

ZECOTEK PHOTONICS INC.

Unit 1120 – 21331 Gordon Way
Richmond, BC V6W 1J9

MANAGEMENT INFORMATION CIRCULAR as at January 8, 2020

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Zecotek Photonics Inc. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of shareholders of the Company (the “Shareholders”) to be held on February 13, 2020 and any adjournment thereof, for the purposes set forth in the attached Notice of Annual General and Special Meeting. Except where otherwise indicated, the information contained herein is stated as of January 8, 2020.

In this Information Circular, references to the “Company” and “we” refer to Zecotek Photonics Inc. “Common Shares” means common shares without par value in the capital of the Company. “Registered Shareholders” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “Non-Registered Shareholders” means Shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “Proxy”) are officers or directors of the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting.** You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy. If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (i) Completing, dating and signing the enclosed form of Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”), by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada; or
- (ii) Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder’s account number and the Proxy Control Number.

You should ensure that the Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf. If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

Exercise of Discretion by Proxyholder

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the proxyholder.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matters that could come before the Meeting.

Voting by Non-Registered Shareholders

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. as nominee for The Canadian Depository for Securities Limited (which acts as depository for many Canadian brokerage firms and custodian banks), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.

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

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as set out herein. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

RECORD DATE AND QUORUM

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on January 8, 2020 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Company’s articles, the quorum for the transaction of business at a meeting of Shareholders is two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the Common Shares entitled to be voted at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date, there were 164,932,675 Common Shares issued and outstanding, with each Common Share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, there are no beneficial owners or persons exercising control or direction over Common Shares carrying 10% or more of the outstanding voting rights as of the Record Date.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

Presentation Of Financial Statements

The annual consolidated financial statements of the Company for the financial year ended July 31, 2019, together with the auditor's report thereon, will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

ELECTION OF DIRECTORS

The Company proposes to fix the number of directors of the Company at three (3) and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares which each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised ⁽¹⁾	Principal Occupation ⁽¹⁾
Dr. Faouzi Zerrouk ⁽²⁾ British Columbia, Canada <i>Chairman, CEO & Director</i>	December 31, 2004	13,178,107 ⁽²⁾	Chairman, President and CEO of the Company; Executive Chairman, President and Head of Research for Zecotek Holdings Inc. since July 2002.
Erich Sager ⁽²⁾ Switzerland <i>Director</i>	January 12, 2005	623,602	Founding partner and Chairman of Holding TwentyOne AG, a Swiss-based consulting firm since 2009.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised ⁽¹⁾	Principal Occupation ⁽¹⁾
Dr. Sergei Tsakunov⁽²⁾ Russia <i>Director</i>	November 21, 2018	Nil	Head of the key investment promotion institution of Foreign Investment Promotion Center of the Ministry of Economy of Russia. Worked for many years as a senior banker in VTB Group, including VTBInvest.

Notes:

- (1) The information as to principal occupation, business or employment, and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least the five preceding years.
- (2) Member of the Audit Committee.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order 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.

For the purposes of subsection (a) above, “order” means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 consecutive days.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in the 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;
- (b) has, within the 10 years before the date of this Information Circular, 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 or executive officer;
- (c) has been subject to 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

- (d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Management is recommending that Shareholders vote to appoint MNP LLP, Chartered Professional Accountants, of 2200 – 1021 West Hastings Street, Vancouver, BC, V6E 0C3, as the Company’s auditor and to authorize the directors to fix their remuneration.

APPROVAL OF SHARE CONSOLIDATION

The Company is contemplating consolidating its issued and outstanding Common Shares by exchanging up to every 40 existing Common Shares of the Company into one new Common Share (the “**Consolidation**”). Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, to pass a special resolution as set forth below authorizing the Company to consolidate the Common Shares of the Company. The Board shall, in its sole discretion, determine the final Consolidation ratio. The Company acknowledges that the ratio of the Consolidation may result in the Company being unable to continue to meet the distribution requirements of the TSX Venture Exchange (the “**TSXV**”). Subject to approval of the TSXV, approval of the special resolution by Shareholders would give the Board authority to implement the Consolidation at any time in the following twelve months. Notwithstanding approval of the proposed Consolidation by Shareholders, the Board, in its sole discretion, may revoke the special resolution and abandon the Consolidation without further approval or action by or prior notice to Shareholders.

Background

As part of the discussions relating to ways to improve generally the capital structure of the Company, the Board is of the view that the Share Consolidation would increase the Company’s flexibility and competitiveness in the market place and make the Company’s securities more attractive to a wider audience of potential investors and other interested parties.

No Fractional Common Shares to be Issued

No fractional Common Shares will be issued in connection with the Consolidation and, in the event that a Shareholder would otherwise be entitled to receive a fractional Common Share upon completion of the Share Consolidation, such fraction will be rounded down to the nearest whole number. Any Shareholders holding 39 common shares or less may cease to be Shareholders due to fractional rounding upon completion of the Share Consolidation.

Effects of the Consolidation on the Common Shares

If approved and implemented, the Consolidation will occur simultaneously for all of the Common Shares and the Consolidation ratio will be the same for all of such Common Shares. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Common Shares that will result from the Consolidation will cause no change in the capital attributable to the Common Shares and will not materially affect any Shareholder’s percentage ownership in the Company, even though such ownership will be represented by a smaller number of Common Shares.

In addition, the Consolidation will not materially affect any Shareholder’s proportionate voting rights. Each Common Share outstanding after the Consolidation will be entitled to one vote and will be fully paid and non-assessable.

The principal effects of the Consolidation will be that the number of Common Shares issued and outstanding will be reduced from 164,932,675 Common Shares to approximately 4,123,316 Common Shares, assuming a Consolidation ratio of 40 to 1. The implementation of the Consolidation would not affect the total Shareholders’ equity of the

Company or any components of Shareholders' equity as reflected on the Company's financial statements except: (i) to change the number of issued and outstanding Common Shares; and (ii) to change the stated capital of the Common Shares to reflect the Share Consolidation.

Effect on Convertible Securities

The exercise or conversion price and/or the number of Common Shares issuable under any outstanding convertible securities, including under outstanding stock options, warrants, rights and any other similar securities will be proportionately adjusted upon the implementation of the Share Consolidation, in accordance with the terms of such securities, based on the Consolidation ratio.

Procedure for Registered Holders

If the proposed Consolidation is approved by the Shareholders and all regulatory requirements are complied with, including the approval by the TSXV, and implemented by the Board, Registered Holders will be required to exchange their share certificates representing pre-consolidation Common Shares for new share certificates representing post-Consolidation Common Shares. Following the announcement by the Company of the effective date of the Share Consolidation, Registered Holders will be sent a transmittal letter from the Company's transfer agent, Computershare Trust Company of Canada, as soon as practicable after the effective date of the Share Consolidation. The letter of transmittal will contain instructions on how to surrender certificate(s) representing pre-consolidation Common Shares to the transfer agent. The transfer agent will send to each Registered Holder who has sent the required documents a new share certificate representing the number of post-Consolidation Common Shares to which the Shareholder is entitled. Until surrendered, each share certificate representing pre-consolidation Common Shares will be deemed for all purposes to represent the number of whole post-Consolidation Common Shares to which the holder is entitled as a result of the Share Consolidation. If a Registered Holder would otherwise be entitled to receive a fractional share, such fractional share resulting from the Consolidation will be rounded down.

Procedure for Non-Registered Holders

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

No Dissent Rights

Under the *Business Corporation Act* (British Columbia), Shareholders do not have dissent and appraisal rights with respect to the proposed Share Consolidation, and the Company will not independently provide Shareholders with any such right.

Certain Risks Associated with the Consolidation

The Company's total market capitalization immediately after the proposed Consolidation may be lower than immediately before the proposed Share Consolidation.

There are numerous factors and contingencies that could affect the Common Share price prior to or following the Share Consolidation, including the status of the Company's reported financial results in future periods, and general economic, geopolitical, stock market and industry conditions. Accordingly, the market price of the Common Shares may not be sustainable at the direct arithmetic result of the Share Consolidation, and may be lower. If the market price of the Common Shares is lower than it was before the Consolidation on an arithmetic equivalent basis, the Company's total market capitalization (the aggregate value of all Common Shares at the then market price) after the Consolidation may be lower than before the Share Consolidation.

If the Consolidation is implemented and the market price of the Common Shares declines, the percentage decline may be greater than would occur in the absence of the Share Consolidation. The market price of the Common Shares will, however, will also be based on the Company's performance and other factors, which are unrelated to the number of Common Shares outstanding. Furthermore, the liquidity of the Common Shares could be adversely affected by the reduced number of Common Shares that would be outstanding after the Share Consolidation.

The Consolidation may result in some Shareholders owning "odd lots" of less than 100 common shares on a post-Consolidation basis, which may be more difficult to sell, or require greater transaction costs per common share to sell.

Shareholder Approval

At the Meeting, Shareholders will be asked to pass a special resolution in the following form:

"BE IT RESOLVED, as a special resolution, that:

- (a) subject to approval of the TSX Venture Exchange and the board of directors of the Company, all such actions be taken as are necessary to consolidate, at any time following the date of this special resolution, all of the issued and outstanding common shares of the Company on the basis of one (1) post-Consolidation common share for every 40 pre-consolidation common shares (the "**Consolidation**");
- (b) any director or officer of the Company is authorized and directed, for and in the name of and on behalf of the Company, to execute, or cause to be executed, whether under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such other documents and instruments, and to do or cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to carry out the intent of this special resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
- (c) notwithstanding the foregoing, the directors of the Company are authorized without further approval of or notice to the Shareholders, in their sole discretion, to revoke this special resolution and not proceed with the Consolidation herein authorized."

Recommendation of the Board

The Board has concluded that completion of the Consolidation is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the Consolidation by voting FOR the special resolution approving the Consolidation at the Meeting.

Proxies received in favor of management will be voted in favor of the Share Consolidation, unless the Shareholder has specified in their Proxy that his or her Common Shares are to be voted against such resolution.

ADOPTION OF NEW ARTICLES

The Board proposes to replace the Company's current articles (the "**Existing Articles**") with new articles (the "**New Articles**"). The primary reason for replacing the Existing Articles with the New Articles is to provide the Company with modernized articles which provide greater flexibility to the Board in carrying out the business of the Company.

Comparison of Existing Articles to New Articles

The main differences between the Existing Articles and the New Articles are as follows: (i) the New Articles provide flexibility to the Board to make certain alterations to the Company's authorized share structure by way of directors' resolution as opposed to the Company having to incur the additional costs of obtaining shareholder approval by ordinary resolution at a Shareholders' meeting; (ii) the New Articles contain more flexible quorum

requirements for Shareholders' meetings; (iii) the New Articles provide that Shareholders who are present at a Shareholders meeting by telephone, or other communications medium, may indicate their vote verbally or otherwise in such manner as clearly evidences their vote; and (iv) the New Articles include an advance notice provision (the "**Advance Notice Provision**"), which will provide Shareholders, directors and management of the Company with direction on the procedure for Shareholder nomination of directors.

Under the New Articles, subject to the provisions of the *Business Corporations Act* (British Columbia) (the "**Act**"), the Company may, either by directors' resolution or by ordinary resolution, at the election of the directors in their sole discretion:

- (a) create one or more classes of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (d) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (e) otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act; and
- (f) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, if none of those shares have been issued, or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares have been issued.

Under the Existing Articles, the alterations described above require approval of the Shareholders by ordinary resolution. The New Articles allow the Company to make these alterations by directors' resolution without the Company having to incur the costs of calling and holding a Shareholders' meeting for the purpose of obtaining Shareholder approval by ordinary resolution.

The New Articles change the quorum for the transaction of business at a Shareholders' meeting from, subject to the special rights and restrictions attached to the shares of any class or series of shares, at least two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting, to, subject to the special rights and restrictions attached to the shares of any class or series of shares, one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a Shareholders' meeting, present in person or by proxy.

The New Articles include a provision that allows Shareholders who are present at a Shareholders meeting in which all Shareholders and proxy holders entitled to attend and participate in voting at the meeting are able to communicate with each other, may indicate their vote verbally or otherwise in such a manner as clearly evidence their vote and is accepted by the chair of the meeting. The Existing Articles only allow Shareholders to vote by show of hands.

The New Articles provide for Advance Notice Provisions as the framework by which the Company seeks to fix a deadline by which holders of record of Common Shares of the Company must submit director nominations to the Company prior to any annual or special meeting of Shareholders, and sets forth the information that a Shareholder must include in the notice to the Company for the notice to be in proper written form.

The purpose of adopting the Advance Notice Provision is to: (i) facilitate orderly and efficient annual general or special meetings; (ii) ensure that all Shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote. The full text of the Advance Notice Provision is set out at Section 14.12 of the New Articles.

A copy of the New Articles is available for inspection by Shareholders during normal business hours at any time up to the Meeting at the Company's registered office located at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada.

Summary of Advance Notice Provision

Subject to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors. This nomination may be made:

- (i) by the Board, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more shareholders pursuant to a proposal or requisition made in accordance with the provisions of the Act; or
- (iii) by any person who (A) at the close of business on the date of the giving of the notice provided for in the Advance Notice Provision and on the record date for notice of such meeting, is a registered or beneficial holder of one or more shares carrying the right to vote at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision (a “**Nominating Shareholder**”).

To be timely, a Nominating Shareholder's notice to the Company must be made:

- (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders, provided that (i) if the Company chooses to use notice and access to deliver meeting materials, the time frame will be not less than 40 and no more than 65 days; and (ii) if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (the “**Notice Date**”), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (ii) in the case of a special meeting of shareholders which is not also an annual meeting, and is called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the Notice Date.

In no event shall any adjournment or postponement of a meeting of shareholders, or the announcement of an adjournment or postponement, commence a new time period for the giving of a Nominating Shareholder's notice as described above.

To be in proper written form, a Nominating Shareholder's notice must include:

- (i) for each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the date of the notice and as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred); and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and

- (ii) for the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provision. However, nothing in the Advance Notice Provision shall be deemed to preclude discussion by a shareholder at a meeting of shareholders of any matter, other than the nomination of directors, in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provision.

Shareholder Approval

Shareholders will be asked at the Meeting to approve, with or without variation, the following special resolution to adopt the New Articles for the Company in replacement of the Existing Articles:

“BE IT RESOLVED, as a special resolution, that:

- (a) the Existing Articles of the Company are cancelled in their entirety and the New Articles as more particularly described in the Company's Information Circular dated January 8, 2020, be adopted as the articles of the Company in substitution for, and to the exclusion of, the Existing Articles of the Company;
- (b) the board of directors of the Company be authorized, in its absolute discretion, to determine whether or not to proceed with the foregoing resolution, without further approval, ratification or confirmation by the shareholders of the Company; and
- (c) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required which, in the opinion of such director or officer, may be necessary or appropriate in order to give effect to the foregoing resolutions.”

Recommendation of the Board

The Board has concluded that the adoption of the New Articles is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the New Articles of the Company by voting FOR the special resolution adopting the New Articles at the Meeting.

Proxies received in favor of management will be voted in favor of the New Articles of the Company, unless the Shareholder has specified in their Proxy that his or her Common Shares are to be voted against such resolution.

APPROVAL OF 2020 STOCK OPTION PLAN

At the Meeting, Shareholders of the Company will be asked to approve the Company's new 2020 10% rolling stock option plan (the "**New Plan**") to replace the existing 20% fixed stock option plan. The purpose of the New Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company, to increase their efforts on behalf of the Company, and to reward or compensate their contributions towards the long-term goals of the Company.

The following summary of the material terms of the New Plan does not purport to be complete and is qualified in its entirety by reference to the New Plan.

Eligible Participants. Options may be granted under the New Plan to directors or officers of the Company or an affiliate of the Company (collectively, the "**Directors**"), employees of the Company (collectively, the "**Employees**") consultants of the Company or its affiliate (collectively, the "**Consultants**") or Management Company Employees (as that term is defined in Policy 4.4 of the TSXV Corporate Finance Manual). The Board, in its discretion, determines which of the Directors, Employees, Consultants or Management Company Employees will be awarded Options under the New Plan.

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the New Plan may not exceed 10% of the issued and outstanding Common Shares of the Company from time to time at the date of granting of Options (including all options granted by the Company prior to the adoption of the New Plan and under the New Plan). Options which are cancelled or expire prior to exercise continue to be issuable under the New Plan.

Limitations. Under the New Plan, the aggregate number of options granted to any one person in a 12 month period must not exceed 5% of the issued and outstanding shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued and outstanding shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding shares of the Company in any 12 month period, calculated at the date an option is granted to any such person.

Term of Options. Subject to the termination and change of control provisions noted below, the terms of any Option granted under the New Plan is determined by the Board and may not exceed ten years from the date of grant.

Exercise Price. The exercise price of Options granted under the New Plan is determined by the Board, provided that it is not less than the Discounted Market Price, as that term is defined in the TSXV's Corporate Finance policy manual or such other minimum price as is permitted by the TSXV in accordance with the policies from time to time, or, if the Common Shares are no longer listed on the TSXV, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to insiders may not be decreased without disinterested shareholder approval at the time of the proposed amendment.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the Board and may not exceed ten years from the date of grant.

Vesting. All Options granted pursuant to the New Plan will be subject to such vesting requirements as may be prescribed by the TSXV, if applicable, or as may be imposed by the Board.

Termination. Any Options granted pursuant to the New Plan will terminate upon the earliest of:

- (a) such date as the Board has fixed when the Option is granted, provided that the date is no more than one year from the date on which the holder ceases to be eligible (the "**Cessation Date**") to hold the Option;
- (b) the end of the term of the Option;

- (c) if the Cessation Date is as a result of dismissal for cause or regulatory sanction, then immediately on the Cessation Date; or
- (d) if the Cessation Date is as a result of death or disability, then the date that is one year from the date of such death or disability.

Shareholder Approval

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution:

“BE IT RESOLVED, as an ordinary resolution, that:

- (a) the Company’s 2020 rolling stock option plan (the **“New Plan”**) be and is hereby approved, and that in connection therewith a maximum of 10% of the issued and outstanding Common Shares at the time of each grant be approved for granting as options;
- (b) the Company’s existing 20% fixed stock option plan (the **“Existing Plan”**) is hereby cancelled and any options outstanding under the terms of the Existing Plan be and are hereby governed by the terms of the New Plan; and
- (c) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

Recommendation of the Board

The Board has concluded that adopting the New Plan is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the New Plan by voting FOR the ordinary resolution approving the New Plan at the Meeting.

Proxies received in favor of management will be voted in favor of the New Plan, unless the Shareholder has specified in their Proxy that his or her Common Shares are to be voted against such resolution.

A copy of the New Plan is available at the records office of the Company at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

OTHER BUSINESS

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

STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Information Circular:

“CEO” means the Company’s chief executive officer;

“CFO” means the Company’s chief financial officer;

“Named Executive Officer” or “NEO” means:

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

As at July 31, 2019, the end of the most recently completed financial period of the Company, the Company had three (3) NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

Director and Named Executive Officer Compensation

The following table is a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO and director, for each of the two most recently completed financial periods ended July 31, 2019 and July 31, 2018, other than stock options and other compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year Ended ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Dr. Faouzi Zerrouk⁽¹⁾ <i>Chief Executive Officer, Chairman, President & Director</i>	2019	692,460	Nil	Nil	Nil	76,939	769,399
	2018	138,207	Nil	Nil	Nil	494,351	632,558
Jiang Chen⁽²⁾ <i>Chief Financial Officer</i>	2019	69,000	Nil	Nil	Nil	Nil	69,000
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Azim Dahya <i>Corporate Secretary</i>	2019	164,700	Nil	Nil	Nil	Nil	164,700
	2018	163,000	Nil	Nil	Nil	Nil	163,000
Erich Sager <i>Director</i>	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000
Sergei Tsakunov <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Michael Minder⁽³⁾ <i>Former CFO</i>	2019	50,000	Nil	Nil	Nil	Nil	50,000
	2018	180,000	Nil	Nil	Nil	Nil	180,000

Table of compensation excluding compensation securities

Name and position	Year Ended⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Zelong He⁽⁴⁾ <i>Former Director</i>	2019	90,000	Nil	Nil	Nil	Nil	90,000
	2018	Nil	Nil	Nil	Nil	Nil	Nil
David Toyoda⁽⁵⁾ <i>Former Director</i>	2019	Nil	Nil	15,674	Nil	Nil	15,674
	2018	Nil	Nil	30,000	Nil	Nil	30,000
Dr. Jalil Ali⁽⁶⁾ <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	10,000	Nil	Nil	10,000

Notes:

- (1) Dr. Zerrouk received compensation in the amount of \$Nil for acting as a director of the Company and \$769,399 for acting as CEO, Chairman and President of the Company.
- (2) Mr. Chen was appointed as the CFO of the Company effective as of November 28, 2018.
- (3) Mr. Minder ceased to be the CFO of the Company effective as of October 31, 2018.
- (4) Mr. He was appointed as a director of the Company effective as of November 21, 2018 and ceased to be a director of the Company effective as of June 30, 2019.
- (5) Mr. Toyoda was appointed as a director of the Company effective as of December 29, 2008 and ceased to be a director of the Company effective as of November 14, 2018.
- (6) Dr. Ali was appointed as a director of the Company effective as of September 30, 2010 and ceased to be a director of the Company effective as of December 29, 2017.

Stock Options and Other Compensation Securities

The following compensation securities were granted or issued to the directors and NEOs by the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (C\$)	Closing price of security or underlying security on date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	Expiry Date
Dr. Faouzi Zerrouk⁽¹⁾ <i>Chief Executive Officer, Chairman, President & Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jiang Chen⁽²⁾ <i>Chief Financial Officer</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Azim Dahya⁽³⁾ <i>Corporate Secretary</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Erich Sager⁽⁴⁾ <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (C\$)	Closing price of security or underlying security on date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	Expiry Date
Sergei Tsakunov ⁽⁵⁾ Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Dr. Zerrouk held 3,500,000 stock options with an exercise price of \$0.36 expiring on January 5, 2023 as of the last day of the most recently completed financial year.
- (2) Mr. Chen held 100,000 stock options with an exercise price of \$0.36 expiring on January 5, 2023 as of the last day of the most recently completed financial year.
- (3) Mr. Dahya held 600,000 stock options with an exercise price of \$0.36 expiring on January 5, 2023 as of the last day of the most recently completed financial year.
- (4) Mr. Sager held 1,000,000 stock options with an exercise price of \$0.36 expiring on January 5, 2023 as of the last day of the most recently completed financial year.
- (5) Mr. Tsakunov held nil stock options on the last day of the most recently completed financial year.

No compensation securities were exercised by the directors or NEOs during the most recently completed financial year.

Stock option plans and other incentive plans

See “Approval of 2020 Stock Option Plan” above for the material terms of the Company’s New Plan. The Company’s existing fixed stock option plan was previously approved by Shareholders at the Company’s annual general meeting held on December 27, 2018.

Employment, consulting and management agreements

Except as disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial period ended July 31, 2019 or is payable in respect of services provided to the Company that were performed by a director or a NEO, or performed by any other party but are services typically provided by a director or a NEO.

Dr. Faouzi Zerrouk, Chairman, President and CEO of the Company, entered into an employment agreement with the Company on May 1, 2006, and amended on March 14, 2007 (the “**Zerrouk Employment Agreement**”). The Zerrouk Employment Agreement is for an indefinite term. Pursuant to the Zerrouk Employment Agreement, cash compensation in the amount of \$769,399 was paid, directly and indirectly, to a company wholly owned by Dr. Zerrouk during the financial year ended July 31, 2019. The Zerrouk Employment Agreement contains the customary confidentiality covenants. In the event of termination of Dr. Zerrouk’s employment by the Company, the Company will give Dr. Zerrouk not less than 12 months’ notice and remunerate him for the equivalent of 24 months’ salary without the loss of his stock options.

Oversight and description of director and named executive officer compensation

Compensation of the NEOs of the Company is reviewed periodically by the Compensation Committee and is subsequently approved by the Board based on the recommendation of the Compensation Committee. During the most recently completed financial year, the members of the Compensation Committee were Erich Sager (Chairman) and Sergei Tsakunov. All members are considered to be independent directors.

The Board of Directors established the Corporation's executive compensation policies based on the recommendations of the Compensation Committee. The Board of Directors also considers compensation matters on the recommendation of the Compensation Committee from time to time during each fiscal year if it is determined necessary or desirable to do so. The Board of Directors and the Compensation Committee's objective in setting compensation levels is that the aggregate compensation received by NEOs be generally competitive with the compensation received by persons living in the jurisdictions where the NEO resides, who have similar qualifications and responsibilities and who are employed by other companies of corresponding size and stage of development. In setting such levels, the Board of Directors and the Compensation Committee rely primarily on their own experience and knowledge and can retain outside compensation consultants as required. It also refers to compensation paid to NEOs of other medical device and technology companies such as Verisante Technology, Inc. (TSXV: VRS) and Cardiocomm Solutions Inc. (TSXV: EKG).

Compensation provided to NEOs generally consists of two principal components: (i) base salary; and (iii) options granted pursuant to the Corporation's Stock Option Plan. In addition, the Compensation Committee will consider additional perquisites on a case-by-case basis taking into consideration the residency of the NEO and the cost of living in such jurisdictions.

Pursuant to the Corporation's Stock Option Plan, the Board of Directors, at its discretion, determines all grants of stock options to NEOs. Such grants are considered incentives intended to align the NEOs' and shareholders' interests in the long term. The Corporation emphasizes stock options in executive compensation as they allow the NEOs to share in corporate results in a manner that is relatively cost-effective despite the effects of treating stock options as a compensation expense. The Compensation Committee provides recommendations to the Board of Directors with respect to option grants to NEOs.

The Compensation Committee reviews each NEO appointment and recommends a level of option-based award commensurate with the role and duties in building the overall value of the Corporation. These recommendations and grants of option-based awards at the initial time of appointment are reviewed by the Board of Directors. The Compensation Committee reviews the level of option-based awards periodically to determine if the overall level held by each NEO continues to represent a reasonable incentive that ties the performance of the NEO to measures and targets that reflect an enhancement to shareholders.

The Company has no compensatory plan or arrangement with any Named Executive Officer that will result in payments to any Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the officer's employment with the Company and its subsidiaries or from a change of control of the Company or any subsidiary of the Company or a change of the Named Executive Officer's responsibilities following a change-in-control, except as disclosed in the preceding paragraph.

The directors of the Company receive cash and stock compensation for services rendered in their capacity as directors of the Company. The Company compensated the independent directors \$6,000 per quarter and additional \$1,500 per quarter for the chairman of the Compensation and Audit Committees. The directors who also act as officers get cash compensation as part of their remuneration in their capacity as officers.

The Corporation has initiated a review of its compensation policies throughout the company and intends to retain outside consultants to assist in this process.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of July 31, 2019 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾ (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (stock option plan)	15,200,000	\$0.36	13,406,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total:	15,200,000	\$0.36	13,406,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Information Circular, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or above, since the commencement of the Company's most recently completed financial year, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company or subsidiary. See "Employment, consulting and management agreements" above.

STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The composition of the Board currently consists of the following three members: Dr. Faouzi Zerrouk, Erich Sager and Dr. Sergei Tsakunov. It is proposed that at the Meeting all three of the existing directors will be elected as members of the Board for the ensuing year.

The Board consists of two individuals who qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Of the proposed nominees, Dr. Faouzi Zerrouk, Chairman, President and CEO, is considered to be a non-independent director.

Orientation and Continuing Education

The Company’s *Corporate Governance Manual* is provided to new members of the Board to inform them of the mandate, composition and responsibilities of the Board and each of its committees. The Company does not provide a formal orientation and training program to new directors.

Ethical Business Conduct

All directors of the Company have the obligation to perform their duties and assume their responsibilities in the best interests of the Company. The Company expects all of its directors to comply with the laws and regulations governing its conduct and further is committed to promoting integrity and maintaining the highest standard of ethical conduct in all of its activities. To that effect, and because it considers that sound corporate governance practices are essential to the Company’s effective operations, the Board adopted the *Corporate Governance Manual*. Such manual will be reviewed periodically to ensure its compliance with the most recent measures adopted by applicable Canadian securities regulators.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board’s duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

Compensation

A compensation committee (the “**Compensation Committee**”) of the Board has been established consisting of Erich Sager (Chairman) and Dr. Sergei Tsakunov. The Compensation Committee is required to give advice to the Board on the executive compensation policy of the Company. The Company aims to offer a compensation package that reflects both the Company’s standards and the caliber of employees that it wishes to attract and retain. Complementing the base salary with stock options is designed to motivate and reward employees to contribute to corporate goals. Under the plan the compensation for officers and directors is subject to annual review.

Board Committees

Other than disclosed herein the Board has no committees other than the Audit Committee and the Compensation Committee.

In January 2019 the Company established a special committee (the “**Special Committee**”) consisting of Erich Sager and Dr. Sergei Tsakunov in order to evaluate, review and report on the proposed purchase by the Company’s subsidiaries (Zecotek Imaging Systems Pte. Ltd. and Zecotek Display Systems Singapore Pte. Ltd.) of assets from a non-arm’s length party. The Special Committee is now evaluating, reviewing and reporting on the proposed purchase of a company in which said non-arm’s length party has an ownership interest as well as the disposition of the two subsidiaries to the same non-arm’s length party.

Assessments

The CEO and CFO are responsible for assessing the adequacy and efficiency of the organizational structure of the Company and for making recommendations to the Board regarding corporate goals and objectives and the performance of management.

AUDIT COMMITTEE

The Audit Committee’s Charter

The Company has adopted a Charter of the Audit Committee, a copy of which is attached hereto as Schedule “A”.

Audit Committee Disclosure

Pursuant to Section 224(1) of the *Business Corporations Act* (British Columbia) and National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) the Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company’s financial reporting processes generally. In meeting these responsibilities the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

Composition of the Audit Committee

The Audit Committee is currently comprised of the following members: Dr. Faouzi Zerrouk, Erich Sager and Dr. Sergei Tsakunov. Each member of the Audit Committee is considered to be financially literate, as defined by NI 52-110, in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholders’ meeting. Unless a chair is elected by the full Board, the members of the Audit Committee designate a chair by a majority vote of the full Audit Committee membership.

Relevant Education and Experience

All three Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and are therefore considered "financially literate".

Dr. Faouzi Zerrouk – Dr. Zerrouk has many years of experience serving on the board of high tech organizations, he is a technology developer and scientific entrepreneur and founder of various technology companies.

Erich Sager – Mr. Sager received a business degree from the School of Economics and Business Administration, Zurich, Switzerland and serves on several boards as a director.

Dr. Sergei Tsakunov – Dr. Tsakunov holds a Ph.D. in Economics from Moscow State University and has more than 20 years of experience in selecting the best investment opportunities, negotiating investment deals, financial advisory including debt and corporate financing, and company restructuring.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 6.1.1(4), (5) and (6) provide exemptions in certain circumstances from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the venture issuer. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
July 31, 2019	\$155,150	Nil	Nil	Nil
July 31, 2018	\$59,674	Nil	Nil	Nil

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Financial information concerning the Company is provided in its comparative financial statements and management's discussion and analysis for the year ended July 31, 2019. Copies of this information are available either on SEDAR or upon request to the Secretary of the Company. Additional information relating to the Company may be obtained from the Company's website: www.zecotek.com.

DIRECTORS' APPROVAL

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Vancouver, British Columbia, this 8th day of January, 2020

ON BEHALF OF THE BOARD

"Dr. Faouzi Zerrouk"

Dr. Faouzi Zerrouk

Chairman, President and CEO

Schedule "A"

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to provide an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in its oversight of:

- (a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- (b) the Company's compliance with legal and regulatory requirements related to financial reporting; and
- (c) the independence and performance of the Company's independent auditors.

The Committee shall also perform any other activities consistent with this Charter, the Company's Bylaws and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("IFRS"), Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

Authority and Responsibilities

In addition to the forgoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditors the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting process.
4. Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditors' judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditors without the presence of management.
8. Review with management and the independent auditors significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditors.
10. Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Company and all non-audit work performed for the Company by the independent auditors.
11. Establish and review the Company's procedures for the:
 - (a) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - (b) confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

Perform such other functions and exercise such other powers as are prescribed from time to time for the Audit Committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the Business Corporations Act (British Columbia) and the Articles of the Company.