substitution for the proxy otherwise contained in the proxy-related materials, a request for voting instructions (the **"Voting Instruction Form"**) which, when properly completed and, if applicable, signed by the Non-Registered Shareholder and returned to the Intermediary or the Company, as applicable, will constitute voting instructions which the Intermediary or the Company, as applicable, must follow. The purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives the Voting Instruction Form wish to vote at the Meeting in person (or have another person attend the vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should so indicate in the place provided for that purpose in the Voting Instruction Form and a form of legal proxy will be sent to the Non-Registered Shareholder. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. If you have any questions respecting the voting of Common Shares held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

How do I attend and participate at the Meeting?

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/207050130>. Such persons may then enter the Meeting by clicking "I have a login" and entering a username and password before the start of the Meeting:

Registered shareholders: The control number located on the form of proxy (or in the email notification you received) is the Username. The password to the Meeting is "liquid2021" (case sensitive). If as a registered shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cutoff.

Duly appointed proxyholders: Odyssey will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The password to the Meeting is "liquid2021" (case sensitive). Only registered shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholder will (be able to attend the meeting as a guest but not be able to participate or vote at the Meeting) (not be able to attend, participate or vote at the Meeting). Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting (including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder. See "Appointment of a Third Party as Proxy".

Quorum

A quorum of Shareholders is required to transact business at the Meeting. Pursuant to the by-laws of the Company, the quorum requirement for the Meeting will be satisfied and the Meeting will be properly constituted where there are at least two persons, present in person or represented by proxy, at the Meeting, each of whom is entitled to vote at the Meeting and who hold in the aggregate at least 5% of the issued and outstanding Common Shares entitled to be voted at the Meeting.

Voting Securities and Principal Holders Thereof

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of May 18, 2021, the Record Date, the Company had 106,028,420 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at May 18, 2021, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Common Shares, other than:

Name of Shareholder	Number of Common Shares held	Percentage of outstanding Common Shares ⁽¹⁾
Crypto KABN Holdings Inc.	12,500,000	11.79%
David Lucatch ⁽²⁾	13,775,000	12.99%

Notes:

⁽¹⁾ Based on a total of Common Shares issued and outstanding on an undiluted basis as of the Record Date.

⁽²⁾ 12,500,000 of such Common Shares are held through KABN GibCan Inc.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No (a) director or executive officer of the Company who has held such position at any time since January 1, 2020; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors, and the eligibility of such persons to participate in the Option Plan.

PARTICULARS OF MATTERS TO BE ACTED UPON

Presentation of Financial Statements

The audited consolidated financial statements of the Company as at and for the year ended December 31, 2020, together with the report of the auditors thereon, will be presented at the Meeting. No vote of the Shareholders is required with respect to this item of business.

Election of Directors

The Board, which presently consists of four directors, has fixed the number of directors for election at the Meeting at four. The Board has nominated four individuals to stand for election as directors. All four of the nominees are currently directors of the Company. Each elected director will hold office until the next annual meeting of Shareholders, or any postponement(s) or adjournment(s) thereof, unless his office is earlier vacated or until his successor is elected or appointed. Each of the nominees has confirmed his willingness to serve on the Board for the next year.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the election of the six director nominees.

The following table sets forth information about each director nominee, including (i) his province or state and country of residence; (ii) the period during which each has served as a director; (iii) membership on committees of the Board; (iv) principal occupation, business or employment over the past five years; and (v) the number of Common Shares beneficially owned, controlled or directed, directly or indirectly by each nominee. In addition, below are the biographies of each nominee.

Information regarding the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees not being within the knowledge of the Company, is based upon information furnished by the respective nominee and is as at the date hereof.

Name and Residence	Position with the Company and Period Served as a Director	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
David Lucatch Ontario, Canada	Chief Executive Officer Director Since June 4, 2020 Director of LAO since May 1, 2019	Chief Executive Officer, Liquid Avatar Technologies Inc. June 1, 2020 – present Chief Executive Officer, KABN (Gibraltar) Ltd. Oct 1, 2019 – May 31, 2020 Chief Executive Officer, Pegasus Fintech Canada Inc. Jan 1, 2018 – Sept 30, 2019 President Imagination 7 Ventures LLC – May 1, 2016 – Dec 31, 2017	13,775,000 Common Shares 925,000 Common Shares Directly held 12,850,000 Common Shares Indirectly held through KABN GibCan Inc.

Name and Residence	Position with the Company and Period Served as a Director	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Ralph J. Reiser III Texas, USA	Chief Business Development Officer since July 27, 2020 Director Since October 20, 2020	Chief Business Development Officer, Liquid Avatar Technologies Inc. July 2020 – Present Chief Business Development Officer KABN (Gibraltar) Ltd. Feb 2020 – May 2020 Polymath Technologies Inc. Chief Revenue Officer. July 2018 – Jan 2020	580,000 Common Shares
Houssam (Sam) Kawtharani Ontario, Canada	Director Since June 4, 2020 Director of LAO since May 1, 2019	VP Product Railz – Oct 2020 – Present Senior Director Product Development – Intersect Aug 2019 – Sept 2020 Co-Founder and CEO Corl Financial Technologies June 2016 – May 2019	100,000 Common Shares
J. Patrick Mesina Ontario, Canada	Director Since June 4, 2018 Director of LAO since May 1, 2019	Director of Originations Courtland Credit Group Inc. Jan 2019 - Present Independent Consultant for Vive Crop Protection Inc. and Northern Lights Partners Inc Dec 2017 – Dec 2018 Vice President of AIP Private Capital Inc. March 2013 – Nov 2017	687,500 Common Shares

Director Nominee Biographies

David Lucatch has more than 30 years of experience in inventing technology and business solutions in the international marketing arena and over 20 years of experience in developing and taking to market internet and mobile based platforms. Mr. Lucatch has held senior management posts and directorships at both private and public media and technology firms and is currently Chief Executive Officer and Chairman of the Board. Mr. Lucatch has a Bachelor of Arts degree with a double major in commerce and economics from the University of Toronto.

Ralph J Reiser III serves as Chief Business Development Officer of Liquid Avatar. His career has been focused on startups in the tech field of CAD, voice recognition, risk management, artificial intelligence and blockchain. He has contributed to many successful exits to Fortune 500 companies. He is a member of the ToIP Steering Committee, co-chair of the ToIP Ecosystem Foundry Working Group, and is a member of the Board. He is a creative thinker and dynamic executive who brings new ideas to expand business and drive results. “By working together, we can bring a Trust Layer to the internet”.

Houssam (Sam) Kawtharani is an experienced product leader who specializes in driving vision and roadmap for businesses from startup to initial public offerings. He focuses on collaboration between customer and company, with cross-functional partners to launch cutting-edge business solutions, driving greater operational efficiencies, engagement, and revenues. Mr. Kawtharani is passionate about combining the best of technology, data and product, and design to execute a successful product vision. In 2016, Mr.

Kawtharani founded Corl, a fintech company that offers data-driven growth capital to startups backed by a security token. Prior to Corl, Mr. Kawtharani was the Head of Product at IOU Financial, a publicly-listed online lender (TSX:IOU), where he supported the company originate over \$50 Million in loans across the United States and Canada through continuous product development and innovation. Mr. Kawtharani is an advocate of neo banking, self-sovereign identity, decentralized finance (Defi), and digitizing securities on the blockchain and other distributed ledger technologies. Mr. Kawtharani is currently an advisor at Walo, a fintech and blockchain company solving tomorrow's problems.

J. Patrick Mesina is also a director with a Canadian based institutional investment firm, Cortland Credit Group Inc. Mr. Mesina had served as Vice President with a Toronto based institutional investment firm AIP Private Capital Inc. from March 2012 to September 2017. Since September 2017 he has been a consultant for several companies, including Vive Crop Protection Inc. and Northern Lights Partners Inc. Mr. Mesina has an Honours Bachelor of Arts degree in economics and political science from the University of Toronto.

Corporate Cease Trade Orders

No proposed director of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (i) was subject to a cease trade order, an order similar to a cease trade 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 while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to a cease trade order, an order similar to a cease trade 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 proposed director 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 director, chief executive officer or chief financial officer.

Bankruptcies and Other Proceedings

No proposed director of the Company is, as at the date hereof, or has been within 10 years prior to the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company has, within the 10 years prior to 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 proposed director.

Penalties and Sanctions

No proposed director of the Company has been subject to:

- (i) 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
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important in deciding whether to vote for a proposed director.

Appointment of Auditors

RSM Canada LLP, are the current auditors of the Company and were first appointed as auditors of the Company by the Board with effect from June 4, 2020.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the appointment of RSM Canada LLP, Chartered Professional Accountants as auditors of the Company until the close of the next annual meeting of Shareholders and to authorize the Board to fix their remuneration.

Re-Approval of Option Plan and Amendments

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, an ordinary resolution (subject to the exclusions below) (the "**Option Plan Resolution**"), to re-approve the Company's stock option plan (the "**Option Plan**") including in respect of the following limited amendments to the Option Plan (the "**Amendments**"): (a) to change the governing law to British Columbia to match the corporate jurisdiction of the Company; (b) to update the name of the Company in the Plan to "Liquid Avatar Technologies Inc."; (c) to add the defined terms "U.S. person" and "U.S. Securities Act"; (d) to clarify the circumstances in which a reduction in the exercise price will require shareholder approval to circumstances other than standard anti-dilution and adjustment events; and (e) to make certain "housekeeping" amendments, including, without limitation, to clarify the meanings of certain existing provisions of the Plan and to correct certain grammatical or typographical errors.

The text of the Option Plan Resolution is as follow:

RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Option Plan (of Liquid Avatar Technologies Inc. (the "Corporation") as set out in Schedule "B" to the management information circular of the Company dated May 18, 2021 (the "Circular"), including the Amendments, as defined in the Circular, be and is hereby approved; and
2. Any officer or director of the Corporation is hereby authorized to do all such acts and execute and file all instruments and documents necessary or desirable to carry out these resolutions, with regulatory authorities and the Canadian Securities Exchange.

To be effective, the Option Plan Resolution requires the affirmative vote of not less than a majority of the votes cast by the Shareholders present in person or represented by proxy and entitled to vote at the Meeting. For purposes of approval of the New Equity Incentive Plan Resolution, the votes of the current officers, directors and insiders of the Company that are eligible to participate in the Option Plan will be excluded in determining whether the Option Plan Resolution has been approved. To the knowledge of the Company, such persons hold an aggregate of 16,117,500 Common Shares that would be excluded from the vote in determining if the Option Plan Resolution has been approved.

Summary of the Option Plan as Amended

This summary is qualified by the full text of the Option Plan (as amended) attached as Schedule "B". In the case of any conflict between this summary and Schedule "B", the schedule shall govern.

Pursuant to the Option Plan, the Board may from time to time grant to directors, officers, employees and consultants, or investor relations person (as defined in CSE policies) of the Company (collectively, "**Eligible Persons**"), non-transferable and non-assignable options to purchase Common Shares, exercisable for a period of up to 10 years from the date of grant, provided that the number of Common Shares reserved for issuance under the Option Plan does not exceed 15% of the then issued and outstanding Common Shares. If, and so long as, the Company is listed on the CSE, the aggregate number of Common Shares issued or issuable to persons providing investor relations activities as compensation within a 12-month period will not exceed one percent (1%) of the number of issued and outstanding Common Shares.

If any optionee 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, such optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such optionee, if earlier) from the date of ceasing to be an Eligible Person to exercise the options of such optionee, to the extent they were exercisable on the date of ceasing to be an Eligible Person, subject to extension by the Board to a maximum of one year with approval from the stock exchange on which the Common Shares trade, where required and if permitted. Upon the expiration of such 90-day (or up to one year) period all unexercised options of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of option granted to such optionee under the Option Plan.

If an optionee ceases to be an Eligible Person as a result of having been dismissed from any such position for cause, all unexercised options of that optionee under the Option Plan shall immediately terminate and shall lapse, notwithstanding the original term of the option granted to such optionee under the Option Plan.

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall vest and be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the Board with approval from the stock exchange on which the Common Shares trade where required and if permitted) or until the normal expiry date of the option rights of such optionee, if earlier.

If there is a reduction in the exercise price of the options of a "related person" (as defined in the "Option Plan) of the Company, other than as a result of the adjustment events provided for in the Option Plan, the Company will be required to obtain approval from disinterested shareholders and any other applicable regulatory approvals.

CORPORATE GOVERNANCE

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its stakeholders, particularly Shareholders. The Company's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through the Audit Committee at regularly scheduled meetings or as required. The directors are kept informed regarding the Company'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 Company's affairs and in light of opportunities or risks that the Company 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)*.

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 Company 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 Company.

The Board is currently comprised of four directors, two of whom are independent within the meaning of NI 52-110. Messrs. Kawtharani and Mesina are independent directors. Mr. Lucatch presently is CEO and President of the Company and is not considered independent. Mr. Reiser presently is Chief Business Development Officer of the Company and is not considered independent.

Other Public Corporation Directorships

None.

Independence of the Board

The independent directors did not hold any separate regularly scheduled meetings during the fiscal year ended December 31, 2020, at which non-independent directors and members of management were not in attendance. However, at various Board meetings throughout 2020, there were meetings where the Board believed a conflict of interest could arise or where it was otherwise appropriate to have directors or management recuse themselves. The Board also regularly holds "in-camera" sessions after each board meeting. To facilitate open and candid discussion among the independent directors and enhance its ability to act independently of management, the Board will in the future meet in the absence of non-independent directors and members of management or may continue to excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

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 Company has developed an orientation program for new directors but not a formal continuing education program for existing directors. Nevertheless, through discussions and meetings with other directors, officers and employees, new directors will be provided with a thorough description of the Company's business, properties, assets, operations and strategic plans and

objectives. Orientation activities continue to 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 Company, the Board seeks to foster a culture of ethical conduct by requiring the Company to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to employees, consultants, officers and directors 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 Company 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 Company regarding any potential conflicts of interest.

Nomination of Directors

In order to facilitate the process for the nomination of directors and identification of new candidates for appointment to the Board, the Board has established a nominating and corporate governance committee (the "**Nominating and Corporate Governance Committee**").

In collaboration with the Board, the Nominating and Corporate Governance Committee is responsible for the nomination of directors and identifying new candidates for appointment to the Board. In that regard, the Nominating and Corporate Governance Committee 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. In collaboration with the Board, the Nominating and Corporate Governance Committee may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

The Nominating and Corporate Governance Committee considers its size each year when it determines the number of directors to be nominated for election. The criteria for selecting new directors reflects the requirements of the listing standards of the Canadian Securities Exchange ("**CSE**") with respect to independence and the following factors:

- (i) the appropriate size of the Board;
- (ii) the needs of the Company with respect to the particular talents and experience of its directors;
- (iii) the personal and professional integrity of the candidate;
- (iv) the level of education and/or business experience of the candidate;
- (v) the broad-based business acumen of the candidate;
- (vi) the level of the candidate's understanding of the Company's business and the industry in which it operates and other industries relevant to the Company's business;
- (vii) the ability and willingness of the candidate to commit adequate time to the Board and committee matters;
- (viii) the fit of the individual's skills and personality with those of other directors and potential directors so that the Board is effective, collegial and responsive to the needs of LQID;
- (ix) the candidate's ability to think strategically and a willingness to share ideas; and

- (x) the diversity of experiences, expertise and background of the Board as a whole.

The Nominating and Corporate Governance Committee is presently comprised of Jeff Mesina, David Lucatch and Houssam Kawtharani. See "Board Committees" below.

Compensation

In order to facilitate the process for the determining the compensation of directors and executive officers of the Company, the Board has established a compensation committee (the "**Compensation Committee**").

In collaboration with the Board, the Compensation Committee is responsible for determining the compensation of directors and the Chief Executive Officer, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other executive officers of the Company. The Compensation Committee generally reviews compensation paid to directors and chief executive officers of companies of a similar size and stage of development and in the same or similar industries as the Company operates in, and determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and executive officers of the Company while taking into account the financial and other resources of the Company. No formal benchmarking has been established given the size and stage of the Company. In setting the compensation of the Chief Executive Officer, the Compensation Committee, in collaboration with the Board, will annually review the performance of the Chief Executive Officer and consider other factors which may have impacted the success of the Company in achieving its objectives. See "Statement of Director and Named Executive Officer Compensation - Oversight and Description of Director and Named Executive Officer Compensation – Compensation of Directors" for a discussion of compensation provided to the directors.

The Compensation Committee is presently comprised of Jeff Mesina, David Lucatch and Houssam Kawtharani.

For further details regarding the compensation of directors, as well as details regarding the Company's approach to the compensation of the Chief Executive Officer and other executive officers, see "Board Committees" and "Statement of Director and Named Executive Officer Compensation" below.

Board Committees

The Board has established the Audit Committee to assist it in carrying out its mandate. The Audit Committee is currently comprised of Jeff Mesina, David Lucatch and Houssam Kawtharani.

The Compensation Committee makes recommendations to the Board regarding the determination of the compensation of the directors and the Chief Executive Officer of the Company, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other executive officers of the Company. In addition, the Compensation Committee oversees all of the Company's compensation programs, pay administration, including reviewing and approving compensation adjustments for the CEO and executive officers and ensuring competitiveness of executive compensation, and other functions including oversight of executive and director stock ownership guidelines and director compensation. The Compensation Committee is currently comprised of Jeff Mesina, David Lucatch and Houssam Kawtharani.

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending Board candidates, evaluating Board structure and organization and reviewing and monitoring corporate governance policies and procedures. The Nominating and Corporate Governance Committee is currently comprised of Jeff Mesina, David Lucatch and Houssam Kawtharani.

Assessments

The Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

AUDIT COMMITTEE

The Audit Committee's Charter

A copy of the Charter of the Audit Committee of the Company is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The Audit Committee is currently comprised of Jeff Mesina, David Lucatch and Houssam Kawtharani. The Audit Committee's Charter requires that each member of the Audit Committee be considered financially literate and that a majority of the Audit Committee be independent as defined under NI 52-110.

Relevant Education and Experience

A general description of the education and experience of each Audit Committee member which is relevant to the performance of their responsibilities as an Audit Committee member is contained in their respective biographies set out under "Particulars of Matters to be Acted Upon – Election of Directors".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment or compensation of the Company's external auditors not been adopted by the Board.

Reliance on Certain Exemptions

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

Exemption for Venture Issuers

Pursuant to Section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditor during the years ended December 31, 2020 and 2019 are set out in the table below.

Audit Fee Category	Year Ended December 31, 2020	Year Ended December 31, 2019
Audit Fees ^{(1) (5)}	\$39,055	\$27,000
Audit-Related Fees ⁽²⁾	-	-
Tax Fees ⁽³⁾	\$2,000	-
All Other Fees ⁽⁴⁾	-	-
TOTAL	\$41,055	\$27,000

Notes:

- (1) "Audit Fees" refers to the aggregate fees billed by the Company's external auditor for audit fees.
- (2) "Audit-Related Fees" refers to the aggregate fees billed for services related to the Company's external audit by a third party other than the Company's external auditor.
- (3) "Tax Fees" refers to the aggregate fees billed for professional services rendered for tax compliance, tax advice, and tax planning and assistance with tax matters or specific transactions.
- (4) "All Other Fees" refers to the aggregate fees billed for products and services provided, other than the services reported under the other three items.
- (5) Includes fees paid to both RSM Canada LLP in respect of LAO and the Company following the RTO Transaction, and to Saturna Group in respect of the Company prior to the RTO Transaction.

STATEMENT OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following section provides details of all compensation paid to each of the directors and named executive officers ("**Named Executive Officers**") of the Company for each of the two most recently completed financial years.

The following information is presented in accordance with 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 Company for the year ended December 31, 2021.

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

- (a) each chief executive officer of the Company ("**CEO**") during the year ended December 31, 2020;
- (b) each chief financial officer of the Company ("**CFO**") during the year ended December 31, 2020;
- (c) the Company's most highly compensated executive officer, other than the CEO and CFO, at the end of the Company's most recently completed fiscal year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that fiscal year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that fiscal year.

The Company had six Named Executive Officers during the year ended December 31, 2020, namely:

- *David Lucatch (CEO)*. Mr. Lucatch is the current CEO. He was appointed on September 15, 2020.
- *Benjamin Kessler (CEO)*. Mr. Kessler was CEO of LAO prior to the RTO Transaction and was appointed CEO of the Company in connection with the RTO Transaction. Mr. Kessler resigned as CEO (and director) on September 15, 2020.
- *Ravinder Mlait (CEO)*. Mr. Mlait was CEO prior to the RTO Transaction, and ceased to be CEO on June 4, 2020 in connection with the RTO Transaction.
- *David Carter (CFO)*. Mr. Carter is the current CFO. He was appointed on October 20, 2020.
- *Bryan Loree (CFO)*. Mr. Loree was CFO prior to the RTO Transaction and resigned as CFO on October 20, 2020.
- *Craig McCannell (CFO)*. Mr. McCannell was CFO of LAO prior to the RTO Transaction.

No other executive officer had total compensation of more than \$150,000 during 2020.

Director and Named Executive Officer Compensation – Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each current and former Named Executive Officer and director, in any capacity, for the last two years ended December 31, 2020 and 2019.

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 (\$)
David Lucatch <i>CEO, President and Chairman</i>	2020	\$97,500	Nil	Nil	Nil	Nil	\$97,500
	2019	Nil	Nil	Nil	Nil	Nil	Nil

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 (\$)
Benjamin Kessler <i>Former Chief Executive Officer and Former Director</i>	2020	\$25,000	Nil	Nil	Nil	Nil	\$25,000
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Ravinder Mlait <i>Former CEO and Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	\$45,000	Nil	Nil	Nil	Nil	\$45,000
David Carter <i>CFO</i>	2020	\$17,045	Nil	Nil	Nil	Nil	\$17,045
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Bryan Loree <i>Former CFO and Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	\$45,000	Nil	Nil	Nil	Nil	\$45,000
Craig McCannell <i>Former CFO</i>	2020	\$20,000	Nil	Nil	Nil	Nil	\$20,000
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Ralph Reiser III ⁽¹⁾ <i>Chief Business Development Officer and Director</i>	2020	\$80,000	\$27,000	Nil	Nil	Nil	\$107,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Houssam (Sam) Kawtharani <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
J. Patrick Mesina <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

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 (\$)
Darren Fast ⁽²⁾ <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Appointed on July 27, 2020 as Chief Business Development Officer and October 20, 2020 as Director. Consulting commenced July 1, 2020. Compensation includes amounts paid in his capacity as Chief Business Development Officer and as a consultant to the Company and LAO prior to such appointment.
- (2) Mr. Fast was a director of the Company prior to the RTO Transaction.

Stock Options and Other Compensation Securities

The following table provides information regarding all compensation securities granted or issued to each Named Executive Officer and Director by the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries during the year ended December 31, 2020.

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	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end ⁽¹⁾	Expiry date
David Lucatch <i>CEO, President and Director</i>	Options	600,000 (8.79%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022
Benjamin Kessler <i>Former Chief Executive Officer and Former Director</i>	Options	600,000 (8.97%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022
Ravinder Mlait ⁽¹⁾ <i>Former CEO and Former Director</i>	Options	200,000 (2.93%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022 Original March 2021 for resignation
David Carter <i>CFO</i>	Options	300,000 (4.4%)	October 20, 2020	\$0.15	\$0.14	\$0.33	October 20, 2022
Bryan Loree ⁽²⁾ <i>Former CFO and Former Director</i>	Options	150,000 (2.2%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022 Original May 9, 2021 for Resignation

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	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end ⁽¹⁾	Expiry date
Craig McCannell <i>Former CFO</i>	Options	600,000 (8.97%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022
Ralph Reiser III <i>Chief Business Development Officer and Director</i>	Options	225,000 260,000 485,000 Total (7.11%)	June 1, 2020 October 20, 2020	\$0.15 \$0.15	\$0.15 \$0.14	\$0.33 \$0.33	June 1, 2022 October 20, 2022
Houssam (Sam) Kawtharani <i>Director</i>	Options	200,000 (2.93%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022
J. Patrick Mesina <i>Director</i>	Options	200,000 (2.93%)	June 1, 2020	\$0.15	\$0.15	\$0.33	June 1, 2022
Darren Fast <i>Former Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Ravinder Mlait resigned on December 14, 2020. 60,000 options granted were unvested and expired immediately. The remaining 140,000 vested options remain exercisable until February 14, 2020 under the rules for deadline to exercise any vested options once departing the Company.
- (2) Bryan Loree resigned on October 20, 2020. 45,000 options granted were unvested and expired immediately. The remaining 105,000 vested options were agreed to remain exercisable until May 9, 2021 based on contributions to the Company without cash compensation and for advisory services.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by Named Executive Officers and directors during the year ended December 31, 2020.

Stock Option Plan

Pursuant to the Option Plan, the Board may from time to time grant to directors, officers, employees and consultants, or investor relations person (as defined in CSE policies) of the Company (collectively, “**Eligible Persons**”), non-transferable and non-assignable options to purchase Common Shares, exercisable for a period of up to 10 years from the date of grant, provided that the number of Common Shares reserved for issuance under the Option Plan does not exceed 15% of the then issued and outstanding Common Shares. If, and so long as, the Company is listed on the CSE, the aggregate number of Common Shares issued or issuable to persons providing investor relations activities as compensation within a 12-month period will not exceed one percent (1%) of the number of issued and outstanding Common Shares.

If any optionee 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, such optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such optionee, if earlier) from the date of ceasing to be an Eligible Person to exercise the options of such optionee, to the extent they were exercisable on the date of ceasing to be an Eligible Person, subject to extension by the Board to a maximum of one year with approval from the stock exchange on which the Common Shares trade, where required and if permitted. Upon the expiration of such 90-day (or up to one year) period all unexercised options of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of option granted to such optionee under the Option Plan.

If an optionee ceases to be an Eligible Person as a result of having been dismissed from any such position for cause, all unexercised options of that optionee under the Option Plan shall immediately terminate and shall lapse, notwithstanding the original term of the option granted to such optionee under the Option Plan.

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall vest and be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the Board with approval from the stock exchange on which the Common Shares trade where required and if permitted) or until the normal expiry date of the option rights of such optionee, if earlier.

Employment, Consulting and Management Agreements

The material terms of each agreement under which compensation was provided during the year ended December 31, 2020 or is payable in respect of services provided to the Company by each Named Executive Officer or director, is set out below.

David Lucatch had a consulting agreement with the Company commencing July 1, 2020, which provided for \$10,000 per month until September 15, 2020. Upon the departure of Ben Kessler as Chief Executive Officer, this amount was increased to \$15,000 per month from September 15, 2020 to December 31, 2020. Prior to July 1, 2020, there was no compensation provided to Mr. Lucatch from the Company, However, \$20,000 was paid to Mr. Lucatch prior to the RTO Transaction by KABN (Gibraltar) Ltd., a related party. There were no bonus or stock options as part of the consulting agreement other than the Board approved June 1, 2020 stock option grant.

David Carter had a consulting agreement with the Company dated October 20, 2020. David Carter was paid at a rate of \$5,000 per month from October 20, 2020 to November 30, 2020 and \$10,000 for December 2020. There are no bonus provisions or obligations as part of the consulting agreement. The Board approved a grant of 300,000 stock options on the date of appointment of Mr. Carter as Chief Financial Officer of the Company.

Ralph Reiser III had a consulting agreement with the Company that commenced July 1, 2020 and ended December 31, 2020, which provided for \$10,000 per month. Prior to July 1, 2020, there was no compensation provided to Ralph Reiser III directly from the Company. However, \$20,000 was paid to Mr. Reiser prior to the RTO Transaction by KABN (Gibraltar) Ltd., a related party. There were no bonus or stock options as part of the consulting agreement other than the Board approved June 1, 2020 stock option grant, June 1, 2020 bonus of \$27,000 paid in Common Shares and the October 20, 2020 stock option grant.

Bryan Loree did not have any cash compensation from the Company during 2020. Mr. Loree was granted 150,000 stock options on June 1, 2020 under a consulting agreement. Upon his resignation as CFO on October 20, 2020, 45,000 unvested stock options expired immediately. Mr. Loree continued as a consultant to the Company until March 31, 2021 and the remaining 105,000 stock options expired on May 9, 2021..

External Management Companies

For the period from January 1, 2020 to the time of the RTO Transaction, LAO received the services of Messrs. Lucatch (CEO), McCannell (CFO) and Reiser (Chief Business Development Officer) pursuant to an arrangement with KABN (Gibraltar) Ltd. Each received a payment from KABN (Gibraltar) Ltd of \$20,000 in respect of such period, which is reflected in the table under the heading "Director and Named Executive Officer Compensation – Excluding Compensation Securities."

Oversight and Description of Director and Named Executive Officer Compensation

LQID's executive compensation program during the most recently completed financial year end December 31, 2020 was administered by the Board. The Board was solely responsible for determining the compensation to be paid to LQID's executive officers and evaluating their performance. The Board has not adopted any specific policies or objective for determining the amount or extent of compensation for directors or officers. LQID's "Named Executive Officers" are the Chief Executive Officer, the Chief Financial Officer and the former Chief Executive Officer and former Chief Financial Officer.

Significant Elements

The significant elements of compensation for the Named Executive Officers includes cash compensation and stock options. Other than the LQID Option Plan, the Company does not have any other long-term incentive plan for its Named Executive Officers. There is no policy or target regarding allocation between cash and non-cash elements of LQID's compensation program. The Board expects to annually review the total compensation package of each of LQID's executives on an individual basis.

Cash Salary

LQID's compensation payable to the Named Executive Officers, is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of LQID.

Stock Options

The LQID Stock Option Plan is intended to emphasize management's commitment to the growth of the Company. The grant of stock options, as a key component of the executive compensation package, is intended to enable LQID to attract and retain qualified executives. Stock option grants are based on the total number of stock options available under the LQID Stock Option Plan. In granting stock options, the Board will review the total of stock options available under the LQID Stock Option Plan and recommend grants to newly retained executive officers at the time of their appointment, and consider recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding stock options held by an executive are taken into account when determining whether and how new stock option grants should be made to the executive. The exercise periods are to be set at the date of grant. The stock option grants may contain vesting provisions in accordance with the LQID Stock Option Plan.

Pension Disclosure

The Company does not have a pension plan and does not provide any pension plan benefits.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by securityholders	6,825,000	0.16	7,607,471
Equity compensation plans not approved by security holders	None	N/A	N/A
Total	6,825,000	0.16	7,607,471

Notes:

- (1) Represents the number of Common Shares reserved for issuance upon exercise of the denoted outstanding options granted in accordance with the Current Stock Option Plan as at December 31, 2020.
- (2) Based on the maximum aggregate number of Common Shares that were available for issuance under the Current Stock Option Plan as at December 31, 2020 and based on 15% of the number of Common Shares issued and outstanding as of December 31, 2020. The maximum number of Common Shares reserved for issuance under the Current Stock Option Plan at any time is 15% of the Company's issued and outstanding Common Shares at that time, less any Common Shares reserved for issuance under other share compensation arrangements.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to the Company, or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, a proposed nominee for election as a director of the Company or any associate of any one of the foregoing persons is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries. In addition, neither the Company nor any of its subsidiaries has provided a guarantee, support agreement, letter of credit or other similar arrangement for any indebtedness of any of these individuals to any other entity.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Company is not aware of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, who has had a material interest, direct or indirect, in any transaction involving the Company since January 1, 2020 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Financial information relating to the Company is provided in the Company's audited consolidated financial statements and the management's discussion and analysis ("**MD&A**") for the year ended December 31, 2020. Shareholders may obtain the financial statements and MD&A under the Company's profile on SEDAR at www.sedar.com or by contacting the Company directly to request copies of the financial statements and MD&A by mail to 1-7357 Woodbine Avenue, Suite 605, Markham, ON, L3R 6L3.

The Board has approved the contents of this Circular and the sending thereof to the Company's Shareholders.

ON BEHALF OF THE BOARD

"David Lucatch"

Chief Executive Officer
May 18, 2021

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

TORINO POWER SOLUTIONS INC. (the "Company")

(Adopted as of December 14, 2015)

1. PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee (the "**Committee**") is a standing committee of the Board of Directors (the "**Board**") of the Company. The role of the Committee is to:

- (a) assist the Board in its oversight responsibilities by reviewing: (i) the Company's financial statements, the financial and internal controls and the accounting, audit and reporting activities, (ii) the Company's compliance with legal and regulatory requirements, (iii) the external auditors' qualifications and independence, and (iv) the scope, results and findings of the Company's external auditors' audit and non-audit services;
- (b) prepare any report of the Committee required to be included in the Company's annual report or proxy material;
- (c) report to the Board in respect of the Company's financial statements prior to the Board approving such statements; and
- (d) take such other actions within the scope of this Charter as the Board may assign to the Committee from time to time or as the Committee deems necessary or appropriate.

2. COMPOSITION, OPERATIONS AND AUTHORITY

Composition

The Committee shall be composed of a minimum of three members of the Board. Unless exempted by applicable securities laws and applicable stock exchange policies, all members of the Committee shall be independent as determined by the Board in accordance with the applicable requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities (collectively, the "**Applicable Law**"). Each member of the Committee shall be "financially literate" as such term is defined by the Applicable Law.

Members of the Committee shall be appointed by the Board and continue to be members until their successors are elected and qualified or until their earlier death, retirement, resignation or removal. Any member of the Committee may be removed by the Board in its discretion. However, a member of the Committee shall automatically cease to be a member of the Committee upon either ceasing to be a director of the Board or, if applicable, ceasing to be independent as required in this Section 2 of this Charter. Vacancies on the Committee will be filled by the Board.

Authority

The authority of the Committee is subject to the provisions of this Charter, the constating documents of the Company, such limitations as may be imposed by the Board from time to time and Applicable Law.

The Committee shall have the authority to: (i) retain (at the Company's expense) its own legal counsel and other advisors and experts that the Committee believes, in its sole discretion, are needed to carry out its duties and responsibilities; (ii) conduct investigations that it believes, in its sole discretion, are necessary to carry out its responsibilities; and (iii) take whatever actions that it deems appropriate to foster an internal culture that is committed to maintaining quality financial reporting, sound business risk practices and ethical behavior within the Company. In addition, the Committee shall have the authority to request any officer, director or employee of the Company, or any other persons whose advice and counsel are sought by the

Committee, such as members of the Company's management or the Company's outside legal counsel and external auditors, to meet with the Committee or any of its advisors and to respond to their inquiries. The Committee shall have full access to the books, records and facilities of the Company in carrying out its responsibilities.

The Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Committee with respect to any of the matters referred to in this Charter.

Operations

The Board may appoint one member of the Committee to serve as chair of the Committee (the "**Chair**"), but if it fails to do so, the members of the Committee shall designate a Chair by majority vote of the full Committee to serve at the pleasure of the majority of the full Committee. If the Chair of the Committee is not present at any meeting of the Committee, an acting Chair for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Chair shall refer the matter to the Board. The Committee may appoint a secretary who need not be a member of the Board or Committee. A secretary who is not a member of the Committee shall not have the rights of a member of the Committee.

The Chair shall preside at each meeting of the Committee and set the agendas for the Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company's constating documents or this Charter.

The Committee shall meet (in person or by telephonic meeting) at least quarterly or more frequently as circumstances dictate. As a part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements, the Committee shall meet in a separate session with the external auditors and, if desired, with management and/or the internal auditor. In addition, the Committee or the Chair shall meet with management quarterly to review the Company's financial statements and the Committee or a designated member of the Committee shall meet with the external auditors to review the Company's financial statements on a regular basis as the Committee may deem appropriate. The Committee shall maintain written minutes or other records of its meetings and activities, which shall be duly filed in the Company's records.

Except as otherwise required by the Company's constating documents, a majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.

The Chair of the Committee shall report to the Board following meetings of the Committee and as otherwise requested by the Board.

3. RESPONSIBILITIES AND DUTIES

The Committee's primary responsibilities are to:

General

- (a) review and assess the adequacy of this Charter on an annual basis and, where necessary or desirable, recommend changes to the Board;
- (b) report to the Board regularly at such times as the Chair may determine to be appropriate but not less frequently than four times per year;
- (c) follow the process established for all committees of the Board for assessing the Committee's performance;

Review of Financial Statements, MD&A and other Documents

- (d) review the Company's financial statements and related management's discussion and analysis and any other annual reports or other financial information to be submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the external auditors before they are approved by the Board and publicly disclosed;
- (e) report to the Board in respect of the Company's financial statements prior to the Board approving such statements;
- (f) review with the Company's management and, if applicable, the external auditors, the Company's quarterly financial statements and related management's discussion and analysis, before they are released;
- (g) ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements other than the disclosure referred to in the two immediately preceding paragraphs and periodically assess the adequacy of such procedures;
- (h) review the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- (i) review with the Company's management any press release of the Company which contains financial information;
- (j) review analyses prepared by management and/or the external auditors setting forth significant reporting issues and judgments made in connection with the preparation of the Company's financial statements;

External Auditors

- (k) recommend external auditors' nominations to the Board to be put before the shareholders for appointment and, as necessary, the removal of any external auditors in office from time to time;
- (l) approve the fees and other compensation to be paid to the external auditors;
- (m) pre-approve all significant non-audit engagements to be provided to the Company with the external auditors;
- (n) require the external auditors to submit to the Committee, on a regular basis (at least annually), a formal written statement delineating all relationships between the external auditors and the Company and discuss with the external auditors any relationships that might affect the external auditors' objectivity and independence;
- (o) recommend to the Board any action required to ensure the independence of the external auditors;
- (p) advise the external auditors of their ultimate accountability to the Board and the Committee;
- (q) oversee the work of the external auditors engaged for the purpose of preparing an audit report or performing other audit, review and attest services for the Company;
- (r) evaluate the qualifications, performance and independence of the external auditors which are to report directly to the Committee, including (i) reviewing and evaluating the lead partner on the external auditors' engagement with the Company, (ii) considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, (iii) determine the rotation of

the lead audit partner and the audit firm, and (iv) take into account the opinions of management and the internal audit function in assessing the external auditors' qualifications, independence and performance;

- (s) present the Committee's conclusions with respect to its evaluation of external auditors to the Board and take such additional action to satisfy itself of the qualifications, performance and independence of external auditors and make further recommendations to the Board as it considers necessary;
- (t) obtain and review a report from the external auditors at least annually regarding the external auditors' internal quality-control procedures; material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more external audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the external auditors and the Company;
- (u) establish policies for the Company's hiring of employees or former employees of the external auditors;
- (v) monitor the relationship between management and the external auditors including reviewing any management letters or other reports of the external auditors and discussing any material differences of opinion between management and the external auditors;

Financial Reporting Process

- (w) periodically discuss the integrity, completeness and accuracy of the Company's internal controls and the financial statements with the external auditors in the absence of the Company's management;
- (x) in consultation with the external auditors, review the integrity of the Company's financial internal and external reporting processes;
- (y) consider the external auditors' assessment of the appropriateness of the Company's auditing and accounting principles as applied in its financial reporting;
- (z) review and discuss with management and the external auditors at least annually and approve, if appropriate, any material changes to the Company's auditing and accounting principles and practices suggested by the external auditors, internal audit personnel or management;
- (aa) review and discuss with the Chief Executive Officer ("CEO") and the Chief Financial Officer (the "CFO") the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the interim and annual filings with applicable securities regulatory authorities;
- (bb) review disclosures made by the CEO and CFO during their certification process for the annual and interim filings with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees who have a significant role in the Company's internal controls;
- (cc) establish regular and separate systems of reporting to the Committee by management and the external auditors of any significant decision made in management's preparation of the financial statements, including the reporting of the view of management and the external auditors as to the appropriateness of such decisions;
- (dd) discuss during the annual audit, and review separately with each of management and the external auditors, any significant matters arising from the course of any audit, including any

restrictions on the scope of work or access to required information; whether raised by management, the head of internal audit or the external auditors;

- (ee) resolve any disagreements between management and the external auditors regarding financial reporting;
- (ff) review with the external auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented at an appropriate time subsequent to the implementation of such changes or improvements;
- (gg) retain and determine the compensation of any independent counsel, accountants or other advisors to assist in its oversight responsibilities (the Committee shall not be required to obtain the approval of the Board for such purposes);
- (hh) discuss any management or internal control letters or proposals to be issued by the external auditors of the Company;

Corporate Controls and Procedures

- (ii) receive confirmation from the CEO and CFO that reports to be filed with Canadian Securities commissions and any other applicable regulatory agency: (a) have been prepared in accordance with the Company's disclosure controls and procedures; and (b) contain no material misrepresentations or omissions and fairly presents, in all material respects, the financial condition, results of operations and cash flow as of and for the period covered by such reports;
- (jj) receive confirmation from the CEO and CFO that they have concluded that the disclosure controls and procedures are effective as of the end of the period covered by such reports;
- (kk) discuss with the CEO and CFO any reasons for which any of the confirmations referred to in the two preceding paragraphs cannot be given by the CEO and CFO;

Code of Conduct and Ethics

- (ll) review and discuss the Company's Code of Business Conduct and Ethics and the actions taken to monitor and enforce compliance with the Code;
- (mm) establish procedures for: i) the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and ii) the confidential, anonymous submission of concerns regarding questionable accounting, internal control and auditing matters;

Legal Compliance

- (nn) confirm that the Company's management has the proper review system in place to ensure that the Company's financial statements, reports, press releases and other financial information satisfy Applicable Law;
- (oo) review legal compliance matters with the Company's legal counsel;
- (pp) review with the Company's legal counsel any legal matter that the Committee understands could have a significant impact on the Company's financial statements;
- (qq) conduct or authorize investigations into matters within the Committee's scope of responsibilities;
- (rr) perform any other activities in accordance with the Charter, the Company's constituting documents and Applicable Law the Committee or the Board deems necessary or appropriate;

- (ss) maintain minutes and other records of meetings and activities of the Committee;

Related Party Transactions

- (tt) review the financial reporting of any transaction between the Company and any officer, director or other “related party” (including any shareholder holding an interest greater than 5% in the Company) or any entity in which any such person has a financial interest;
- (uu) review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures;

Reporting and Powers

- (vv) report to the Board following each meeting of the Committee and at such other times as the Board may consider appropriate; and
- (ww) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

4. LIMITATION OF RESPONSIBILITY

While the Committee has the responsibilities and powers provided by this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management (with respect to whom the Committee performs an oversight function) and the external auditors.

SCHEDULE "B"

STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of Liquid Avatar Technologies Inc. (the "**Corporation**") of options to purchase common shares ("**Shares**") in the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased financial interest in the Corporation.

2. DEFINITIONS AND INTERPRETATION

(a) The following terms have the meaning set out below:

(i) "**Acceleration Event**" means:

- (A) a consolidation, merger, amalgamation, arrangement, plan or scheme of arrangement or other reorganization or acquisition involving the Corporation or any of its Related Entities and another Person or entity, as a result of which the holders of Shares prior to the completion of such transaction or event hold less than 50% of the outstanding equity securities of the successor entity (on a fully-diluted basis) after completion of the transaction (which, for greater certainty, does not include any treasury issuance of securities of the Corporation);
- (B) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets (including rights, licenses or properties) of the Corporation and/or any of its Related Entities that have an aggregate book value greater than 30% of the book value of the assets (including rights and properties) of the Corporation on a consolidated basis to any other Person or entity, other than a disposition to a Related Entity of the Corporation in the course of a reorganization of the Corporation and its Related Entities;
- (C) the adoption of a resolution to wind-up, dissolve or liquidate the Corporation;
- (D) any Person, entity or group of Persons or entities acting jointly or in concert (collectively, an "**Acquiror**") acquires, or acquires control (including, without limitation, the right to vote or direct the voting) of, voting securities which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and affiliates of the Acquiror to vote (or direct the voting of) 40% or more of the votes attached to all of the Corporation's outstanding voting securities which may be voted to elect directors of the Corporation (regardless of whether a meeting has been called to elect directors);
- (E) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board, unless such election or appointment is approved by 50% or more of the Board in office immediately preceding such election or appointment in

circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened; or

- (F) the Board (being the full Board and not a committee) adopts a resolution to the effect that an Acceleration Event (as defined in this Plan), has occurred or is imminent.
- (ii) **"Affiliate"** means "affiliate" as defined in NI 45-106.
- (iii) **"Blackout Period"** has the meaning ascribed thereto in Section 8.
- (iv) **"Board"** means the board of directors of the Corporation, or any committee of the board of directors of the Corporation (which may be a single director) to which the duties of the board of directors under this Plan are delegated.
- (v) **"company"** means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- (vi) **"Consultant"** means "consultant" as defined in NI 45-106.
- (vii) **"Corporation"** means Liquid Avatar Technologies Inc., and includes any successor corporation thereto.
- (viii) **"CSE"** means the Canadian Securities Exchange.
- (ix) **"Eligible Person"** means any executive officer or director, Employee, Consultant, or Investor Relations Person of the Corporation or its Related Entities.
- (x) **"Employee"** means:
 - (A) an individual who is considered an employee of the Corporation or its Related Entities under the *Income Tax Act* (Canada) or applicable employment law in the jurisdiction in which the individual resides or is employed;
 - (B) an individual who works full-time for the Corporation or Related Entities providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its Related Entities over the details and methods of work as an employee of the Corporation or its Related Entities, but for whom income tax deductions are not made at source; or
 - (C) an individual who works for the Corporation or its Related Entities on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or any of its Related Entities over the details and methods of work as an employee of the Corporation or its Related Entities, but for whom income tax deductions are not made at source.
- (xi) **"Exchanged Share"** means a security that is exchanged for a Share in an Acceleration Event.

- (xii) **“Exchanged Share Price”** means the product of the Share to Exchanged Share ratio multiplied by the five day volume weighted average price of the Exchanged Shares on an exchange for the period ending one day prior to the effective time of the Acceleration Event, or, in the case of Exchanged Shares that are not listed or quoted for trading, the fair value of those Exchanged Shares, as determined by the Board, in its sole discretion, as of the day immediately preceding the effective time of the Acceleration Event.
- (xiii) **“Exercise Price”** has the meaning ascribed thereto in Section 7.
- (xiv) **“In-The-Money Amount”** means: (a) in the case of an Acceleration Event in which the holders of Shares will receive only cash consideration, the difference between the Exercise Price of an option and the cash consideration paid per Share pursuant to that Acceleration Event; (b) in the case of an Acceleration Event in which the holders of Shares will receive Exchanged Shares, the difference between the Exercise Price of an option and the Exchanged Share Price; or (c) in the case of an Acceleration Event in which the holders of Shares will receive cash consideration and Exchanged Shares per Share, the difference between the Exercise Price of an option and the sum of the cash consideration paid per Share plus the Exchanged Share Price.
- (xv) **“Investor Relations Activities”** means activities or oral or written communications, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
 - (A) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (1) to promote the sale of products or services of the Corporation; or
 - (2) to raise public awareness of the Corporation;that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
 - (B) activities or communications necessary to comply with the requirements of:
 - (1) applicable securities laws, policies or regulations;
 - (2) the rules, and regulations of the stock exchange on which the Corporation’s securities are listed or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - (C) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (1) the communication is only through the newspaper, magazine or publication; and

- (2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (D) activities or communications that may be otherwise specified by the stock exchange on which the Corporation's securities are listed.
 - (xvi) **"Investor Relations Person"** means a Person retained to provide Investor Relations Activities (as defined herein or in CSE policies).
 - (xvii) **"NI 45-106"** means National Instrument 45-106 – *Prospectus Exemptions*.
 - (xviii) **"Optioned Shares"** has the meaning given to it in Section 9.
 - (xix) **"Permitted Assign"** means "permitted assign" as defined in NI 45-106.
 - (xx) **"Person"** means a company or individual.
 - (xxi) **"Plan"** has the meaning given to it in Section 1.
 - (xxii) **"Related Entity"** means "related entity" as defined in NI 45-106.
 - (xxiii) **"related person"** means:
 - (A) a director or executive officer of the Corporation or its Related Entities;
 - (B) an associate (as defined under applicable securities laws) of a director or executive officer of the Corporation or its Related Entities; or
 - (C) a Permitted Assign of a director or executive officer of the Corporation or its Related Entities.
 - (xxiv) **"Shares"** has the meaning ascribed thereto in Section 1.
 - (xxv) **"subsidiary"** means a corporation which is a subsidiary of the Corporation as defined under the *Securities Act* (Ontario).
 - (xxvi) **"TSXV"** means the TSX Venture Exchange.
 - (xxvii) **"U.S. person"** means a "U.S. person" as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act.
 - (xxviii) **"U.S. Securities Act"** means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
- (b) Certain terms defined herein that are defined in the policies of the CSE are included herein with non-substantive modifications for ease of interpretation. If there is any inconsistency of a substantive nature between the definitions in the policies of the CSE and the definitions in this Plan, including as a result of amendments to the policies of the CSE, the definitions in this Plan shall be deemed to be amended to make the definitions herein and therein substantively consistent.
 - (c) Except as otherwise provided in this Plan, any reference in this Plan to a statute, or to a regulation, instrument or rule made pursuant to a statute, or to the rules, policies or regulations of a stock exchange or other regulatory entity refers to such statute, regulation,

instrument or rule, or to such rules, policies or regulations of a stock exchange or other regulatory entity, each as the same may have been or may from time to time be amended or re-enacted.

- (d) This Plan is to be governed by and interpreted in accordance with the laws of the Province of British Columbia.

3. **ADMINISTRATION**

- (a) The Plan shall be administered by the Board or a committee (which may be a single director) established by the Board for that purpose. Subject to approval of the granting of options by the Board, the Corporation shall grant options under the Plan.
- (b) Subject to the provisions of this Plan, the Board has the authority: (i) to grant options to Eligible Persons; (ii) to determine the terms, including the Exercise Price, limitations, restrictions and conditions, if any, upon such grants and such options; (iii) to adopt, amend and rescind such regulations relating to this Plan as it may from time to time deem advisable, subject to required prior approval by any relevant stock exchanges or any applicable regulatory authority; (iv) to construe and interpret the Plan and all option agreements entered into thereunder; (v) to define the terms used in any regulations; and (vi) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable, including correcting any defect or reconciling any inconsistency in the grant of options to the extent as is deemed necessary or advisable to carry out the purposes of the Plan. The Board's regulations, interpretations and determinations will be conclusive and binding upon all Eligible Persons and optionees (including their legal personal representatives and beneficiaries).

4. **SHARES SUBJECT TO PLAN**

- (a) Subject to adjustment under the provisions of Section 15 hereof, the aggregate number of Shares available for issuance under the Plan will not exceed such number of Shares as is equal to 15% of the total number of Shares issued and outstanding from time to time.
- (b) If any option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which the option was not exercised shall be available for the purposes of the Plan. Any exercises of options will make new grants available under the Plan, effectively resulting in a 're-loading' of the number of options available for grant under the Plan.
- (c) The Corporation shall not, upon the exercise of any option, be required to issue or deliver any Shares prior to, as applicable, (i) the admission of such shares to listing on any stock exchange on which the Shares may then be listed, and (ii) the completion of such registration or other qualification of such Shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any Shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any Exercise Price paid to the Corporation shall be returned to the optionee.

5. ELIGIBILITY

Options shall be granted only to Eligible Persons or, with the approval of the Board, to any "Permitted Assign" of an Eligible Person. The Board shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of Shares subject to each option.

6. LIMITS WITH RESPECT TO INVESTOR RELATIONS PERSONS

If, and so long as, the Corporation is listed on the CSE, the aggregate number of Shares issued or issuable to Persons providing "Investor Relations Activities" (as defined herein and in CSE policies) as compensation within a 12-month period, shall not exceed 1% of the total number of Shares then outstanding.

7. EXERCISE PRICE

- (a) The exercise price (the "**Exercise Price**") for the Shares under each option shall be determined by the Board and shall not be less than the fair market value of the Shares on the date of grant of the option (referred to herein as the "**market price**"). The "market price" of the Shares shall mean the prior trading day's closing price for the Shares on the stock exchange on which the majority of the trading in the Shares takes place, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the Shares on the stock exchange on which the majority of the trading in the Shares takes place for the five (5) immediately preceding trading days.
- (b) Notwithstanding the foregoing, in the event that Shares:
 - (i) are listed on the CSE, the Exercise Price shall not be lower than the greater of the closing market price of the Shares on (A) the trading day prior to the grant, and (B) the date of grant of the options;
 - (ii) are listed on the TSXV, the Exercise Price may be the market price less any discounts from the market price allowed by the TSXV, subject to the minimum exercise price allowed by the TSXV; and
 - (iii) are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the Board.
- (c) In addition to any other regulatory approvals, and only if a reduction in the Exercise Price is permitted under applicable rules of the stock exchange on which the shares are listed, the approval of disinterested shareholders will be required for any reduction in the Exercise Price of a previously granted option to a related person of the Corporation.

8. TERM OF OPTIONS

- (a) Subject to the provisions of this Section 8 and Sections 10, 12 and 13 below, the period within which an option may be exercised shall be determined by the Board at the time of granting the options provided, however, that all options shall not be granted for a term exceeding ten years from the date of the option grant.
- (b) Notwithstanding the foregoing, in the event that the expiry date of an option falls within a trading blackout or similar restricted trading period imposed by the Corporation (a "**Blackout Period**"), and neither the Corporation nor the optionee is subject to a cease trade order in respect of the Corporation's securities, then the expiry date of such option

shall be automatically extended to the 10th business day following the end of the Blackout Period.

- (c) On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned Shares in respect of which the option has not been exercised.

9. EXERCISE OF OPTIONS

Subject to the provisions of the Plan and the particular option, and subject to any regulations determined by the Board, an option may be exercised from time to time by delivering to the Corporation at its head office a written notice of exercise specifying the number of Shares with respect to which the option is being exercised (the "**Optioned Shares**") and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the Shares then being purchased. Upon receipt of a certificate of an authorized officer directing the issue of Shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates or issue direct registration system advices ("**DRS Advices**") for the Optioned Shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative. Certificates or DRS Advices for such Optioned Shares shall be issued and delivered to the optionee within a reasonable time following the receipt of such notice and payment.

10. VESTING RESTRICTIONS

Options issued under the Plan may vest and become exercisable at the discretion of the Board provided that if required by any stock exchange on which the Shares trade options of a particular type or issued to a particular class of optionee shall vest in a manner that is compliant with the rules of such stock exchange. Any vesting restrictions shall be set out in written option agreement, substantially in the form attached hereto as Exhibit A.

11. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement, substantially in the form attached hereto as Exhibit A, issued by the Corporation to the optionee which shall give effect to the provisions of the Plan.

12. TERMINATION; CESSATION OF PROVISION OF SERVICES

- (a) Subject to Section 13 below, if any optionee 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, such optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such optionee, if earlier) from the date of ceasing to be an Eligible Person to exercise the options of such optionee, to the extent they were exercisable on the date of ceasing to be an Eligible Person, subject to extension by the Board to a maximum of one year with approval from the stock exchange on which the Shares trade, where required and if permitted. Upon the expiration of such 90-day (or up to one year) period all unexercised options of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of option granted to such optionee under the Plan.
- (b) If an optionee ceases to be an Eligible Person as a result of having been dismissed from any such position for cause, all unexercised options of that optionee under the Plan shall immediately terminate and shall lapse, notwithstanding the original term of the option granted to such optionee under the Plan.

13. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall vest and be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the Board with approval from the stock exchange on which the Shares trade where required and if permitted) or until the normal expiry date of the option rights of such optionee, if earlier.

14. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION; TERMINATION OF OPTIONS

- (a) Options are personal to each optionee. An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee. Subject to applicable laws and prior Board approval, transfers will be permitted to Permitted Assigns.
- (b) The Board may, with the consent of an optionee, cancel any outstanding option.

15. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

- (a) In the event of a reorganization, recapitalization, stock split, stock dividend, combination of Shares, subdivision, merger, amalgamation, consolidation, recapitalization, rights offering or any other change in the capital, corporate structure or Shares:
 - (i) the aggregate number and kind of shares available under the Plan shall be appropriately adjusted; and
 - (ii) the Board will make, subject to any prior approval required of relevant stock exchanges or other applicable regulatory authorities, an appropriate substitution or adjustment in (A) the exercise price of any unexercised options under this Plan; (B) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and/or (iii) the number and kind of shares subject to unexercised options granted under this Plan (and that would be issued to an optionee on such exercise);

provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares.

- (b) The options granted under the Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the Exercise Price in the event of any such change.
- (c) If there is a reduction in the Exercise Price of the options of a related person of the Corporation, other than as a result of the events in Section 15(a), the Corporation will be required to obtain approval from disinterested shareholders and any other applicable regulatory approvals.
- (d) In the event of the reorganization of the Corporation or the amalgamation, merger or consolidation of the Corporation with another Person, the Board may make such provision, including changes to the terms and conditions of outstanding options, for the protection of the rights of optionees as the Board in its discretion deems appropriate, including as set out in Section 16, but subject to any restrictions herein or of any applicable law or regulatory

authority. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all Eligible Persons and optionees.

16. ACCELERATION EVENTS

- (a) If at any time when an option granted under this Plan remains unexercised with respect to any Optioned Shares:
 - (i) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
 - (ii) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event,

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the Board has determined that no adjustment shall be made pursuant to Section 15 hereof, (i) the Board may permit the optionee to exercise the option granted under this Plan, 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) the Board may accelerate the expiry time for the exercise of the said option and may also accelerate the time for the fulfilment of any conditions or restrictions on such exercise. For greater certainty, upon an Acceleration Event, optionees shall not be treated any more favourably than shareholders with respect to the consideration that the optionees may be entitled to receive for their Shares.

- (b) Further, the Board, 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:
 - (i) The Board may terminate without any payment or other consideration, any options not exercised or surrendered by the effective time of the Acceleration Event.
 - (ii) The Board may cause 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.
 - (iii) The Board may require or cause that an option granted under the 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. The exercise price for a substituted option following the Acceleration Event shall be the amount as the Board may determine as would provide the optionee with an equal economic result (assuming the optionee exercised the substituted option immediately after the Acceleration Event but not at any later time) as the optionee would have obtained had such optionee exercised the option immediately prior to the Acceleration Event.
- (c) For greater certainty, and notwithstanding anything else to the contrary contained in the Plan, the Board shall have the power, in its sole discretion, in connection with any Acceleration Event which may occur or has occurred, to make such arrangements as it

shall deem appropriate for the exercise of outstanding options including, without limitation, to take actions as contemplated above which shall be deemed a term of all options. If the Board exercises such power, the options shall be deemed to permit the exercise thereof in whole or in part by the optionee at any time or from time to time as determined by the Board prior to or in conjunction with completion of the Acceleration Event.

- (d) If the Board exercises its discretion to accelerate expiry dates and/or the vesting of any or all options, the Board may determine that any exercise will, until the completion of such Acceleration Event, be conditional. In such case, an optionee that wishes to exercise his or her options, must deliver an exercise notice together with the aggregate Exercise Price in the manner specified in this Plan, which will each be held in trust by the Corporation. If the Acceleration Event is completed at the time specified therein (as the same may be extended in accordance with applicable law), the exercise will be deemed to be unconditional and the aggregate Exercise Price will be applied to the purchase of shares, which shall be deemed to occur immediately prior to the completion of the Acceleration Event. If the Acceleration Event is not completed at the time specified therein (as the same may be extended in accordance with applicable law), the exercise notice and the aggregate exercise price will be returned to the optionee. The Board may make such other modifications to the Plan in order to facilitate the conditional exercise and participation by optionees in the Acceleration Event as may be necessary or advisable. If the Acceleration Event is not completed within the time specified therein (as the same may be extended in accordance with applicable law), the options that vested pursuant to this provision will be reinstated as unvested options and the original terms applicable to such options will apply.
- (e) No action taken by the Board under this Section 16 shall be considered an amendment to the terms of an option but shall be made pursuant to the terms of such options.

17. EMPLOYMENT

Nothing contained in the Plan shall confer upon any optionee any right with respect to employment or continuance of employment with the Corporation or any Related Entity, or interfere in any way with the right of the Corporation, or any Related Entity, to terminate the optionee's employment at any time. Participation in the Plan by an optionee is voluntary.

18. NO SHAREHOLDER RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the Optioned Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Optioned Shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for, and continues to hold.

19. TAX MATTERS

The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The optionee consents

to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares issuable upon exercise of the options

20. **AMENDMENT AND TERMINATION OF THE PLAN**

- (a) Subject to any requisite shareholder and regulatory approvals (including any applicable stock exchange approvals) including as set forth below, the Board may, from time to time, amend or revise the terms of the Plan or may discontinue the Plan at any time; provided, however, that no such right may, without the consent of the optionee, in any manner adversely affect his or her rights under any option theretofore granted under the Plan.
- (b) Subject to Sections 20(c) and 20(e) below, the Board may from time to time, in its sole discretion and without the approval of the shareholders or optionees make any amendments to this Plan and/or any options that it deems necessary or advisable, including without limitation:
 - (i) to the provisions of the Plan respecting the persons eligible to receive options;
 - (ii) to the terms or conditions of vesting applicable to any option;
 - (iii) to accelerate the expiry date or change the termination provisions of an option;
 - (iv) to the adjustment provisions of the Plan;
 - (v) to the Plan or any options as necessary to comply with, satisfy or address applicable laws or regulatory requirements;
 - (vi) of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or correct any grammatical or typographical errors;
 - (vii) to the mechanics of exercise of the options;
 - (viii) respecting the administration of the Plan; and
 - (ix) any other amendment to the Plan or any options that does not require shareholder approval under the rules, regulations and policies of any applicable stock exchange.
- (c) Notwithstanding Section 20(b), approval of the shareholders of the Corporation will be required for amendments to:
 - (i) increase the percentage of Shares issuable under the Plan;
 - (ii) add any financial assistance provision to, or change the assignment and transferability provisions of, the Plan;
 - (iii) extend the expiry date of any option(s);
 - (iv) reduce the exercise price of any option(s) or otherwise effectively re-price any option(s) to a lower price;
 - (v) Section 20(b) or 20(c); or

- (vi) that otherwise require shareholder approval under applicable laws or the rules, regulations and policies of any applicable stock exchange.
- (d) In addition, any amendment to this Plan or any options that is adverse or detrimental to holders of existing options and is not required by applicable laws or regulations (as determined by the Board in its sole discretion) shall, unless it is consented to by such holders, only apply to options granted after the effective date of such amendment.
- (e) The Corporation shall additionally obtain requisite shareholders approval in respect of amendments to the Plan to the extent such approval is required by any applicable stock exchange or any applicable laws or regulations. Amendments that are not permitted by applicable law or any applicable stock exchange shall not be made.
- (f) If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

21. US PERSONS

Any grant of an option to a U.S. person shall be subject to Exhibit B.

22. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

EXHIBIT A

LIQUID AVATAR TECHNOLOGIES INC.

OPTION AGREEMENT

Notice is hereby given that effective the _____ day of _____, _____ (the "Effective Date"), Liquid Avatar Technologies Inc. (the "Corporation") has granted to _____, an option to acquire _____ common shares ("Shares") exercisable up to 5:00 p.m. Toronto Time on the _____ day of _____, _____ (the "Expiry Date") at an exercise price of C\$_____ per Share.

The Shares may be acquired as follows:

[Insert vesting terms]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Corporation's Stock Option Plan, the terms and conditions of which are hereby incorporated herein.

To exercise your Option, deliver a written notice specifying the number of Shares you wish to acquire, together with cash or a certified cheque payable to the Corporation for the aggregate exercise price, to the Corporation. A certificate for the Shares so acquired will be issued by the transfer agent as soon as practicable thereafter.

LIQUID AVATAR TECHNOLOGIES INC.

Authorized Signatory

EXHIBIT B

SECURITIES LAWS

Neither the options which may be granted pursuant to the provisions of the Plan nor the Shares which may be purchased pursuant to the exercise of options have been registered under the United States Securities Act of 1933 (the U.S. Act), or under any securities law of any state of the United States of America. Accordingly, any optionee who is a "U.S. person" or who is granted an option in a transaction which is otherwise subject to the U.S. Act or the securities laws of any state of the United States of America shall represent, warrant, acknowledge and agree in the agreement containing the option granted to the optionee that:

- (a) the optionee is acquiring the option and any Shares acquired upon the exercise of such Option as principal and for the sole account of the optionee;
- (b) in granting the Option and issuing the Shares to the optionee upon the exercise of such Option, the Corporation is relying on the representations and warranties of the optionee contained in the agreement relating to the option to support the conclusion of the Corporation that the granting of the option and the issue of Shares upon the exercise of such option do not require registration under the U.S. Act or to be qualified under the securities laws of any state of the United States of America;
- (c) each certificate representing Shares issued upon the exercise of such option shall bear the following legends:

"THE COMMON SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (C) WITH THE PRIOR WRITTEN CONSENT OF THE CORPORATION, PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS."

"THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT GOOD DELIVERY OF THE COMMON SHARES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.

A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT FOR THE COMMON SHARES OF THE CORPORATION IN CONNECTION WITH A SALE OF THE COMMON SHARES REPRESENTED HEREBY UPON DELIVERY OF THIS CERTIFICATE AND AN EXECUTED DECLARATION BY THE SELLER, IN A FORM SATISFACTORY TO THE REGISTRAR AND TRANSFER AGENT AND THE CORPORATION, TO THE EFFECT THAT SUCH SALE IS BEING MADE IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.";

provided that if such Shares are being sold outside the United States of America in compliance with the requirements of Rule 904 of Regulation S under the U.S. Act the foregoing legends may be removed by providing a written declaration by the holder to the registrar and transfer agent for the Shares to the following effect:

"The undersigned (a) represents and warrants that the sale of the securities of Torino Power Solutions Inc. (the "**Corporation**") to which this declaration relates is being made in compliance with Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (b) certifies that (1) the undersigned is not an affiliate of the Corporation as that term is defined in the U.S. Securities Act, (2) the offer of

such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the undersigned and any person acting on behalf of the undersigned reasonably believe that the buyer was outside the United States (b) the transaction was executed on or through the facilities of [the Canadian Securities Exchange] and neither the undersigned nor any person acting on behalf of the undersigned knows that the transaction has been prearranged with a buyer in the United States, and (3) neither the undersigned nor any affiliate of the undersigned nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.”;

- (d) other than as contemplated by subsection (c) hereof, prior to making any disposition of any Shares acquired pursuant to the exercise of such option which might be subject to the requirements of the U.S. Act, the optionee shall give written notice to the Corporation describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Corporation to determine whether registration under the U.S. Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by subsection (c) hereof, the optionee will not attempt to effect any disposition of the Shares owned by the optionee and acquired pursuant to the exercise of such option or of any interest therein which might be subject to the requirements of the U.S. Act in the absence of an effective registration statement relating thereto under the U.S. Act or an opinion of counsel satisfactory in form and substance to counsel for the Corporation that such disposition would not constitute a violation of the U.S. Act or any securities laws of any state of the United States of America and then will only dispose of such Shares in the manner so proposed; and
- (f) the effect of these restrictions on the disposition of the Shares acquired by the optionee pursuant to the exercise of such option is such that the optionee may not be able to sell or otherwise dispose of such Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Act other than as contemplated above.

US TAXATION

Notwithstanding any provision of the Plan to the contrary, the exercise price of the Shares subject to options awarded to Participants who are subject to taxation within the United States of America (“**US Participants**”) will not be less than the Fair Market Value of the Shares on the date the option is granted. For purposes of this provision, “Fair Market Value” means, at any date in respect of the Shares, (i) the closing price of the Shares as reported by the stock exchange on the last trading day immediately preceding such date, or (ii) if the Shares are not listed on any stock exchange, the fair market value as determined by the Board, which in either case will be determined in a manner compliant with United States Treasury Regulation Section 1.409A - 1(b)(iv)(B).

Options granted to US Participants under the Plan are intended to be exempt from the application of U.S. Internal Revenue Code Section 409A. Therefore, any options granted to a US Participant will be construed and administered in a manner to preserve the exemption from application of U.S. Internal Revenue Code Section 409A.

