KRAKEN ROBOTICS INC.

189 Glencoe Drive
Mount Pearl, NL
A1N 4P6

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS:

The 2023 Annual General and Special Meeting of the shareholders of Kraken Robotics Inc. (the "**Company**") will be held virtually by teleconference on Tuesday, June 27, 2023 at 1:00 p.m. (Eastern Daylight Time) (the "**Meeting**") for the following purposes:

1. To receive the Company's most recently audited financial statements and the auditor's report and management's discussion and analysis thereon;

2. To appoint an auditor for the next year and to authorize the directors to fix the auditor's remuneration;

3. To fix the number of directors of the Company at five (5) and to elect directors;

4. To consider and, if thought fit, to pass, with or without variation, an ordinary resolution approving the Company's amended and restated stock option plan;

5. To consider and, if thought fit, to pass, with or without variation, an ordinary resolution approving the Company's restricted share unit plan;

6. To consider and, if thought fit, to pass, with or without variation, a special resolution approving an amendment to the articles of the Company to consolidate the issued and outstanding common shares of the Company at a ratio of between two (2) and seven (7) pre-consolidation common shares for every one (1) post-consolidation common share, as and when determined by the board of directors of the Company;

7. To transact any other business that may properly come before the Meeting and any adjournment thereof.

A Management Proxy Circular and a form of proxy ("**Proxy**") accompany this Notice. The Management Proxy Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxyholder to attend and vote in his or her place, as detailed below. If you are unable to attend the Meeting or any adjournment in person, please read the notes accompanying the enclosed form of Proxy and then complete, sign, and date the Proxy and return it within the time and to the location set out in the notes. The Company's management is soliciting the enclosed form of Proxy but, as set out in the notes, you may amend the Proxy if you wish by striking out the names listed and inserting in the space provided the name of the person you want to represent you at the Meeting.

Registered shareholders and proxyholders who have completed the Company's virtual meeting advance registration process will be able to attend the Meeting via teleconference and vote. Non-registered shareholders who appoint themselves as proxyholder through their intermediary will be permitted to attend the Meeting via teleconference and vote. Non-registered shareholders who have not duly appointed themselves as proxyholder will not be permitted to attend the Meeting. This procedure is in place to ensure

that the Company and its transfer agent can verify the identity of any voting shareholder at the Meeting. The Company and its transfer agent do not have a record of the Company's non-registered shareholders and, as a result, will have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder.

Pursuant to an exemption obtained by the Company under the *Canada Business Corporations Act*, the Company is using the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators (the "**CSA**") to provide shareholders with electronic access to the Notice of Meeting, Management Proxy Circular, audited financial statements of the Company for the year ended December 31, 2022 and the accompanying management's discussion and analysis (collectively, the "**Meeting Materials**") instead of mailing paper copies. The notice-and-access provisions are a set of rules developed by the CSA that reduce the volume of materials that must be physically mailed to shareholders by allowing the Company to post its Meeting Materials online. The Meeting Materials are available on the Company's website at www.krakenrobotics.com/investors and under the Company's profile on SEDAR at www.sedar.com. The use of the notice-and-access provisions expedites shareholders' receipt of Meeting Materials and reduces costs to the Company.

To request a paper copy of the Meeting Materials by mail or to receive additional information about notice-and-access, shareholders can call the Company at 709-757-5757 or email investors@krakenrobotics.com. There is no cost to you for requesting a paper copy of the Meeting Materials. Any shareholder wishing to request a paper copy of the Meeting Materials should do so by 4:00 p.m. ET on June 16, 2023 in order to receive and review the Meeting Materials and submit their vote by 1:00 p.m. ET on June 23, 2023, as set out in the Proxy or voting instruction form accompanying this Notice.

In order to streamline the Meeting process, the Company encourages shareholders to vote in advance of the Meeting using the voting instruction form or the Proxy and submitting them by no later than 1:00 p.m. ET on June 23, 2023, the cut-off time for deposit of proxies prior to the Meeting.

Non-registered shareholders who received a voting instruction form accompanying this Notice through a broker or other intermediary must deliver the voting instruction form in accordance with the instructions provided by such intermediary. Failure to do so may result in your common shares not being eligible to be voted by proxy at the Meeting. Non-registered shareholders must make additional arrangements through such intermediary to vote in person at the Meeting.

Advance registration for the Meeting is required by emailing the following information to investors@krakenrobotics.com: (a) the name of the registered shareholder in which common shares of the Company ("Common Shares") are held; (b) the Proxy control number given in respect of such Common Shares (unless the person is registering as a proxyholder); and (c) an email address and/or telephone number at which a Company representative may contact such shareholder in order to provide the Meeting ID number and passcode, or request additional information, as necessary.

The teleconference number will only be provided to shareholders and proxyholders who complete the virtual meeting advance registration process using the instructions provided above.

Please advise the Company of any change in your address.

DATED at Mount Pearl, Newfoundland, this 16th day of May, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

"Shaun McEwan"
Shaun McEwan, Director

KRAKEN ROBOTICS INC.
189 Glencoe Drive
Mount Pearl, NL
A1N 4P6

Tel: 709 757-5757
Fax: 709 757-5858

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular contains information as of May 16, 2023 (unless otherwise noted)

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Management Proxy Circular is furnished to you in connection with the solicitation of proxies by management of Kraken Robotics Inc. ("we", "us" or the "Company") for use at the upcoming Annual General and Special Meeting (the "Meeting") of the shareholders of the Company to be held on June 27, 2023, for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment thereof. The Company will conduct its solicitation primarily by mail, using notice-and-access provisions, and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We will pay the expenses of this solicitation.

VIRTUAL MEETING

Shareholders as of the close of business on May 9, 2023 (the "**Record Date**") will have an equal opportunity to participate at the Meeting by teleconference, regardless of geographic location.

Registered shareholders and proxyholders who have completed the Company's virtual meeting advance registration process will be able to attend the Meeting via teleconference and vote. Non-registered shareholders who appoint themselves as proxyholder through their intermediary will be permitted to attend the Meeting via teleconference and vote. Non-registered shareholders who have not duly appointed themselves as proxyholder will not be permitted to attend the Meeting. This procedure is in place to ensure that the Company and its transfer agent can verify the identity of any voting shareholder at the Meeting. The Company and its transfer agent do not have a record of the Company's non-registered shareholders and, as a result, will have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder. Please see "*Appointment of Proxyholder*" and "*Revocability of Proxy*" below.

In order to streamline the Meeting process, the Company encourages shareholders to vote in advance of the Meeting using the voting instruction form (a "VIF") or the form of Proxy and submitting them by no later than 1:00 p.m. ET on June 23, 2023, the cut-off time for deposit of proxies prior to the Meeting.

Advance registration for the Meeting is required by emailing the following information to investors@krakenrobotics.com: (a) the name of the registered shareholder in which common shares of the Company ("Common Shares") are held; (b) the proxy control number given in respect of such Common Shares (unless the person is registering as a proxyholder); and (c) an email address and/or telephone number at which a Company representative may contact such shareholder in order to provide the Meeting ID number and passcode, or request additional information, as necessary.

The teleconference number will only be provided to shareholders and proxyholders who complete the virtual meeting advance registration process using the instructions provided above.

It is the shareholders responsibility to ensure connectivity during the Meeting and the Company encourages its shareholders to allow sufficient time to log in to the Meeting before it begins.

APPOINTMENT OF PROXYHOLDER

The persons named as proxyholders in the enclosed proxy (the "**Proxy**") are the Company's directors or officers (the "**Management Proxyholders**"). **As a shareholder, you have the right to appoint a person other than a Management Proxyholder to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the Proxy and strike out the other names or complete and deliver another appropriate Proxy. A proxyholder need not be a shareholder.**

A Proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

COMPLETION AND VOTING OF PROXIES

Voting at the Meeting will be by verbal affirmation via teleconference, each shareholder having one vote, unless a ballot on the questions is required or demanded, in which case each shareholder is entitled to one vote for each Common Share held. In order to approve a motion proposed at the Meeting, a simple majority of greater than 50% of the votes cast will be required (an "**ordinary resolution**") unless the motion requires a special resolution (a "**special resolution**") in which case a special majority of two-thirds (2/3) of the votes cast will be required.

A shareholder or intermediary acting on behalf of a shareholder may indicate the manner in which the persons named in the enclosed Proxy are to vote with respect to any matter by checking the appropriate space. Common Shares represented by a properly executed Proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with your instructions on any ballot that may be called for and if you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

If you do not specify a choice and you have appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

If you do not specify a choice and you have appointed other than one of the Management Proxyholders as proxyholder, the proxyholder may vote in his/her discretion for the matters specified in the Proxy.

If you or an intermediary acting on your behalf wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **IN SUCH INSTANCE, THE PROXYHOLDER, IF ONE PROPOSED BY MANAGEMENT, INTENDS TO VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION**. The enclosed Proxy, when properly signed, also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may be properly brought before the Meeting. At the time of printing this Management Proxy Circular, our management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. If, however, other matters which are not now known to management should properly come before the Meeting, the persons named in the Proxy intend to vote on such other business in accordance with their best judgment.

The Proxy must be dated and signed by you or by your attorney authorized in writing or by the intermediary acting on your behalf. In the case of a corporation, the Proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

COMPLETED PROXIES TOGETHER WITH THE POWER OF ATTORNEY OR OTHER AUTHORITY, IF ANY, UNDER WHICH IT WAS SIGNED OR A NOTARIALLY CERTIFIED COPY THEREOF MUST BE DEPOSITED WITH THE COMPANY'S TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., OF 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, AT LEAST 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF. UNREGISTERED SHAREHOLDERS WHO RECEIVED THE PROXY THROUGH AN INTERMEDIARY MUST DELIVER THE PROXY IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN BY SUCH INTERMEDIARY. YOU MAY ALSO VOTE BY TELEPHONE AND INTERNET. PLEASE SEE THE PROXY FOR INSTRUCTIONS REGARDING TELEPHONE AND INTERNET VOTING.

ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

Only shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because their Common Shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee"**). If you purchased your Common Shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "NOBOs". Those non-registered shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "OBOs".

In accordance with the securities regulatory policy, we will have distributed copies of the Meeting Materials, being the Notice of Meeting, this Management Proxy Circular, and the Proxy, using the notice-and-access provisions, directly to NOBOs and to the Nominees for onward distribution to OBOs. The Company does not intend to pay for Nominees to forward to OBOs the Meeting Materials, and OBOs will not receive the Meeting Materials unless the OBOs' Nominees assume the cost of such delivery.

Nominees are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting Materials sent to non-registered holders who have not waived the right to receive Meeting Materials are accompanied by a request for a VIF, instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIF's, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares, which they beneficially own. Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. **Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request (in writing) to the Company or its Nominee, as applicable, without expense to the non-registered holder, that the non-registered holder or his/her Nominee be appointed as proxyholder and have the right to attend and vote at the Meeting.**

NOTICE-AND-ACCESS

Pursuant to an exemption obtained by the Company under the *Canada Business Corporations Act* (the "**CBCA**"), the Company is using the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102

– *Continuous Disclosure Obligations* of the Canadian Securities Administrators (the "**CSA**") to provide shareholders with electronic access to the Notice of Meeting, Management Proxy Circular, audited financial statements of the Company for the year ended December 31, 2022 and the accompanying management's discussion and analysis (collectively, the "**Meeting Materials**") instead of mailing paper copies. The notice-and-access provisions are a set of rules developed by the CSA that reduce the volume of materials that must be physically mailed to shareholders by allowing the Company to post its Meeting Materials online. The Meeting Materials are available on the Company's website at www.krakenrobotics.com/investors and under the Company's profile on SEDAR at www.sedar.com. The use of the notice-and-access provisions expedites shareholders' receipt of Meeting Materials and reduces costs to the Company.

Pursuant to the notice-and-access provisions, registered and non-registered holders of Common Shares will be sent a notice package explaining how to access the Meeting Materials and containing a form of Proxy or VIF, as applicable and in each case with a supplemental mail list return box for shareholders to request they be included in the Company's supplementary mailing list for receipt of the Company's annual and interim financial statements for the 2023 fiscal year. To request a paper copy of the Meeting Materials by mail or to receive additional information about notice-and-access, shareholders can call the Company at 709-757-5757 or by email at investors@krakenrobotics.com .There is no cost to you for requesting a paper copy of the Meeting Materials. Any shareholder wishing to request a paper copy of the Meeting Materials should do so by 4:00 p.m. ET on June 16, 2023 in order to receive and review the Meeting Materials and submit their vote by 1:00 p.m. ET on June 23, 2023, as set out in the Proxy or VIF.

REVOCABILITY OF PROXY

Any registered shareholder and NOBO who has returned a Proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder and NOBO, his attorney authorized in writing or, if the registered shareholder or NOBO is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a Proxy by instrument in writing, including a Proxy bearing a later date. The instrument revoking the Proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. OBOs who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to so act on their behalf.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, approval of the Stock Option Plan (as defined herein) and the approval of the RSU Plan (as defined herein), all described in this Management Proxy Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting of Common Shares – General

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the Record Date, a total of 206,051,735 Common Shares were issued and outstanding. Each Common Share carries the right to one vote at the Meeting.

Persons who are registered shareholders at the close of business on the Record Date, will be entitled to receive notice of, attend, and vote at the Meeting or any adjournment thereof.

Principal Holders of Common Shares

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company other than:

Name	Number of Shares Held	Percentage of Issued and Outstanding
Ocean Infinity Limited	21,280,000	10.3 %

ELECTION OF DIRECTORS

Directors are elected at each annual meeting and hold office until the next annual meeting of shareholders of the Company or until that person sooner ceases to be a director. In the absence of instructions to the contrary, the enclosed Proxy will be voted for the nominees listed in this Management Proxy Circular.

Amendments to the CBCA, which came into force on August 31, 2022, establish a majority voting requirement for uncontested elections. Specifically, the CBCA now requires that, for elections at which there is only one candidate nominated for each position available on the board of directors (the "**Board**"), shareholders vote "for" or "against" individual directors (rather than "for" or "withhold") and each candidate is elected only if they receive a majority of votes cast in their favor. The CBCA provides that if an incumbent director is not elected in those circumstances, the director may continue in office until the earlier of (i) the 90th day after the day of the election, and (ii) the day on which their successor is appointed or elected. In addition, the Board may appoint the incumbent director who was a candidate and who was not elected during the election to ensure that the Board is composed of the required number of (i) Canadian residents; and (ii) directors who are not officers or employees of the Company. The election of directors at the Meeting will be governed by the new majority voting requirements under the CBCA.

Shareholders will be asked to pass an ordinary resolution to fix the number of directors at five for the next year, subject to any increases permitted by the Company's constating documents.

The Company is required to have an audit committee (the "**Audit Committee**"). Members of the Audit Committee are set out below.

Management proposes to nominate the persons named in the table below for election as directors. Each director will hold office until the next annual general meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the Company's by-laws. Management does not contemplate that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the Proxy will exercise his or her discretionary authority to vote the Common Shares represented by the Proxy for the election of any other person or persons as directors.

Unless otherwise instructed, the Management Proxyholders intend to vote FOR the election as directors of the proposed nominees.

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

Name, Province or State and Country of Residence and Present Office Held	Periods Served as Director	Number of Common Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised (1)	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
Greg Reid (2) Toronto, ON President and CEO of the Company	N/A	7,952,749	President & CEO, Kraken Robotics Inc. COO, Kraken Robotics Inc., CFO Kraken Robotics Inc.
Shaun McEwan (2) (3) Ottawa, ON Director	November 17, 2016 to present	270,000	President, ADGA Group Consultants Inc.
Larry Puddister (3) St. John's, NL Director	October 13, 2016 to present	1,800,000 (4)	Executive Chairman of Pennecon Ltd; CEO of Newcrete Investments Limited Partnership
Michael Connor Mystic, CT, USA Director	October 10, 2017 to present	300,000	Chief Executive Officer of ThayerMahan Inc.; US Navy Admiral
Bernard Mills (2) (3) Halifax, NS Director	December 1, 2022 to present	Nil	Managing Director, Stelia North America Inc., President of Ultra Sonar Systems

Notes:

(1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at May 16, 2023, based upon information furnished to the Company by each of the individuals in the table above.
(2) Denotes a member of the Audit Committee.
(3) Denotes a member of the Compensation Committee.
(4) Comprised of 1,500,000 Common Shares held by 8865973 Canada Limited, a company beneficially owned by Mr. Puddister and 300,000 Common Shares held by Mr. Puddister personally.

Biography of Proposed New Director

Greg Reid

Mr. Reid, President and Chief Executive Officer ("**CEO**") of the Company, was previously the Chief Operating Officer ("**COO**") of the Company from July 2019 until December 2022 and was the Chief Financial Officer ("**CFO**") of the Company from June 2015 to July 2019. Mr. Reid is a seasoned executive with over twenty years of finance, investment, and business development experience, predominantly focused on the technology sector. Mr. Reid was a founding partner of Wellington West Capital Markets Inc. and led the technology and clean technology research and then investment banking efforts until the sale of Wellington West Capital Inc. to National Bank Financial in 2011. Mr. Reid is a Charted Professional Accountant, Chartered Accountant, (CPA, CA) and Chartered Financial Analyst (CFA).

Retirement of Karl Kenny

The Board and Management team of Kraken would like to recognize the founder and former President and CEO, Karl Kenny, who is not standing for re-election to the Board this year. Mr. Kenny founded Kraken in 2012 and has built the Company to a global enterprise which generated over $40 million in revenue in

2022 with over 200 employees. We thank Mr. Kenny for his strategic vision, guidance, and tenacity over the years and wish him the best in his retirement.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Company's management, no proposed director of the Company:

(a) is, as at the date of the Management Proxy Circular, or has been within 10 years before the date of the Management Proxy Circular, a director, CEO, CFO of any company (including the Company) that:

(i) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

(ii) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or

(b) is, as at the date of this Management Proxy Circular, or has been within 10 years before the date of the Management Proxy Circular, 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; or

(c) has, within the 10 years before the date of this Management Proxy 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

(d) 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

(e) 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.

EXECUTIVE COMPENSATION

Compensation discussion and analysis

Compensation, Philosophy and Analysis

The primary objectives of the Company's executive compensation program is to attract, motivate and retain highly trained, experienced and committed executive officers who have the necessary skills, education, experience and personal qualities required to manage the Company's business for the benefit of its shareholders, and to align their success with that of the shareholders. The level of compensation paid to an executive is based on the executive's overall experience, responsibility and performance.

The Company's executive compensation program is comprised of two elements: (i) the payment of cash where appropriate; and (ii) long-term incentive compensation in the form of incentive stock options ("**Options**") pursuant to the Company's stock option plan (the "**Stock Option Plan**"). As the Company is generating revenues, salaries will be paid to its executive officers as determined by the Board. The Board will review both components in assessing the compensation of individual executive officers and the Company as a whole. Salary, which may be paid by way of consulting fees, is intended to provide current compensation, while Options are granted to encourage long-term commitment to the Company and to align the interests of those individuals with those of the Company's shareholders.

When determining executive compensation, the Board will review the compensation policies of companies engaged in similar businesses. Although the Company has not obtained any industry reports regarding compensation, at the appropriate time the Board will review publicly available information with respect to compensation paid to the executives of companies that are also engaged in businesses comparable to the Company.

The Board determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Board did not consider the implications of the risks associated with the Company's compensation practices; however, given the Company's size and nature of compensation provided to its executives in the last financial year, the Board does not view significant risk that would be likely to have a material adverse effect on the Company.

The duties and responsibilities of the CEO, CFO and COO are typical of those of a business entity of the Company's size in a similar business and include direct reporting responsibility to the Board, overseeing the activities of all other executive and management consultants, representing the Company, providing leadership and responsibility for achieving corporate goals and implementing corporate policies and initiatives.

The Company has a compensation committee ("**Compensation Committee**") which did not meet during the most recently completed financial year. The full Board dealt with compensation matters during the most recently completed financial year and to the extent the discussions were held about an executive officer, the executive officer recused himself from such deliberations. The Company anticipates that the Compensation Committee will assume responsibility for decisions regarding compensation matters in the upcoming financial year.

Analysis of Elements

The Company's Stock Option Plan is intended to attract, retain and motivate officers and directors of the Company in key positions, and to align the interests of those individuals with those of the Company's shareholders. The Stock Option Plan provides such individuals with an opportunity to acquire a proprietary interest in the Company's value growth through the exercise of Options.

The Company considers the granting of Options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's (as defined herein) efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Options are generally awarded to directors, officers, consultants and employees at the commencement of their appointment or employment with the Company and periodically thereafter. During the year ended December 31, 2022, the Company granted 6,218,750 Options, of which 1,200,000 were awarded to Company executives.

Risk Management

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion

of executive compensation (Options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their short-term compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Risks, if any, may be identified and mitigated through Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging of Economic Risks in the Company's Securities

The Company has not adopted a policy prohibiting directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by directors or officers. However, the Company is not aware of any directors or officers having entered into this type of transaction.

Long Term Compensation and Option Based Awards

The Company has no long-term incentive plans other than its Stock Option Plan, which was last approved by shareholders at its annual general and special meeting on June 28, 2022. The Company has no other equity incentive plans at this time, however, the Company is seeking shareholder approval of a new restricted share unit plan (the "**RSU Plan**") at the Meeting. The Company's directors, officers, employees, and consultants are entitled to participate in the Stock Option Plan and will be entitled to participate in the RSU Plan if approved at the Meeting. The Stock Option Plan and, if approved, the RSU Plan are designed to encourage Common Share ownership and entrepreneurship on the part of the senior management, directors, employees, and consultants. The Board determines the allocation and terms of any Option grants and will determine the allocation and terms of any restricted share unit ("**RSU**") grants if the RSU Plan is approved. When granting Options, the Board considers the number of Options that have already been granted. The same approach will be applied to grants of RSUs.

See "Particulars of Matters to be Acted Upon" for a description of the Stock Option Plan, the RSU Plan and the process the Company uses to grant security-based compensation awards.

The Company's management is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation or held, directly or indirectly, by management.

Summary Compensation Table

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

(a) our CEO;

(b) our CFO; and

(c) each of our three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the financial year ended December 31, 2022 whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 52-102F6, for that financial year.

We had five Named Executive Officers during our financial year ended December 31, 2022, being Karl Kenny, the Company's former President and CEO and current Executive Chair, Joseph MacKay, CFO, Greg Reid, former COO and current President and CEO, David Shea, Chief Technology Officer and Executive Vice President - Products, and Moya Cahill, Executive Vice President – Services.

The table below sets out particulars of compensation paid to the Named Executive Officers for services to the Company during the three most recently completed financial years for which such information is available. For information regarding compensation related to earlier years, please see the Company's prospectus and previous Management Proxy Circulars available on SEDAR at www.sedar.com.

Summary Compensation Table

					Non-equity incentive plan compensation ($)				
Name and principal position as at December 31, 2022	**Year**	**Salary ($)**	**Share-based awards ($)**	**Option-based awards[6] ($)**	**Annual incentive plans**	**Long term incentive plans**	**Pension value ($)**	**All other compensation ($)**	**Total compensation ($)**
Karl Kenny [1] CEO & President	2022 2021 2020	$350,000 $350,000 $295,833	Nil Nil Nil	$42,472 $30,873 $56,295	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$15,607 $9,000 $159,000	$408,079 $389,873 $511,128
Greg Reid [2] COO & Corporate Secretary	2022 2021 2020	$260,417 $250,000 $220,192	Nil Nil Nil	$42,472 $4,833 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$47,034 $7,200 $107,200	$349,922 $262,033 $327,392
Joseph MacKay CFO [3]	2022 2021 2020	$246,734 $225,000 $195,208	Nil Nil Nil	$42,472 $34,721 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$41,607 Nil $90,000	$330,813 $259,721 $285,208
David Shea Executive Vice President – Products [4]	2022 2021 2020	$242,917 $220,000 $190,208	Nil Nil Nil	$42,472 $4,833 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$40,786 Nil $130,000	$326,175 $224,833 $320,208
Moya Cahill Executive Vice President – Services [5]	2022 2021 2020	$335,000 $139,583 Nil	Nil Nil Nil	Nil $142,061 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$39,871 $103,000 Nil	$374,871 $384,644 Nil

Notes:

(1) Mr. Kenny was paid a salary of $200,000 effective April 1, 2018, $250,000 effective July 15, 2019 and $350,000 effective July 13, 2020. Mr. Kenny's salary relates to his role as CEO and not as a Director. During the year Mr. Kenny was paid a car allowance of $9,000. Effective January 1, 2023, Mr. Kenny resigned as President and CEO and was appointed as Executive Chair of the Company.

(2) Mr. Reid's salary was increased to $170,000 effective April 1, 2018, $185,000 effective July 15, 2019, $250,000 effective July 13, 2020 and $275,000 effective August 1, 2022. During the year Mr. Reid was paid a car allowance of $7,200. Effective January 1, 2023, Mr. Reid resigned as COO and was appointed as President and CEO of the Company.

(3) Mr. MacKay's employment started July 15, 2019 at an annual salary of $170,000, $225,000 effective July 13, 2020 and $275,000 effective August 1, 2022. Mr. MacKay was granted 1,000,000 Options under his employment contract. Effective January 1, 2023, Mr. MacKay was appointed Corporate Secretary.

(4) Mr. Shea was appointed Senior Vice President from Vice President of Engineering on July 15, 2019 at an annual salary of $165,000, $220,000 effective July 13, 2020 and $275,000 effective August 1, 2022. Effective January 10, 2023, Mr. Shea was appointed as Chief Technology Officer of the Company.

(5) Ms. Cahill joined the Company on July 30, 2021 as Executive Vice President – Services. Ms. Cahill's employment contract sets her salary at $335,000, an RRSP contribution of greater of $25,000, or the maximum percentage of allowable annual contribution, a car allowance of $600 per month and the granting of 1,000,000 Options. Ms. Cahill's contract also includes a guaranteed bonus of $250,000 over the first 24 months of her contract.

(6) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value and relied on the following the key assumptions and estimates for each calculation under the following assumptions: (i) risk free interest rate of 0.54% to 3.52% (ii) expected dividend yield of 0%; (iii) expected volatility of 51.5% to 66.7%; and (iv) an expected term of 3.61 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

Incentive Plan Awards

Outstanding share-based awards and Option-based awards

The following table sets out, for the Company's Named Executive Officers, the awards outstanding at December 31, 2022.

	Option-Based Awards				Share-Based Awards		
Name and Position as at December 31, 2022	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options ($) (1)**	**Number of Common Shares or Units of Common Shares that have not vested (#)**	**Market or payout value of Share-Based Awards that have not vested ($)**	**Market or payout value of vested Share-Based Awards not paid out or distributed ($)**
Karl Kenny (2) CEO, President and Director	400,000 300,000	$0.395 $0.57	May 3,2027 July 14, 2023	$70,000 Nil	N/A	N/A	N/A
Greg Reid(3) COO & Corporate Secretary	400,000	$0.395	May 3,2027	$70,000	N/A	N/A	N/A
Joseph MacKay CFO	400,000 1,000,000	$0.395 $0.63	May 3,2027 July 15, 2024	$70,000 Nil	N/A	N/A	N/A
David Shea (4) Executive Vice-President Products	400,000	$0.395	May 3,2027	$70,000	N/A	N/A	N/A
Moya Cahill – Executive Vice-President – Services	1,000,000	$0.50	July 30, 2026	$70,000	N/A	N/A	N/A

Notes:

(1) This amount is calculated as the difference between the market value of securities underlying the Options on December 31, 2022, being the last trading day of the Common Shares for the financial year ended December 31, 2022 and the exercise price of the Options. The closing market price per Common Share on December 31, 2022 was $0.57.

(2) Effective January 1, 2023, Mr. Kenny resigned as President and CEO and was appointed as Executive Chair of the Company.

(3) Effective January 1, 2023, Mr. Reid resigned as COO and was appointed as President and CEO of the Company.

(4) Effective January 10, 2023, Mr. Shea was appointed as Chief Technology Officer of the Company.

Incentive Plan Awards – value vested or earned during the year

The following table sets outs, for the Company's Named Executive Officers, the value of all incentive plan awards issued during the financial year ended December 31, 2022.

Name	Option-Based Awards - Value vested during the year ($) [1]	Share-Based Awards - Value vested during the year ($)	Non-Equity Incentive Plan Compensation - Value earned during the year ($)
Karl Kenny [2] CEO and President	$42,472	N/A	N/A
Greg Reid[3] COO & Corporate Secretary	$42,472	N/A	N/A
Joseph MacKay CFO	$42,472	N/A	N/A
David Shea [4] Executive Vice President Engineering	$42,472	N/A	N/A
Moya Cahill – Executive Vice-President – Services	$66,351	N/A	N/A

Notes:

(1) The Company granted Options which vest over a period of five years. The fair value of those Options that vested during 2023 was calculated using the Black-Scholes pricing model under the following assumptions: (i) risk free interest rate of 0.54% to 3.52% (ii) expected dividend yield of 0%; (iii) expected volatility of 51.5% to 66.7%; and (iv) an expected term of 3.61 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.
(2) Effective January 1, 2023, Mr. Kenny resigned as President and CEO and was appointed and Executive Chair of the Company.
(3) Effective January 1, 2023, Mr. Reid resigned as COO and was appointed as President and CEO.
(4) Effective January 10, 2023, Mr. Shea was appointed as Chief Technology Officer of the Company.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

Kraken Executive Employment Agreements

The Company has entered into executive employment agreements with each of its CEO and Executive Chair on January 1, 2023 and with its CFO and Chief Technology Officer effective as of August 1, 2022 (collectively, the "**Executive Employment Agreements**"), all of which contain substantially the same terms (except with respect to base salary and incentive eligibility) as set out below.

The Executive Employment Agreements have no fixed term and provide for an annual base salary, subject to annual review and increases at the discretion of the Board (see "Summary Compensation Table" for the salary for fiscal 2022 for each of Messrs. Kenny, Reid, Shea and MacKay). The Executive Employment Agreements also provide for short- and long-term incentive plan compensation conditioned upon the respective executive officer's active employment with the Company on December 31st of the year for which such bonus amount may be payable or equity compensation may be granted. For Messrs. Kenny and Reid, the annual short-term incentive plan bonus is valued at an amount equal to between nil and 30% of the then-current base salary; for Messrs. MacKay and Shea, the annual short-term incentive plan bonus is valued at an amount equal to between nil and 25% of the then-current base salary. For Messrs. Kenny and Reid, the annual long-term incentive award in any year of employment is valued at an amount equal to between nil and 70% of the then-current base salary; for Messrs. MacKay and Shea, the annual long-term incentive award in any year of employment is valued at an amount equal to between nil and 50% of the then-current base salary.

In the event of termination of employment by the Company without cause, the Company will pay to the applicable executive officer (i) any unpaid base salary, and any expenses properly incurred by such executive officer in accordance with the applicable Executive Employment Agreement and which the executive officer is owed at the time of termination (the "**Accrued Salary and Expense Payment**"); and

(ii) the greater of (A) the executive officer's entitlements under the Newfoundland and Labrador Labour Standards Act ("**LSA**") upon termination, including, without limitation, notice, severance (if applicable), vacation accrual and benefit continuation; or (B) one year of base salary at the executive officer's then rate (the "**Termination Payment**"). The executive officer's benefits in place prior to the termination date and vacation accrual shall continue throughout the applicable statutory notice period as established by the LSA.

Further, in the event of termination of employment by the Company without cause within 12 months immediately following the occurrence of a Change of Control (as defined below), in addition to the amounts noted above, the Company shall be liable to the executive officer for an amount equal to 1.5 times the executive officer's base salary in effect at the time such notice of termination is given. For greater certainty, where the executive officer is entitled to payment due to termination following a Change of Control (as defined below), the payment required by this paragraph will be in addition to the Accrued Salary and Expense Payment but in lieu of and not in addition to the Termination Payment.

The Executive Employment Agreements also include (i) non-solicitation and non-competition covenants in favour of the Company for 12 months following termination of the executive officer's employment with the Company; and (ii) non-disclosure covenants requiring the executive officer to maintain the confidentiality of the Company's confidential information and prohibiting its use other than on behalf of and for the benefit of the Company, both during employment and for an indefinite period thereafter.

PanGeo Subsea Employment Agreements

The Company's wholly owned subsidiary, PanGeo Subsea Inc. ("**PanGeo**"), has entered into an executive employment agreement with Moya Cahill (collectively, the "**Cahill Employment Agreement**") as set out below.

The Cahill Employment Agreement has no fixed term and provides for an annual base salary, subject to annual review and increases at the discretion of the Board (see "Summary Compensation Table" for the salary for fiscal 2022 for Ms. Cahill). The Cahill Employment Agreement also provides for short- and long-term incentive plan compensation conditioned upon the respective executive officer's active employment with the Company on December 31st of the year for which such bonus amount may be payable or equity compensation may be granted. For Ms. Cahill, the annual short-term incentive plan bonus is valued at an amount equal to between nil and 100% of the then-current base salary. Ms. Cahill has a guarantee bonus in the amount of $250,000 payable over 24 months of employment following the Company's acquisition of PanGeo. Ms. Cahill is also entitled to be paid the greater of: the sum of $25,000, or the maximum percentage of allowance annual contribution to her registered retirement savings plan account.

In the event of termination of employment by PanGeo without cause, PanGeo will pay Ms. Cahill (i) her Accrued Salary and Expense Payment; and (ii) the greater of (A) Ms. Cahill's entitlements under the LSA upon termination, including, without limitation, notice, severance (if applicable), vacation accrual and benefit continuation; or (B) eighteen months of base salary at Ms. Cahill's then rate (the "**Cahill Termination Payment**"). Ms. Cahill's benefits in place prior to the termination date and vacation accrual shall continue throughout the applicable statutory notice period as established by the LSA.

Further, in the event of termination of employment by PanGeo without cause within 12 months immediately following the occurrence of a Change of Control (as defined below), in addition to the amounts noted above, PanGeo shall be liable to Ms. Cahill for an amount equal to 1.5 times the executive officer's base salary in effect at the time such notice of termination is given. For greater certainty, where Ms. Cahill is entitled to payment due to termination following a Change of Control (as defined below), the payment required by this paragraph will be in addition to the Accrued Salary and Expense Payment but in lieu of and not in addition to the Cahill Termination Payment.

The Cahill Employment Agreement also includes (i) non-solicitation and non-competition covenants in favour of PanGeo for 12 months following termination of Ms. Cahill's employment with PanGeo; and (ii) non-disclosure covenants requiring Ms. Cahill to maintain the confidentiality of PanGeo's confidential information and prohibiting its use other than on behalf of and for the benefit of PanGeo, both during employment and for an indefinite period thereafter.

Change of Control Payment Chart

For purposes of the Executive Employment Agreements and the Cahill Employment Agreement, "Change of Control" shall mean the occurrence of one of the following:

(1) the issuance, acquisition or continuing ownership of the voting shares of the Company (or any subsidiaries thereof) as a result of which a person or group of persons (other than the executive officer and any person related to the executive officer) acting jointly or in concert (as defined in the *Securities Act* (Ontario)) or persons associated or affiliated within the meaning of the CBCA with any such person or group of persons (other than the executive officer and any person related to the executive officer) acting jointly or in concert (as defined in the *Securities Act* (Ontario)), beneficially own voting shares of the Company (or any subsidiaries thereof) that would entitle the holders thereof to cast more than 50% of the votes attaching to all shares in the capital of the Company (or any subsidiaries thereof) that may be cast to elect directors of the Company (or any subsidiaries thereof); or

(2) the exercise of the voting power of all or any of such voting shares (other than those owned or controlled by the executive officer and any person related to the executive officer) so as to cause or result in the election of less than a majority of the nominees of the management of the Company to the Board at any shareholders meeting at which an election of directors takes place after the occurrence of the event contemplated in paragraph (a) above; or

(3) the sale, lease or transfer of at least 50% of the Company's assets to any other person or persons other than to an affiliate that assumes all of the obligations of the Company in respect of the executive officer including the assumption of this Agreement; or

(4) the entering into of a merger, amalgamation, arrangement or other reorganization by the Company (or any subsidiaries thereof) with another unrelated corporation resulting in a person or group of persons (other than the executive officer and any person related to the executive officer) acting jointly or in concert (as defined in the *Securities Act* (Ontario)) or persons associated or affiliated within the meaning of the CBCA with any such person or group of persons (other than the executive officer and any person related to the executive officer) acting jointly or in concert (as defined in the *Securities Act* (Ontario)), beneficially owning voting shares of the Company (or any subsidiaries thereof) that would entitle the holders thereof to cast more than 50% of the votes attaching to all shares in the capital of the Company (or any subsidiaries thereof) that may be cast to elect directors of the Company (or any subsidiaries thereof).

The estimated payments that would have been made to Named Executive Officers pursuant to the Executive Employment Agreements in the event of termination without cause or after a Change of Control are detailed below:

Executive Officer	Termination Without Cause	Termination on a Change of Control
Karl Kenny	$200,000	$200,000
Greg Reid	$350,000	$525,000
Joseph MacKay	$275,000	$412,500
David Shea	$275,000	$412,500
Moya Cahill	$502,500	$502,500

Compensation of Directors

As at the financial year ended December 31, 2022, the Company had five directors, one of whom was also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officer of the Company who also act as a director, see "Summary Compensation Table".

The following table sets forth all amounts of compensation provided to the Directors, who are each not also a Named Executive Officer, for the Company's financial year end dated December 31, 2022:

Director Name	Fees Earned ($)	Share-Based Awards ($)	Option-Based Awards ($) [1]	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Michael Connor	Nil	Nil	$42,472	Nil	Nil	Nil	$42,472
Larry Puddister	Nil	Nil	$42,472	Nil	Nil	Nil	$42,472
Shaun McEwan	Nil	Nil	$42,472	Nil	Nil	Nil	$42,472
Bernard Mills	Nil	Nil	$47,716	Nil	Nil	Nil	$47,716

Note:

(1) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation under the following assumptions: (i) risk free interest rate of 0.54% to 3.52% (ii) expected dividend yield of 0%; (iii) expected volatility of 51.5% to 66.7%; and (iv) an expected term of 3.61 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

Due to our size and our early-stage of development, we do not pay retainers or meeting fees to our non-executive directors. Accordingly, we only compensate directors through Option grants.

Incentive Plan Awards

Outstanding share-based awards and Option-based awards

The following table discloses the particulars for each director, other than the Company's Named Executive Officers, for awards outstanding at the end of the financial year ended December 31, 2022:

	Option-Based Awards				Share-Based Awards		
Director Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options ($) [1]	Number of Common Shares or Units of Common Shares that have not vested (#)	Market or payout value of Share-Based Awards that have not vested ($)	Market or payout value of vested Share-Based Awards not paid out or distributed ($)
Michael Connor	400,000	$0.395	May 3, 2027	$70,000	N/A	N/A	N/A
	300,000	$0.57	July 14, 2023	Nil	N/A	N/A	N/A
Shaun McEwan	400,000	$0.395	May 3, 2027	$70,000	N/A	N/A	N/A
	300,000	$0.57	July 14, 2023	Nil	N/A	N/A	N/A
Larry Puddister	400,000	$0.395	May 3, 2027	$70,000	N/A	N/A	N/A
	300,000	$0.57	July 14, 2023	Nil	N/A	N/A	N/A
Bernard Mills	400,000	$0.59	December 7,2027	Nil	N/A	N/A	N/A
					N/A	N/A	N/A

Note:

(1) This amount is calculated as the difference between the market value of securities underlying the Options on December 31, 2022, being the last trading day of the Common Shares for the financial year ended December 31, 2022 and the exercise price of the Options. The closing market price per Common Share on December 31, 2022 was $0.57.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth the value of Option-based awards and share-based awards which vested or were earned during the financial year ended December 31, 2022 for each director who was not also a Named Executive Officer.

Name	Option-Based Awards - Value vested during the year ($) [1]	Share-Based Awards - Value vested during the year ($)	Non-Equity Incentive Plan Compensation - Value earned during the year ($)
Michael Connor	$42,472	N/A	N/A
Shaun McEwan	$42,472	N/A	N/A
Larry Puddister	$42,472	N/A	N/A
Bernard Mills	$47,716	N/A	N/A

Note:

(1) The Company granted Options which vest over a period of five years. The fair value of those Options that vested during 2022 was calculated using the Black-Scholes pricing model under the following assumptions: (i) risk free interest rate of 0.54% to 3.52% (ii) expected dividend yield of 0%; (iii) expected volatility of 51.5% to 66.7%; and (iv) an expected term of three years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has an incentive Stock Option Plan under which Options are granted. Options have been determined by the Company's Board and are only granted in compliance with applicable laws and regulatory policies. The policies of the TSX Venture Exchange (the "**Exchange**") limit the granting of Options to employees, officers, directors and consultants of the Company and provide limits on the length of term, number and exercise price of such Options. The Exchange also requires annual approval of rolling stock option plans by shareholders. See below under "Particulars of Matters to be Acted Upon - Incentive Stock Option Plan".

The following table provides information as at December 31, 2022 regarding the number of Common Shares to be issued pursuant to the Company's Stock Option Plan. The Company does not have any equity compensation plans that have not been approved by its shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding Options (a)	Weighted-average exercise price of outstanding Options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (Stock Option Plan)	9,468,750	$0.461	10,683,674
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	**9,468,750**	**$0.461**	**10,683,674**

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Company, or proposed nominees for election as director of the Company or associates or affiliates of such persons are or have been indebted to the Company at any time since the beginning of the Company's last completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's financial year ended December 31, 2022, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its Common Shares.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee Charter, the text of which is attached as Schedule "A" to this Management Proxy Circular, was adopted by our Audit Committee and the Board.

Composition of the Audit Committee

The Audit Committee is composed of the following members:

Name	Independent[(1)]	Financially Literate[(1)]
Shaun McEwan	Yes	Yes
Greg Reid	No	Yes
Bernard Mills	Yes	Yes

Note:

(1) As such term is defined in National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

Relevant Education and Experience

The educational background or experience of the Audit Committee members has enabled each to perform his/her responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles we use to prepare our financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting.

Each member of the Audit Committee has a general understanding of the accounting principles we use to prepare our financial statements and will seek clarification from our auditor, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies and experience in supervising one or more individuals engaged in the accounting for estimates, accruals and reserves and experience in preparing, auditing, analyzing or evaluating financial statements similar to our financial statements.

- Mr. McEwan is the President of ADGA Group and owner of Kin Vineyards Inc. Prior to his current role he was the CFO for Quarterhill Inc., a TSX listed company, focused on the Industrial Internet of Things. Prior to his role at Quarterhill, Mr. McEwan was the CFO of WiLan, which was a leading intellectual property licensing company. Mr. McEwan has over extensive finance and executive leadership in public and private high-tech companies and has also served as the CFO of Breconridge Manufacturing Solutions, and the CFO of Calian Technologies. Mr. McEwan is a Chartered Professional Accountant – Chartered Accountant.

- Mr. Reid, President and CEO of the Company, was previously the COO of the Company from July 2019 until December 2022 and was the CFO of the Company from June 2015 to July 2019. Mr. Reid is a seasoned executive with over twenty years of finance, investment, and business development experience, predominantly focused on the technology sector. Mr. Reid was a founding partner of Wellington West Capital Markets Inc. and led the technology and clean technology research and then investment banking efforts until the sale of Wellington West Capital Inc. to National Bank Financial in 2011. Mr. Reid is a Charted Professional Accountant, Chartered Accountant, (CPA, CA) and Chartered Financial Analyst (CFA).

- Mr. Mills is CEO and Managing Director at Stelia North America, part of the Airbus Group and a leading manufacturer of composites and metallic structures for the aerospace industry. An internationally experienced executive specializing in defense and critical infrastructure sectors, he was previously President of Ultra Sonar Systems, leading an international business unit of over 850 staff delivering underwater sensing technologies to the world's most advanced navies. Earlier in his career, Mr. Mills worked for another underwater systems major in Thales, with roles in both France and Australia. He sits on the Board of CADSI, Canada's leading defense industry association.

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 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 auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total amount of fees payable to the auditor in the financial year in which the non-audit services were provided. Sections 6.1.1(4), (5) and (6) provide exemptions from a majority of the Audit Committee being composed of executive officers, employees or control persons. Section 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 adopted specific policies and procedures for engagement of non-audit services as described in the Audit Committee Charter set out in Schedule "A" to this Management Proxy Circular.

External Auditor Service Fees (By Category)

The table below sets out all fees billed by our external auditor in each of the last three financial years. In the table below, "Audit Fees" are fees billed by our external auditor for services provided in auditing our financial statements for the financial 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 performing the audit or reviewing our 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 previous categories.

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2022	$351,620	$88,500	$53,000	$20,698
December 31, 2021	$440,007	$57,520	$22,650	$131,634
December 31, 2020	$352,081	$45,000	$47,450	$55,342

Exemption

The Company is relying on the exemption provided in section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110 and allows for the short form of disclosure of Audit Committee procedures set out in Form 52-110F2 and disclosed in this Management Proxy Circular.

CORPORATE GOVERNANCE

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") prescribes certain disclosure by the Company of its corporate governance practices. The disclosure required by NI 58-101 is presented below.

The independent members of the Board are Shaun McEwan, Larry Puddister, Michael Connor and Bernard Mills. If elected, Greg Reid would be a non-independent director by virtue of being the current President and CEO of the Company.

1. Board Mandate

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

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

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

2. Directorships

None of the directors of the Company are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction.

3. Orientation and Continuing Education

The Board is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. The Company provides continuing education for its directors as the need arises and encourages open discussion at all meetings, which format encourages learning by the directors.

4. Ethical Business Conduct

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

5. 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 meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee. The Board is responsible for recruiting new members to the Board and planning for the succession of Board members.

6. Compensation

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of Options, to be granted to the CEO of the Company and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: (a) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (b) providing fair and competitive

compensation; (c) balancing the interests of management and the Company's shareholders; (d) rewarding performance, both on an individual basis and with respect to operations in general; and (e) permitted compensation under Exchange policies.

7. Committees of the Board

The Board does not have any committees other than the Audit Committee and the Compensation Committee.

8. Assessments

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

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

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

MANAGEMENT CONTRACTS

The management functions of the Company are not to any substantial degree performed by any person other than the executive officers and directors of the Company. The Company has not entered into any contracts, agreements or arrangements with parties other than its directors and executive officers for the provision of such management functions.

PARTICULARS OF MATTERS TO BE ACTED UPON

Appointment of Auditor

KPMG LLP, Chartered Accountants is the Company's auditor, and was first appointed as the Company's auditor on April 29, 2015, by the Board, upon the recommendation of the Audit Committee.

Unless otherwise instructed, the Management Proxyholders intend to vote FOR the re-appointment of KPMG LLP, Chartered Accountants, as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the Board.

Approval of Amended and Restated Incentive Stock Option Plan by Ordinary Resolution

The only equity compensation plan which the Company currently has in place is the Stock Option Plan, which was approved by shareholders at the Company's annual general and special meeting on June 28, 2022. The Stock Option Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company. The Exchange policies respecting the granting of Options require that all companies listed on the Exchange adopt a stock option plan and that any stock option plan that reserves a maximum of 10% of the issued and outstanding share

capital of the Company at the time of grant must be approved and ratified by shareholders on an annual basis. Company management seeks shareholder approval for an amended and restated stock option plan (the "**2023 Stock Option Plan**"), in accordance with and subject to the rules and policies of the Exchange. The intention of management in approving the 2023 Stock Option Plan is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company. The 2023 Stock Option Plan is substantively similar to the Stock Option Plan and includes greater detail and clarity with respect to the treatment of Options upon termination of employment or service.

Terms of the 2023 Stock Option Plan

A full copy of the 2023 Stock Option Plan is attached hereto as Schedule "B". Shareholders may also obtain copies of the 2023 Stock Option Plan from the Company prior to the Meeting on written request. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the 2023 Stock Option Plan.

The following is a summary of the material terms of 2023 Stock Option Plan:

Number of Common Shares Reserved. The number of Common Shares reserved for issuance under the 2023 Stock Option Plan is 10% of the number of Common Shares outstanding at any given time, less the number of RSUs issuable pursuant to the RSU Plan.

Administration. The 2023 Stock Option Plan is to be administered by the Board or by a committee to which such authority is delegated by the Board from time to time.

Eligible Persons. The 2023 Stock Option Plan provides that Options may be issued only to directors, officers, employees and consultants and management company employees of the Company or of any of its affiliates or subsidiaries. Such persons and entities are referred to herein as "**Eligible Persons**".

Board Discretion. The 2023 Stock Option Plan provides that, generally, the number of Common Shares subject to each Option, the exercise price, the expiry time, the extent to which such Option is exercisable and other terms and conditions relating to such Options shall be determined by the Board or any committee to which such authority is delegated by the Board from time to time.

Maximum Term of Options. Options granted under the 2023 Stock Option Plan will be for a term not exceeding ten years from the date of grant.

Maximum Options per Person. The number of Common Shares reserved for issuance to any one Eligible Person pursuant to Options granted under the 2023 Stock Option Plan during any twelve month period may not exceed 5% (or, in the case of a consultant, 2%) of the outstanding Common Shares of the Company at the time of grant date (unless the Company has obtained Disinterested Shareholder Approval, as such term is defined in the 2023 Stock Option Plan). The number of Common Shares reserved for issuance to consultants and employees who are engaged in investor relations activities is limited to an aggregate of 2% of the outstanding Common Shares of the Company at the time of grant and must vest in stages over a period of 12 months, with no more that ¼ of those Options vesting in any three month period.

No Assignment. The Options may not be assigned or transferred.

Termination Prior to Expiry. If an Optionee ceases to be a director, officer, employee or consultant for any reason other than death, then such Optionee's Options will terminate within a reasonable period to be determined by the administrator of the 2023 Stock Option Plan (the "**Exercise Period**") commencing on the effective date the Optionee ceases to be employed by or provide services to the Company (but only to the extent that such Options have vested on or before the date the Optionee ceased to be so employed or provide services to the Company) as provided for in the written option agreement between the Company

and the Optionee, and all rights to purchase Common Shares under such Options will expire as of the last day of such Exercise Period, provided however that the maximum Exercise Period shall be six (6) months, unless the Optionee has entered into a valid employment or consulting agreement that provides for a longer Exercise Period, but in no case shall the Exercise Period be greater than one (1) year unless prior Exchange approval has been given. If an Option holder dies, the Options of the deceased Option holder will be exercisable by his or her estate for a period not exceeding 12 months or the balance of the term of the Options, whichever is shorter.

The 2023 Stock Option Plan provides additional clarity on the rights of the Company and an Optionee upon termination of employment or services.

Exercise Price. Options granted under the terms of the 2023 Stock Option Plan will be exercisable at a price which is not less than the Discounted Market Price (as defined in Exchange policies), or such other minimum price as is permitted by the Exchange in accordance with its policies from time to time.

Full Payment for Shares. The Company will not issue Common Shares pursuant to Options granted under the 2023 Stock Option Plan unless and until the Common Shares have been fully paid for. The Company will not provide financial assistance to Option holders to assist them in exercising their Options.

Reduction of Exercise Price. The exercise price of Options granted to Insiders (as defined in Exchange policies) may not be decreased without Disinterested Shareholder Approval.

Blackout Periods. Should the expiry date for an Option fall within an interval of time during which the Company has determined that one or more Option holders may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with the Company's insider-trading policy or applicable securities legislation (a "**Blackout Period**"), the expiry date for such Option shall be automatically extended without any further act or formality to that day which is the tenth (10th) business day after the end of the Blackout Period.

Acceleration of Vesting. Upon the occurrence of certain transactions including but not limited to an amalgamation, merger, arrangement or other reorganization, the terms of any outstanding Options shall be adjusted in accordance with the 2023 Stock Option Plan. Upon the occurrence of a Change of Control (as defined in the 2023 Stock Option Plan) or take-over, the vesting terms of all outstanding Options shall be accelerated and all Options will become immediately exercisable for Common Shares.

Amendment of the 2023 Stock Option Plan by the Board. Subject to the policies of the Exchange and to the prior receipt of any necessary regulatory approval, the Board may in its absolute discretion, amend or modify the 2023 Stock Option Plan or any Option granted as follows: (i) it may make amendments which are of a typographical, grammatical or clerical nature only; (ii) it may change the vesting provisions of an Option granted hereunder; (iii) it may make amendments necessary as a result in changes in securities laws applicable to the Company; (iv) if the Company becomes listed or quoted on a stock exchange or stock market senior to the Exchange, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and (v) amend the 2023 Stock Option Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Option holders (before a particular Option is granted) subject to the other terms hereof.

Amendment of the 2023 Stock Option Plan Requiring Disinterested Shareholder Approval. Unless approved by a majority of the votes cast at a duly constituted shareholders' meeting, excluding votes attaching to securities beneficially owned by Insiders (as defined in Exchange policies) to whom Common Shares may be issued pursuant to the 2023 Stock Option Plan, and their Associates (as defined in the 2023 Stock Option Plan) approval is obtained, under no circumstances will the 2023 Stock Option Plan, together with all of the Company's other previously established and outstanding stock option plans or grants, be amended at any time to result in: (i) the combined number of Common Shares reserved for issuance

pursuant to RSUs and Options granted to Insiders (as defined in Exchange policies) under the RSU Plan and the 2023 Stock Option Plan, respectively, exceeding 10% of the outstanding Common Shares at the time of grant; (ii) the grant to Insiders (as defined in Exchange policies), within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares at the time of granting the Options; (iii) the issuance to any one Option holder, within a 12 month period, of a number of Common Shares exceeding 5% of the outstanding Common Shares at the time of granting the Options; (iv) a change in the termination provision of an Option granted hereunder; or (v) any reduction in the exercise price of Options granted to any person who is an Insider (as defined in Exchange policies) at the time of the proposed reduction.

Termination of Plan. The 2023 Stock Option Plan will terminate pursuant to a resolution of the Board or the Company's shareholders.

The 2023 Stock Option Plan has been approved by the Board and conditionally approved by the Exchange, subject to the approval by shareholders at the Meeting by way of an ordinary resolution in the following form (the "**2023 Stock Option Plan Resolution**"):

"**BE IT RESOLVED, as an ordinary resolution, that:**

1. The Company's amended and restated stock option plan be ratified and approved;

2. The Board of Directors be authorized on behalf of the Company to make any further amendments to the stock option plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the stock option plan;

3. The Company file the stock option plan with the TSX Venture Exchange for acceptance; and

4. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Recommendation of Directors

The Company's Board unanimously recommends that shareholders vote FOR the Stock Option Plan Resolution.

In order to be effective, the Stock Option Plan Resolution must be approved by a simple majority of the votes cast by shareholders who vote in respect of the Stock Option Plan Resolution.

Unless the shareholder has specified in the enclosed Proxy that the Common Shares represented by such Proxy are to be voted against the Stock Option Plan Resolution, the persons named in the enclosed Proxy will vote FOR the Stock Option Plan Resolution.

Approval of Proposed Restricted Share Unit Plan by Ordinary Resolution

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass an ordinary resolution in the form set out below, approving a new RSU Plan.

The purpose of the Company's proposed RSU Plan is to strengthen the alignment of interests between the RSU Participants (as defined below) and the shareholders, and for the purposes of advancing the interests of the Company through the motivation, attraction and retention of the RSU Participants (as defined herein).

Pursuant to the RSU Plan, the Board may, from time to time, in its discretion and in accordance with Exchange requirements, grant ("**Grants**") to directors, officers and employees of the Company and its

affiliates (collectively, the "**RSU Participants**"), restricted share units of the Company (the "**RSUs**"). The terms and conditions attached to the Grants will be determined by the Board, in its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Grants, including the individuals who will receive the Grants, the number of RSUs subject to each Grant, the limitations or restrictions on vesting of Grants, acceleration of vesting or the waiver of forfeiture or other restrictions on Grants, the form of consideration payable on settlement of RSUs and the timing of the Grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

Each Grant will constitute an agreement to deliver RSUs or cash consideration to the RSU Participant in the future in consideration of the performance of services, subject to the fulfillment during the deferral period of such conditions as the Board may specify including, but not limited to, the RSU Participant's achievement of specified management objectives. During the applicable deferral period for a given RSU award, the RSU Participant will not have ownership or voting rights with respect to the RSU or the underlying Common Shares associated with the RSU.

The maximum number of Common Shares available for the purposes of the RSU Plan and all other security based compensation arrangements of the Company, is 10% of the Company's issued and outstanding Common Shares at any given time, less the number of Options issued as at May 16, 2023. The aggregate number of Common Shares that may be reserved for issuance to any one person under the RSU Plan and all other security based compensation arrangements of the Company will not exceed 5% of the then outstanding Common Shares. The RSU Plan limits insider participation such that the aggregate number of Common Shares (i) issuable to insiders of the Company pursuant to the RSU Plan and all other security-based compensation arrangements of the Company will not, at any time, exceed 10% of the total number of Common Shares then outstanding, and (ii) issued to insiders of the Company pursuant to the RSU Plan and all other security based compensation arrangements of the Company will not, within a one year period, exceed 10% of the total number of Common Shares then outstanding.

Subject to compliance with applicable laws, rules and regulations (including, where required, applicable rules of the Exchange), the Board is able to amend the RSU Plan or any award at any time provided that (i) such amendment would not cause the RSU Plan to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada); and (ii) such amendment cannot be made without obtaining the approval of the holders of the Common Shares, if such amendment would (a) increase the total number of Common Shares issuable pursuant to the RSU Plan; (b) remove or amend the provision relating to the maximum number of Common Shares issuable pursuant to the RSU Plan; (c) remove or amend the amendment and termination provisions; or (d) otherwise require Exchange and shareholder approval under the Exchange rules.

The Company will seek the approval of the RSU Plan from its shareholders at the Meeting, pursuant to the requirements of the Exchange.

A full copy of the RSU Plan is attached as Schedule "C" to this Management Proxy Circular and will be available for review by shareholders at the Meeting. The following is a summary of the material terms of RSU Plan:

Number of Common Shares Reserved. The number of Common Shares reserved for issuance under the RSU Plan is 10% of the number of Common Shares outstanding at any given time, less the number of Options issuable pursuant to the 2023 Stock Option Plan.

Administration. The RSU Plan is to be administered by the Board or by a committee to which such authority is delegated by the Board from time to time.

RSU Participants. The RSU Plan provides that RSUs may be issued only to directors, officers, employees and consultants and management company employees of the Company or of any of its affiliates or subsidiaries.

Board Discretion. The RSU Plan provides that, generally, the terms of each Grant shall be determined by the Board or any committee to which such authority is delegated by the Board from time to time.

Maximum Term of RSUs. RSUs granted under the RSU Plan will expire on December 15th of the third year following the year in which the services giving rise to the Grant were rendered, or such earlier expiry date as may be determined by the Board, in its sole discretion, and set out in the applicable RSU agreement (the "**Expiry Date**").

Maximum RSUs per Person. The number of Common Shares reserved for issuance to any one RSU Participant pursuant to Grants under the RSU Plan during any twelve month period may not exceed 5% (or, in the case of a consultant, 2%) of the outstanding Common Shares of the Company at the time of Grant. The number of Common Shares reserved for issuance to insiders (as a group), at any time under the 2023 Stock Option Plan and the RSU Plan, may not exceed 10% of the outstanding Common Shares of the Company at any point in time unless the Company has obtained Disinterested Shareholder Approval, as such term is defined in the RSU Plan).

Vesting. The Board or the committee may, in its sole discretion, determine the time during which RSUs shall vest (except that no RSU, or portion thereof, may vest after the Expiry Date) and whether there shall be any other conditions or performance criteria to vesting. In the absence of any determination by the Board or the committee to the contrary, RSUs will vest and be payable as to one third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the Grant (computed in each case to the nearest whole RSU), provided that in all cases payment in satisfaction of a RSU shall occur prior to the Outside Payment Date (as defined in the RSU Plan). Notwithstanding the foregoing, the committee may, at its sole discretion at any time or in the RSU agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of RSUs previously granted.

No Assignment. The RSUs may not be assigned or transferred.

Termination Prior to Expiry. If an RSU holder ceases to be an RSU Participant for any reason other than death, such RSU Participant's RSUs will terminate on the date designated by the Company or a subsidiary as the day on which that RSU Participant's employment with or provision of services to the Company ceases for any reason whatsoever, regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being an RSU Participant. In the case of an RSU Participant who dies, such RSU Participant's termination date shall be the date of death.

The RSU Plan provides additional clarity on the rights of the Company and an RSU Participant upon termination of employment or services.

Settlement of Vested RSUs. The Company, in its sole discretion, has the option of settling any vested RSUs by way of payment in cash, payment in Common Shares acquired by the Company on the Exchange, or payment in Common Shares issued from treasury.

Blackout Periods. Should the vesting date for an RSU fall within an interval of time during which the Company has determined that one or more RSU Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with the Company's insider-trading policy or applicable securities legislation (a "**Blackout Period**"), the vesting date for such RSU shall be automatically extended without any further act or formality to that day which is the tenth (10th) business day after the end of the Blackout Period.

Amendment of the RSU Plan by the Board. Subject to the policies of the Exchange and to the prior receipt of any necessary regulatory approval, the Board may in its absolute discretion, amend or modify the RSU Plan or any RSU at any time without the consent of an RSU Participant, provided that such amendment does not adversely alter or impair any RSU previously granted under the RSU Plan or any related RSU agreement. The Board may also correct any defect or supply any omission or reconcile any inconsistency in the RSU Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the RSU Plan, and may make such determinations as it deems necessary or desirable for the administration of the RSU Plan.

Amendment of the RSU Plan Requiring Disinterested Shareholder Approval. Unless approved by a majority of the votes cast at a duly constituted shareholders' meeting, excluding votes attaching to securities beneficially owned by Insiders (as defined in Exchange policies) to whom Common Shares may be issued pursuant to the RSU Plan, and their Associates (as defined in the RSU Plan) approval is obtained, under no circumstances will the RSU Plan be amended at any time to result in, without limitation: (i) an increase to the maximum number of Common Shares reserved for pursuant to the RSU Plan; (ii) the cancelation of an RSU and subsequently issuance to the holder of such RSU a new RSU in replacement thereof; (iii) the extension of the term of an RSU, but not beyond its expiry date; (iv) the assignment or transfer of an RSU other than as provided for in the RSU Plan; (v) the addition of new categories of RSU Participants; (vi) the amendment or removal of the maximum RSUs per person set out in the RSU Plan.

Termination of Plan. The RSU Plan will terminate pursuant to a resolution of the Board or the Company's shareholders.

The RSU Plan has been approved by the Board and conditionally approved by the Exchange, subject to the approval by shareholders at the Meeting by way of an ordinary resolution in the following form (the "**RSU Plan Resolution**")

"**BE IT RESOLVED, as an ordinary resolution, that:**

1. The Company's restricted share unit plan (the "**RSU Plan**") is hereby approved;

2. The Board of Directors be authorized on behalf of the Company to make any further amendments to the RSU Plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the RSU Plan;

3. The Company file the RSU Plan with the TSX Venture Exchange for acceptance; and

4. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Recommendation of Directors

The Company's Board unanimously recommends that shareholders vote FOR the RSU Plan Resolution.

In order to be effective, the RSU Plan Resolution must be approved by a simple majority of the votes cast by shareholders who vote in respect of the RSU Plan Resolution.

Unless the shareholder has specified in the enclosed Proxy that the Common Shares represented by such Proxy are to be voted against the RSU Plan Resolution, the persons named in the enclosed Proxy will vote FOR the RSU Plan Resolution.

Approval of Share Consolidation by Special Resolution

Shareholders are being asked to consider and, if thought advisable, to approve the special resolution set out herein (the "**Consolidation Resolution**") authorizing an amendment to the Company's articles to consolidate its issued and outstanding Common Shares (the "**Share Consolidation**") at a ratio of between two (2) and seven (7) pre-consolidation Common Shares for every one post-consolidation Common Share, as may be determined by the Board in its sole discretion (the "**Consolidation Ratio**"). Subject to the approval of the Exchange, approval of the Consolidation Resolution by shareholders would give the Board the authority to implement the Share Consolidation and determine the exact Consolidation Ratio, in its sole discretion, at any time within one year of the date of shareholder approval of the Consolidation Resolution. The full text of the Consolidation Resolution approving the proposed Share Consolidation is set out below.

Although shareholder approval for the Share Consolidation is being sought at the Meeting, the Share Consolidation would become effective at a date in the future, if and when the Board of Directors consider it to be in the best interest of the Company to implement the Share Consolidation. Notwithstanding the approval of the proposed Share Consolidation by shareholders, the Board, in its sole discretion, may revoke the Consolidation Resolution and abandon the Share Consolidation without further approval by or prior notice to shareholders.

Reasons for the Share Consolidation

The Board believes that is in the best interests of the Company to have the authority to implement the Share Consolidation for the following reasons:

(1) *Greater investor interest* – a higher post-consolidation Common Share price could help generate interest in the Company among investors. A higher anticipated Common Share price may (i) meet investing guidelines for certain institutional investors and investment funds that are currently prevented under their investing guidelines from investing in the Common Shares at current price levels; and (ii) allow investors to leverage their investment by meeting margin eligibility requirements;

(2) *Potential listing on a more senior stock exchange* – a higher post-consolidation Common Share price could help the Company meet the initial listing requirements of more senior stock exchanges in Canada and the United States in the event that the Company determines to pursue such a listing;

(3) *Reduction of shareholder transaction costs* – shareholders may benefit from relatively lower trading costs associated with a higher Common Share price. In circumstances where commissions are based on the number of Common Shares traded, investors pay lower commissions to trade a fixed value of Common Shares where the per Common Share price is higher; and

(4) *Improved liquidity* – the combination of increased interest from investors, a potential listing on a more senior stock exchange and potentially lower transaction costs could ultimately improve the trading liquidity of the Common Shares.

There can be no assurance that any increase in the market price per Common Share or improved liquidity would result from the proposed Share Consolidation, that the Company will submit an application for listing on any more senior stock exchange or, if an application is made, that the Company will be successful at achieving such a listing.

Certain Risks Associated with the Share Consolidation

Certain risks associated with the Share Consolidation are as follows:

The Company's total market capitalization immediately after the proposed Share 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 market for the Common Shares at the time, 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.

A decline in the market price of the Common Shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a consolidation, and liquidity could be adversely affected following such consolidation

If the Share 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, also be based on the Company's performance and other factors, which are unrelated to the number of Common Shares outstanding.

While the Board believes that a higher Common Share price may provide the benefits described above, the Share Consolidation may not result in a Common Share price that will attract institutional investors or investment funds and may not be sufficient to list the Common Shares on a more senior stock exchange. As a result, the liquidity of the Common Shares may not improve.

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 Share Consolidation may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-consolidation basis

The Share Consolidation may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-consolidation basis. "Odd lots" may be more difficult to sell, or require greater transaction costs per Common Share to sell, than Common Shares held in "board lots" of even multiples of 100 Common Shares.

Principal Effects of the Share Consolidation

The principal effects of the Share Consolidation would be:

(1) *Reduction in number of Common Shares outstanding* – the number of Common Shares issued and outstanding will be reduced from 206,051,735 (as of the date of this Management Proxy Circular) to between approximately 29,435,962 and 103,025,868, depending on the Consolidation Ratio selected by the Board and subject to rounding; and

(2) *Adjustments to outstanding Options and warrants* – the exercise price and the number of Common Shares issuable under the Company's outstanding Options and warrants will be proportionately adjusted, based on the Consolidation Ratio selected by the Board, with any fraction rounded down to the nearest whole number.

The Board believes that shareholder approval of a range of potential Consolidation Ratios (rather than a single Consolidation Ratio) would provide the Board with maximum flexibility to react to then-current market conditions and achieve the desired results of the Share Consolidation. If the Consolidation Resolution is approved, the Share Consolidation would be implemented, if at all, only upon a determination by the Board that it is in the best interests of the Company at that time. In connection with any determination to implement the Share Consolidation, the Board will set the timing for such Share Consolidation and select

the specific Consolidation Ratio from within the range of ratios set forth in the Consolidation Resolution, subject to receipt of all necessary regulatory approvals, including the approval of the Exchange. The Board's selection of the specific ratio would be based primarily on the price level of the Common Shares at that time and the expected stability of that price level. No further action on the part of shareholders would be required in order for the Board to implement the Share Consolidation.

If approved and implemented, the Share Consolidation will occur simultaneously for all the Common Shares and the Consolidation Ratio will be the same for all the Common Shares. Except for any variances attributable to fractional Common Shares, the change in the number of issued and outstanding Common Shares that will result from the Share 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 smaller number of Common Shares.

In addition, the Share Consolidation will not materially affect any shareholder's proportionate voting rights. Each Common Share outstanding after the Share Consolidation will be fully paid and non-assessable and will entitle the holder to one vote per Common Share.

The Share Consolidation is subject to regulatory approval, including the approval of the Exchange. As a condition to the approval of the consolidation of Common Shares listed for trading on the Exchange, the Exchange requires, among other things, that an Exchange listed issuer continue to meet the Exchange's "Continued Listing Requirements" after the Share Consolidation. In order for the Company to continue to meet the applicable Continued Listing Requirements, the Company must have at least 200 "public shareholders" (as defined under Exchange policies) holding a certain minimum number of Common Shares of the Company, each free of "resale restrictions" (as defined under Exchange policies), after completion of the Share Consolidation.

If the Board does not implement the Share Consolidation within one year from the date of shareholder approval of the Consolidation Resolution, the authority granted by the Consolidation Resolution to implement the Share Consolidation on these terms would lapse and be of no further force or effect. The Consolidation Resolution also authorizes the Board to elect not to proceed with, and abandon, the Share Consolidation at any time if it determines, in its sole discretion, to do so. No further approval by or prior notice to shareholders would be required in order for the Board to abandon the Share Consolidation.

Procedure for Implementing the Share Consolidation

If the Consolidation Resolution is approved by shareholders and the Board decides to implement the Share Consolidation, subject to Exchange approval, the Company will file articles of amendment with the Director appointed under the CBCA in the form prescribed by the CBCA to amend the Company's articles of amalgamation. The Share Consolidation will become effective on the date shown in the certificate of amendment issued by the Director appointed under the CBCA or such other date indicated in the articles of amendment.

Effect on Share Certificates

If the proposed Share Consolidation is approved by shareholders and implemented, registered shareholders 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 Consolidation Ratio selected by the Board and the effective date of the Share Consolidation, registered shareholders will be provided with a letter of transmittal by the Company's transfer agent to be used for the purpose of surrendering their certificates representing the then outstanding Common Shares to the transfer agent in exchange for new share certificates representing Common Shares after giving effect to the Share Consolidation. After the Share Consolidation, share certificates representing pre-consolidation Common Shares will: (i) not constitute good delivery for the purposes of trades of Common Shares post-consolidation; and (ii) be deemed for all purposes to represent the number of

Common Shares to which the shareholder is entitled as a result of the Share Consolidation. No delivery of a new share certificate to a shareholder will be made until the shareholder surrenders its certificates representing the pre-consolidation Common Shares along with the letter of transmittal to the registrar and transfer agent of the Company in the manner detailed therein.

Effect on 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 specific procedures for processing the Share Consolidation. If you hold your Common Shares with such a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your Nominee.

No Fractional Shares to be Issued

No fractional Common Shares will be issued in connection with the Share Consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional Common Share upon the Share Consolidation, such fraction will be rounded down to the nearest whole number with no additional consideration.

No Dissent Rights

Under the CBCA, shareholders do not have dissent and appraisal rights with respect to the proposed Share Consolidation.

Shareholder Approval of Consolidation Resolution

At the Meeting, shareholders will be asked to pass the Consolidation Resolution in the following form:

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

1. The Company is hereby authorized to amend its articles of amalgamation to provide that:

    (a) the authorized capital of the Company is altered by consolidating all of the issued and outstanding common shares of the Company without par value on the basis of a consolidation ratio to be selected by the Company's board of directors, in its sole discretion, provided that (i) the ratio may be no smaller than one post-consolidation share for every two (2) pre-consolidation shares and no larger than one post-consolidation share for every seven (7) pre-consolidation shares, and (ii) the number of pre-consolidation shares in the ratio must be a whole number of common shares (the "**Consolidation Ratio**");

    (b) in the event that the consolidation would otherwise result in the issuance of a fractional share, no fractional share shall be issued and such fraction will be rounded down to the nearest whole number with no additional consideration; and

    (c) the effective date of such consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the Canada Business Corporations Act (the "**CBCA**") or such other date indicated in the articles of amendment provided that, in any event, such date shall be on any date prior to the date that is one year from the date of approval of this special resolution by shareholders;

2. the board of directors of the Company are hereby authorized to determine the Consolidation Ratio within the parameters prescribed in 1(a) above;

3. any officer or director of the Company is hereby authorized for and on behalf of the Company to execute, deliver and file all such documents, whether under the corporate seal of the Company or otherwise, and to do and perform all such acts or things as may be necessary or desirable in order to give effect to the foregoing special resolution, including, without limitation, the determination of the effective date of the consolidation and the delivery of articles of amendment in the prescribed form to the Director appointed under the CBCA, the execution, delivery or filing of any such document or the doing of any such act or thing being conclusive evidence of such determination; and

4. notwithstanding the foregoing, the directors of the Company are hereby authorized, without further approval of or notice to the shareholders of the Company, to revoke this special resolution at any time before a certificate of amendment is issued by the Director appointed under the CBCA."

Recommendation of Directors

The Company's Board unanimously recommends that shareholders vote FOR the Consolidation Resolution.

In order to be effective, the CBCA requires that the Consolidation Resolution be approved by a special resolution of the shareholders, being a majority of not less than two-thirds of the votes cast by shareholders present in person or by proxy at the Meeting.

Unless the shareholder has specified in the enclosed Proxy that the Common Shares represented by such Proxy are to be voted against the Consolidation Resolution, the persons named in the enclosed Proxy will vote FOR the Consolidation Resolution.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com. Financial information is provided in the Company's financial statements and Management's Discussion and Analysis ("**MD&A**") for the financial year ended December 31, 2022, which were filed on SEDAR on April 28, 2023.

Under National Instrument 51-102 - *Continuous Disclosure Obligations*, any person or company who wishes to receive interim financial statements from the Company may deliver a written request for such material to the Company or the Company's agent, together with a signed statement that the persons or company is the owner of securities of the Company. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed mail card, together with the completed Proxy, in the addressed envelope provided, to the Company's registrar and transfer agent, Computershare Investor Services Inc., **100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO, M5J 2Y1**. The Company will maintain a supplemental mailing list of persons or companies wishing to receive interim financial statements.

Shareholders may contact the Company to request copies of the financial statements and MD&A by writing to the Company's President and CEO, Mr. Greg Reid at the following address:

KRAKEN ROBOTICS INC.
189 Glencoe Drive
Mount Pearl, NL
A1N 4P6

OTHER MATERIAL FACTS

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by Proxy.

DATED at Mount Pearl, Newfoundland, on the 16th day of May, 2023.

BY ORDER OF THE BOARD

KRAKEN ROBOTICS INC.

"Shaun McEwan"
Shaun McEwan
Director

SCHEDULE "A"

Charter of the Audit Committee of the Board
of Kraken Robotics Inc.
(the "Company")

Article 1 – Mandate and Responsibilities

The Audit Committee is appointed by the Board of the Company (the "**Board**") to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

(a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

(b) recommend to the Board the compensation of the external auditor;

(c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(d) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;

(e) review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;

(f) be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Company's financial statements, and to periodically assess the adequacy of those procedures;

(g) establish procedures for:

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

  (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

(h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

The Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

* * * * *

SCHEDULE “B”

Stock Option Plan
(see attached)

KRAKEN ROBOTICS INC.

STOCK OPTION PLAN

PART 1

INTERPRETATION

1.01 Definitions. In this Plan the following words and phrases have the following meanings, namely:

(a) "Administrator" means the Person(s) responsible for administering this Plan, determined in accordance with Section 3.01;

(b) "Affiliate" means, a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company.

(c) "Associate" means, where used to indicate a relationship with any Person:

(i) a partner, other than a limited partner, of that Person;

(ii) a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity;

(iii) a company in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or

(iv) in the case of a Person who is an individual, that Person's spouse or child, or any relative of that Person or of his spouse, where the relative has the same residence as that Person;

and for the purpose of this definition, "spouse" includes an individual who is living with another individual in a marriage-like relationship.

(d) "Blackout Period" means an interval of time during which the Company has determined that one or more Optionees may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with the Company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject).

(e) "Board" means the Board of Directors of the Company or, if applicable, the Committee.

(f) "Business Day" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario.

(g) "Cause" means:

(i) in the case of an Optionee that is an Employee, the occurrence of any applicable grounds at law for which an employer is entitled to dismiss an employee summarily without notice and without compensation or damages in lieu of notice (whether or not that the grounds

relied also constitute just cause or sufficient cause for purposes of any employment/labour standards legislation applicable to that Optionee);

(ii) in the case of an Optionee that is not an Employee, the occurrence of any applicable grounds at law for which the Company or its Affiliate is entitled to terminate the services of the Optionee without notice and without compensation or damages in lieu of notice.

(h) "Change of Control" means the occurrence of any one of the following:

(i) the exercise of voting power attaching to the Shares resulting in the election of less than a majority of the nominees of the management of the Company to the Board;

(ii) the sale, lease or transfer of all or substantially all the assets of the Company to any other person or persons other to an Affiliate;

(iii) the entering into of a merger, amalgamation, arrangement or other reorganization by the Company whether in one or a series of transactions the result of which is that the Company's shareholders immediately prior to the transaction receive less than 51% of the outstanding shares of the new or continuing corporation; or

(iv) the acquisition, directly or indirectly, through one or more transactions by any Person (or group of Persons acting jointly and in concert (as defined in the *Securities Act* (Ontario))) of more than 50% of the outstanding Shares;

(i) "Committee" means a committee of the Board, if any, appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.

(j) "Company" means **KRAKEN ROBOTICS INC.**

(k) "Consultant" means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director of the Company, that:

(i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;

(ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(l) "Consultant Company" means an individual consultant, a company or a partnership of which the individual is an employee, shareholder or partner.

(m) "Director" means any director of the Company or of any of its Affiliates as may be elected from time to time.

(n) "Discounted Market Price" has the meaning assigned by Policy 1.1 of the Exchange Policies.

(o) "Disinterested Shareholder Approval" means that the proposal must be approved by a majority of the votes cast at a duly constituted shareholders' meeting, excluding votes attaching to securities beneficially owned by Insiders to whom shares may be issued pursuant to this Plan, and their Associates and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires Disinterested Shareholder Approval.

(p) "Distribution" has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury.

(q) "Eligible Person" means any Director, Officer, Employee or Consultant.

(r) "Employee" means:

(i) an individual who is considered an employee of the Company or any of its Affiliates under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) an individual who works full-time for a Company or any of its Affiliates providing services normally provided by an employee and who is subject to the same control and direction by the Company or any of its Affiliates over the details and methods of work as an employee of the Company or any of its Affiliates, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Company or any of its Affiliates on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any of its Affiliates over the details and methods of work as an employee of the Company or any of its Affiliates, but for whom income tax deductions are not made at source.

(s) "Exchange" means the TSX Venture Exchange.

(t) "Exchange Policies" means the rules and policies of the Exchange as same may be amended from time to time.

(u) "Insider" means an insider as defined in the Exchange Policies or as defined in securities legislation applicable to the Company.

(v) "Investor Relations Activities" has the meaning assigned by Policy 1.1 of the Exchange Policies.

(w) "Management Company Employee" means an individual employed by a Person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities.

(x) "Market Price" has the meaning assigned by Policy 1.1 of the Exchange Policies."NI 45-106" means National Instrument 45-106 *Prospectus and Registration Exemptions.*

(z) "Officer" means any officer of the Company or of any of its Affiliates as defined in the *Securities Act* (Ontario) and any executive officer of the Company as defined in NI 45-106.

(aa) "Option" means the right to purchase Shares granted under this Plan.

(bb) "Optionee" means the recipient of an Option under this Plan.

(cc) "Person" means a natural person, company, government or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;

(dd) "Plan" means this stock option plan as amended from time to time.

(ee) "Securities Act" means the *Securities Act* (Ontario), or any successor legislation.

(ff) "Shares" means common shares without par value in the capital of the Company.

(gg) "Termination Date" means the date upon which an Optionee ceases to be an Eligible Person for any reason whatsoever and shall be:

i in the case of an Optionee who dies, the date of death; and

ii in all other cases, the date designated by the Company or an Affiliate, in written notice to an Optionee, as the day on which that Optionee's employment with or provision of services to the Company or the Affiliate (as the case may be) ceases for any reason whatsoever (whether or not that cessation of employment or service is lawful, but provided that, in the case of a voluntary resignation or voluntary termination by that Optionee, the Termination Date may not be earlier than the date that the notice of that voluntary resignation or termination was first given by that Optionee); and "Termination Date" specifically does not mean the date on which any period of notice, which the Company or that Affiliate may be required to provide to (or that may be claimed by) that Optionee, expires. **For greater clarity, the Termination Date will be determined without regard to any applicable notice of termination, severance or termination pay, compensation or indemnity in lieu of notice, wrongful or constructive dismissal damages, damages for the failure to provide reasonable notice, period of salary continuation or of deemed employment or of deemed service, or any claim whatsoever by the Optionee to any of the foregoing (whether express or implied and whether arising under contract or statute or otherwise at law in any manner);**

(hh) "United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

(ii) "U.S. Person" means a "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

(jj) "U.S. Securities Act" means the United States Securities Act of 1933, as amended.

1.02 Gender. Throughout this Plan, words importing the masculine gender are interpreted as including all genders.

PART 2

PURPOSE OF PLAN

2.01 Purpose. The purpose of this Plan is to attract and retain Employees, Officers, Directors, Consultants and Management Company Employees to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through Options granted under this Plan to purchase Shares. The Plan is expected to benefit the Company's shareholders by enabling the Company to attract and retain personnel of the highest

caliber by offering to them an opportunity to share in any increase in the value of the Shares to which they have contributed.

PART 3

GRANTING OF OPTIONS

3.01 Administration. This Plan will be administered by the Board or, if the Board so elects, by a Committee (consisting of not less than 2 of its members) appointed by the Board. Any Committee will administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee will continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee will constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee will require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of Options pursuant to the Plan, except that no such member will act upon the granting of an Option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to granting Options to him).

3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:

(a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;

(b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as will reasonably be deemed necessary or advisable to carry out the purpose of the Plan;

(c) determination of the Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, Options should be granted, as well as the number of Shares subject to each Option;

(d) determination of the terms and conditions of the option agreement to be entered into with any Optionee, consistent with this Plan; and

(e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan.

3.03 Grant by Resolution. The Board, on its own initiative or upon the recommendation of a Committee (if so appointed), will by resolution designate those Employees, Officers, Directors and Consultants to whom Options should be granted.

3.04 Terms of Options. The resolution of the Board, or the Committee if applicable, will specify the number of Shares that should be placed under option to each Optionee, the price per Share to be paid upon exercise of the Options, and the period during which such Options may be exercised.

3.05 Written Agreements. Every Option granted under this Plan must be evidenced by a written option agreement between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such agreement will conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan will govern.

3.06 Regulatory Approvals. The Board will obtain all necessary regulatory approvals, which may be required under applicable securities laws or Exchange Policies. The Board will also take reasonable steps to ensure that no Options granted under the Plan, or the exercise thereof, violate the securities laws of the jurisdiction in which any Optionee resides.

3.07 Options Granted under the Plan. For all Options granted to Eligible Persons of the Company, each of the Company and the Optionee represents that the Optionee is a bona fide Director, Officer, Employee, Consultant or Management Company Employee, as the case may be.

PART 4

CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

4.01 Exercise Price. The exercise price of an Option granted under this Plan must not be less than the Discounted Market Price, provided that if Options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those Options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Shares acquired under the distribution.

4.02 Expiry Date. Each Option will, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 10 years from the date the Option is granted.

4.03 Different Exercise Periods, Expiry Period on Termination, Prices and Number. The Board may, in its absolute discretion, upon granting Options under this Plan, specify different time periods during which an Option is exercisable, subject to Section 4.02 of the Plan, different time periods within which an Option will terminate following an Optionee ceasing to be an Eligible Person, and subject to the provisions of this Plan, designate different exercise prices and vesting provisions with respect to an Option.

4.04 Number of Shares. The number of Shares reserved for issuance to any one Optionee pursuant to Options granted under this Plan, together with any Shares reserved for issuance pursuant to Options granted to that Optionee during the previous 12 months must not exceed 5% of the issued and outstanding Shares at the time of granting of the Options, provided that the aggregate number of Options granted to each of the following categories of Optionee:

(a) each individual Consultant; and

(b) Persons performing Investor Relations Activities on behalf of the Company;

must not exceed 2% of the outstanding Shares at the time of grant unless the Exchange permits otherwise.

Notwithstanding the foregoing, the aggregate value of any Shares issuable to non-employee directors under this Plan and all other share compensation arrangements of the Company shall not exceed an annual grant value of $150,000 per director of which no more than $100,000 of such value may comprise Options, based on a valuation determined using the Black-Scholes formula or

any other formula that is widely accepted by the business community as a method for the valuation of incentive securities

4.05 Termination or Cessation of Employment or Service. If an Optionee ceases to be an Eligible Person for any reason whatsoever, then:

(i) the Optionee immediately ceases to be eligible to receive further grants of Options under this Plan as of the Termination Date; and,

(ii) unless otherwise determined by the Board or specified in the applicable written option agreement between the Company and the Optionee, the unvested portion of each Option held by the Optionee as of the Termination Date shall immediately and automatically be canceled and terminated on the Termination Date without consideration or payment to the Optionee and will cease to be exercisable by the Optionee.

4.06 Expiry on Termination or Cessation of Employment or Service.

(a) Death. If an Optionee dies prior to the expiry of his Option, his heirs, administrators or legal representatives may, by the earlier of:

(i) one year from the date of the Optionee's death (or such lesser period as may be specified by the Board at the time of granting the Option); and

(ii) the expiry date of the Option,

exercise each Option held by the Optionee as of the Termination Date (but only to the extent that such Option has vested on or before the Termination Date).

(b) Cause. If an Optionee ceases to be an Eligible Person as a result of termination for Cause, then despite any other provision contained in this Plan, each Option held by the Optionee as of the Termination Date, whether or not then exercisable, shall immediately and automatically be canceled and terminated on the Termination Date without consideration or payment to the Optionee and will cease to be exercisable by the Optionee.

(c) Other Termination or Cessation. If an Optionee ceases to be an Eligible Person for any reason other than death or termination for Cause, then despite any other provision contained in this Plan, each Option held by the Optionee as of the Termination Date (but only to the extent that such Option has vested on or before the Termination Date) will terminate within a reasonable period to be determined by the Administrator (the "**Exercise Period**") commencing on the Termination Date as provided for in the written option agreement between the Company and the Optionee, and all rights to purchase Shares under such Option will expire as of the last day of such Exercise Period, provided however that the maximum Exercise Period shall be six (6) months, unless the Optionee has entered into a valid employment or consulting agreement that provides for a longer Exercise Period, but in no case shall the Exercise Period be greater than one (1) year unless prior Exchange approval has been given. All Options that have not been exercised at the expiration of the Exercise Period shall immediately and automatically be canceled and terminated without consideration or payment to the Optionee and will cease to be exercisable by the Optionee.

The rights of an Optionee set out in this Section 4.06 are the only rights to which the Optionee (or the Optionee's estate) is entitled on a termination of employment or service with respect to such Optionee's Options.

4.07 Leave of Absence. Employment or service will be deemed to continue uninterrupted during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if applicable, any longer period during which the Optionee's right to reemployment or service is protected either by statute, other applicable law, or by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment or service is not so protected, then for purposes of this Plan and any Options, such employment or service will be deemed to have terminated and the Termination Date shall be deemed to be the ninety-first day of such leave.

4.08 Assignment. Except as set out in Section 4.06(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

4.09 Notice. An Option must be exercised only in accordance with the terms and conditions of the written option agreement under which it is granted and will be exercisable only by notice in writing to the Company at its principal place of business.

4.10 Payment. Subject to any vesting requirements described in each individual option agreement, Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee on exercise of an Option must be paid for in full at the time of purchase (i.e. concurrently with the giving of the requisite notice) by cash, wire transfer or other form of immediately available funds.

4.11 Share Certificate. As soon as practicable after due exercise of an Option, the Company will issue a share certificate evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such share certificate, no right to vote or receive dividends or any other rights as a shareholder will exist with respect to the Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is before the date the share certificate is issued, except as provided in Part 6 hereof.

4.12 Vesting. Vesting of options will be at the discretion of the Board and unless otherwise determined by the Board on grant, the Options granted to an Optionee under this Plan will vest in full on the date of grant of such Options. Notwithstanding the foregoing, in accordance with the Exchange Policies, and subject to their approval to the contrary, Options granted to Consultants performing Investor Relations Activities must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than ¼ of the Options vesting in any 3 month period.

4.13 Hold Period. In addition to any resale restrictions under the Securities Act or other applicable legislation, all Options granted under this Plan where the exercise price is less than the Market Price and all Shares issued on the exercise of such Options (before the expiry of the hold period) will be subject to a four-month Exchange hold period from the date the Options are granted, and the option agreements and the certificates representing such Shares will bear the following legend:

> "Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ♦ [insert date]."

4.14 Individuals. Options may be granted only to an individual or to a company that is wholly-owned by an individual who is eligible for an Option grant. Only individuals who are Directors, Officers, Consultants or Employees may be granted Options. If the Optionee is a company, it must agree not to effect or permit any transfer of ownership or option of shares of the Company nor to issue

further shares of any class in the company to any other individual or entity as long as the incentive Option remains outstanding, except with the written consent of the Exchange.

4.15 Extension of Options Expiring During Blackout Period. Should the expiry date for an Option fall within a Blackout Period, the expiry date for such Option shall be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the expiry date for such Option for all purposes under the Plan. Notwithstanding Section 8.01, the tenth Business Day period referred to in this Section 4.15 may not be extended by the Board.

4.16 Compliance with U.S. Securities Laws.

(a) No Options shall be granted in the United States or to, or for the account or benefit of, a U.S. Person and no Shares shall be issued in the United States or to, or for the account or benefit of a, U.S. Person upon exercise of any such Options unless such securities are registered under the U.S. Securities Act and any applicable state securities laws or an exemption from such registration is available. Any Options issued in the United States or to, or for the account or benefit of, U.S. Persons and any Shares issued upon exercise thereof, will be "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act).

(b) Any certificate or instrument representing Options granted in the United States or to, or for the account or benefit of, U.S. Persons or Shares issued in the United States or to, or for the account or benefit of, U.S. Persons upon exercise of any such Options pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws shall bear a legend restricting transfer under applicable United States federal and state securities laws substantially in the following form:

For Options and Shares, include:

THE SECURITIES REPRESENTED HEREBY [For Options Include: AND THE SECURITIES ISSUBALE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURTIES LAWS. BY PURCHASING OR OTHERWISE HOLDING THESE SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF KRAKEN ROBOTICS INC. (THE “CORPORATION”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE

CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

For Options include:

THE OPTIONS REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE OPTIONS REPRESENTED HEREBY MAY NOT BE EXERCISED IN THE UNITED STATES OR BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON OR A PERSON IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES LAWS AND APPLICABLE STATE SECURITIES LAWS. AS USED HEREIN, THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS ASCRIBED TO THEM IN REGULATION S UNDER THE U.S. SECURITIES ACT.

(c) Options may not be exercised for Shares in the United States or by, or on behalf of, a U.S. Person or a person in the United States unless exemptions are available from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states, and the Company may request the holder furnish an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

4.17 No Effect on Employment or Service Rights or Benefits.

(a) The terms of employment or service shall not be affected by participation in the Plan.

(b) Nothing contained in the Plan shall confer or be deemed to confer upon any Optionee the right to continue as a Director, Officer, Employee or Consultant nor interfere or be deemed to interfere in any way with any right of the Company, the Board or the shareholders of the Company to remove any Optionee from the Board, or of the Company or any Affiliate to terminate any Optionee's employment or service, as applicable, at any time for any reason whatsoever. Nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any Affiliate to extend the employment or service of any Optionee beyond the date on which the Optionee's relationship with the Company or any Affiliate would otherwise be terminated pursuant to the provisions of any employment, consulting or other contract for services with the Company or any Affiliate. The participation of any Eligible Person in the Plan is entirely voluntary and not obligatory and is not to be interpreted as conferring upon such Eligible Person any rights or privileges other than those rights and privileges expressly provided in this Plan.

(c) Under no circumstances shall any person who is or has at any time been an Optionee be able to claim from the Company or any Affiliate any sum or other benefit to compensate for the loss of any rights or benefits under or in connection with this Plan or by reason of participation in this Plan. The Company and its Affiliates will not be liable to any Optionee for any loss resulting from the amendment, suspension or termination of this Plan or any Option in accordance with its terms.

(d) Options granted under this Plan are not part of an Optionee's regular employment or consulting compensation or fees. No value will be attributed to any Options, or any potential grant of Options, as part of any calculation of an Optionee's notice of termination, severance or termination pay, compensation or indemnity in lieu of notice, wrongful or constructive dismissal damages, damages for the failure to provide reasonable notice, or any claim whatsoever by the Optionee to any of the foregoing (whether express or implied and whether arising under contract or statute or otherwise at law in any manner).

(e) The Company's exercise of its rights of amendment, suspension or termination of this Plan or any Option in accordance with its terms will not constitute (i) a breach of any Optionee's employment, consulting or other contract for services with the Company or any Affiliate, or (ii) grounds for any Optionee to claim constructive dismissal or constructive termination or other breach of contract.

PART 5

RESERVE OF SHARES FOR OPTIONS

5.01 Maximum Number of Shares Reserved Under Plan. The maximum aggregate number of common shares that may be reserved for issuance under the Plan at any point in time is 10% of the issued and outstanding Shares at the time Shares are reserved for issuance as a result of the grant of an Option, less any Shares reserved for issuance under share compensation arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the Exchange Policies, and, if applicable, the NEX policies.

5.02 Sufficient Authorized Shares to be Reserved. Whenever the Articles of the Company limit the number of authorized Shares, a sufficient number of Shares will be reserved by the Board to satisfy the exercise of Options granted under this Plan or otherwise. Shares that were the subject of Options that have lapsed or terminated will thereupon no longer be in reserve and may once again be subject to an Option granted under this Plan.

PART 6

CHANGES IN SHARES

6.01 Alteration in Capital Structure. If there is any change in the Shares through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option and the exercise price therefor shall be adjusted proportionately by the Board and, if required, approved by the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan.

6.02 Effect of Amalgamation, Merger, Arrangement or other Reorganization. If the Company amalgamates, merges, enters into a plan of arrangement with or into another corporation, or completes any other reorganization, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, merger, arrangement or other reorganization if the Optionee had exercised the Option immediately prior to the record date applicable to such amalgamation, merger, arrangement or other reorganization, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

6.03 Acceleration on Change of Control. Upon the occurrence of a Change of Control, the Board or the Committee shall have the absolute discretion to determine if all issued and outstanding Options

shall vest (whether or not then vested) upon the Change of Control and the vesting date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board or the Committee, in its absolute discretion, prior to the time such Change of Control takes place.

6.04 Determinations to be Binding. If any questions arise at any time with respect to the exercise price of an Option or number of Shares received upon exercise of such Option or other property deliverable upon exercise of an Option following an event referred to in this Part 6, such questions shall be conclusively determined by the Board, whose decisions shall be final and binding.

6.05 Effect of a Take-Over. If a bona fide offer (the "**Offer**") for Shares is made to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part, notwithstanding any vesting provisions to which such Options may be subject, by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise.

PART 7

EXCHANGE'S RULES AND POLICIES APPLY

7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any Options under this Plan are also subject to such other terms and conditions as are set out from time to time in the Exchange Policies and in the rules, policies and regulations of any securities commission having jurisdiction and such rules and policies will be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of the Exchange Policies and the rules, policies and regulations of the securities commissions will govern.

PART 8

AMENDMENT OF PLAN

8.01 Amendment of the Plan by the Board. Subject to Part 5, to the Exchange Policies and to the prior receipt of any necessary regulatory approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

(a) it may make amendments which are of a typographical, grammatical or clerical nature only;

(b) it may change the vesting provisions of an Option granted hereunder;

(c) it may make amendments necessary as a result in changes in securities laws applicable to the Company;

(d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the Exchange, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and

(e) amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Optionees (before a particular Option is granted) subject to the other terms hereof.

8.02 Amendment of the Plan Requiring Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances will this Plan, together with all of the Company's other previously established and outstanding stock option plans or grants, be amended at any time to result in:

(a) the number of Shares reserved for issuance under Options granted to Insiders exceeding 10% of the outstanding Shares at the time of granting the Options;

(b) the grant to Insiders, within a 12 month period, of a number of Options exceeding 10% of the outstanding Shares at the time of granting the Options;

(c) the issuance to any one Optionee, within a 12 month period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the Options;

(d) a change in the termination provision of an Option granted hereunder; or

(e) any reduction in the exercise price of Options granted to any person who is an Insider at the time of the proposed reduction.

8.03 Options Granted Under the Company's Previous Stock Option Plan. Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms hereof.

8.04 Discretionary Relief. Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

PART 9

WITHHOLDING TAX

9.01 Upon the exercise of an Option by an Optionee, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy any withholding obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the withholding obligations (the "Withholding Amount") may be accomplished by any of the following methods or by a combination of such methods as determined by the Company in its sole discretion:

(a) the tendering by the Optionee of cash payment to the Company in an amount equal to the Withholding Amount; or

(b) the withholding by the Company from the Shares otherwise due to the Optionee such number of Shares as it determines are required to be sold by the Company, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the option agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Company an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Company does not accept responsibility for the price obtained on the sale of such Shares; or

(c) the withholding by the Company from any cash payment otherwise due by the Company to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the option agreement shall provide that the Optionee (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Plan and an acknowledgement that neither the Board nor the Company shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Plan and none of the Board, the Company, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

PART 10

MISCELLANEOUS PROVISIONS

10.01 Other Plans Not Affected. This Plan will not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Employees, Consultants and Management Company Employees.

10.02 Effective Date of Plan. This Plan will become effective upon the later of the date of acceptance for filing of this Plan by the Exchange and the approval of this Plan by the shareholders of the Company (i.e. by the holders of a majority of the Company's securities present or represented, and entitled to vote at a meeting of shareholders duly held) including, if applicable, Disinterested Shareholder Approval. However, Options may be granted under this Plan prior to the receipt of approval of the Exchange or the shareholders, provided that any Option granted before Exchange or shareholder approval is obtained, may not be exercised until the required approvals are obtained.

10.03 Use of Proceeds. Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan will constitute general funds of the Company and may be used for general corporate purposes.

10.04 Headings. The headings used in this Plan are for convenience of reference only and will not in any way affect or be used in interpreting any of the provisions of this Plan.

10.05 No Obligation to Exercise. Optionees are under no obligation to exercise Options granted under this Plan.

10.06 Termination of Plan. This Plan will only terminate pursuant to a resolution of the Board or the Company's shareholders.

* * * * *

SCHEDULE "C"

RSU Plan
(see attached)

KRAKEN ROBOTICS INC.

RESTRICTED SHARE UNIT PLAN

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For purposes of this Plan:

(a) "Account" means an account maintained by the Company for each Participant and which will be credited with RSUs in accordance with the terms of this Plan;

(b) "Applicable Laws" means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity, and any terms and conditions of any grant of approval, permission, authority or license of a Governmental Entity, that is binding upon or applicable to a certain person or its business, undertaking, property or securities and emanates from such Governmental Entity having jurisdiction over such person or its business, undertaking, property or securities;

(c) "Award Date" means the date or dates on which an award of RSUs is made to a Participant in accordance with Section 4.1;

(d) "Award Value" means, with respect to any RSUs, an amount equal to the number of RSUs, as such number may be adjusted in accordance with the terms of this Plan, multiplied by the Fair Market Value of the Shares;

(e) "Black-Out Period" means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any Participant that holds an RSU;

(f) "Board" means the board of directors of the Company as constituted from time to time;

(g) "Cause" means:

(i) in the case of a Participant that is an Employee, the occurrence of any applicable grounds at law for which an employer is entitled to dismiss an employee summarily without notice and without compensation or damages in lieu of notice (whether or not that the grounds relied also constitute just cause or sufficient cause for purposes of any employment/labour standards legislation applicable to that Participant);

(ii) in the case of a Participant that is not an Employee, the occurrence of any applicable grounds at law for which the Kraken Group is entitled to terminate the services of the Participant without notice and without compensation or damages in lieu of notice;

(h) "Change of Control" means the occurrence of any one of the following:

(i) the exercise of voting power attaching to the Shares resulting in the election of less than a majority of the nominees of the management of the Company to the Board;

(ii) the sale, lease or transfer of all or substantially all the assets of the Company to any other person or persons other to an Affiliate;

(iii) the entering into of a merger, amalgamation, arrangement or other reorganization by the Company whether in one or a series of transactions the result of which is that the Company's shareholders immediately prior to the transaction receive less than 51% of the outstanding shares of the new or continuing corporation; or

(iv) the acquisition, directly or indirectly, through one or more transactions by any Person (or group of Persons acting jointly and in concert (as defined in the Securities Act (Ontario))) of more than 50% of the outstanding Shares;

(i) "Code" means the U.S. Internal Revenue Code of 1986, as amended;

(j) "Committee" has the meaning ascribed thereto in Section 2.4;

(k) "Consultant" means a Person, or an individual employed by a Person, other than an Employee or a Director, that:

(i) is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Company or to a Subsidiary, other than services provided in relation to a distribution of securities;

(ii) provides the services for at least 12 months under a written contract with the Company or a Subsidiary;

(iii) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Subsidiary; and

(iv) has a relationship with the Company or a Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company;

(l) "Company" means Kraken Robotics Inc., and includes any successor corporation thereof;

(m) "Director" means a director or senior officer of the Company or any Subsidiary;

(n) "Disability" means a physical or mental incapacity or disability that:

(i) prevents the Participant from performing the essential duties of the Participant's employment or service with the Company or any Subsidiary; and,

(ii) to the extent, if any, that the Participant is entitled to accommodation under applicable human rights laws, cannot be accommodated under applicable human rights laws without imposing undue hardship on the Company or the Subsidiary employing or engaging the Participant,

in each case, as determined by the Board for the purposes of this Plan;

(o) "Disinterested Shareholder Approval" has the meaning ascribed thereto by the TSXV in "Policy 4.4 – *Security Based Compensation*" of the TSXV's Corporate Finance Manual;

(p) "Dividend Equivalent" has the meaning ascribed thereto in Section 4.2;

(q) "Dividend Market Value" means the Fair Market Value per Share on the dividend record date;

(r) "Employee" means:

(i) an individual who is considered an employee of the Company or any Subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source);

(ii) an individual who works full-time for the Company or any Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or the relevant Subsidiary over the details and methods of work as an employee of the Company or the relevant Subsidiary, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Company or any Subsidiary on a continuing and regular basis for at least 20 hours per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or the relevant Subsidiary over the details and methods of work as an employee of the Company or the relevant Subsidiary, but for whom income tax deductions are not made at source;

(s) "Exchange" means the TSXV or, if the Shares are not then listed and posted for trading on the TSXV, such stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;

(t) "Expiry Date" means, with respect to a RSU, December 15th of the third year following the year in which the services giving rise to the RSU grant were rendered, or such earlier expiry date as may be determined by the Board, in its sole discretion, and set out in the applicable RSU Agreement;

(u) "Fair Market Value" with respect to a Share, as at any date, means the volume weighted average of the prices at which the Shares traded on the TSXV (or, if the Shares are not then listed and posted for trading on the TSXV or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the three (3) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;

(v) "Insider", "associate" and "affiliate" each have the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual, as amended from time to time;

(w) "Investor Relations Service Provider" has the meaning ascribed to such term under "Policy 4.4 – Security Based Compensation" of the TSXV's Corporate Finance Manual;

(x) "Kraken Group" means, collectively, the Company, any entity that is a Subsidiary of the Company from time to time, and any other entity designated by the Board from time to time as a member of the Kraken Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities);

(y) "NI 62-104" means National Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as amended from time to time;

(z) "Officer" means an officer (as defined under Applicable Laws) of the Company or of any of its Subsidiaries;

(aa) "Outside Payment Date", in respect of a RSU, means December 31 of the calendar year in which the Expiry Date occurs;

(bb) "Participant" means any Director, Officer, Employee or Consultant of, or a person or company engaged by, one or more of the entities comprising the Kraken Group to provide services for an initial, renewable or extended period, determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Participant deemed eligible to continue to participate in this Plan in accordance with Section 4.5;

(cc) "Plan" means this Restricted Share Unit Plan;

(dd) "RSU" means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the Participants' Accounts;

(ee) "RSU Agreement" has the meaning set forth in Section 3.2;

(ff) "Security Based Compensation Arrangements" means any incentive plan of the Company (other than this Plan), including the Company's stock option plan, and any incentive options granted by the Company outside of this Plan;

(gg) "Share" means a common share of the Company;

(hh) "Subsidiary" has the meaning ascribed thereto in the *Securities Act* (Ontario);

(ii) "Successor" has the meaning ascribed thereto in Section 5.2;

(jj) "takeover bid" means a "take-over bid" as defined in NI 62-104 pursuant to which the "offeror" would as a result of such takeover bid, if successful, beneficially own, directly or indirectly, in excess of 50% of the outstanding Shares;

(kk) "Termination Date" means the date upon which a Participant ceases to be eligible to participate in this Plan for any reason whatsoever and shall be:

(i) in the case of a Participant who dies, the date of death; and

(ii) in all other cases, the date designated by the Company or a Subsidiary, in written notice to a Participant, as the day on which that Participant's employment with or provision of services to the Kraken Group ceases for any reason whatsoever (whether or not that cessation of employment or service is lawful, but provided that, in the case of a voluntary resignation or voluntary termination by that Participant, the Termination Date may not be earlier than the date that the notice of that voluntary resignation or termination was first given by that Participant); and

"Termination Date" specifically does not mean the date on which any period of notice, which the Company or that Subsidiary may be required to provide to (or that may be claimed by) that Participant, expires. For greater clarity, the Termination Date will be determined without regard to any applicable notice of termination, severance or termination pay, compensation or indemnity in lieu of notice, wrongful or constructive dismissal damages, damages for the failure to provide reasonable notice, period of salary continuation or of deemed employment or of deemed service, or any claim whatsoever by the Participant to any of the foregoing (whether express or implied and whether arising under contract or statute or otherwise at law in any manner);

(ll) "TSXV" means the TSX Venture Exchange Inc.; and

(mm) "U.S. Participant" means a Participant who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction);

(nn) "U.S. Securities Act" means the United States Securities Act of 1933, as amended;

(oo) "Vesting Date" means, with respect to any RSU, the date upon which the Award Value to which the Participant is entitled pursuant to such RSU shall irrevocably vest and become irrevocably payable by the Company to the Participant in accordance with the terms hereof.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include all genders, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

ARTICLE II
PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating the Directors, Officers, Employees and other eligible Participants of the Kraken Group in the growth and development of the Kraken Group by providing them with the opportunity through RSUs to acquire an increased proprietary interest in the Company; (b) more closely align their interests with those of the Company's shareholders; (c) focus such Participants on operating and financial performance and long-term shareholder value; and (d) motivate and reward for their performance and contributions to the Company's long-term success.

2.2 Administration of the Plan

Subject to Section 2.4, this Plan shall be administered by the Board.

2.3 Authority of the Board

The Board shall have the full power to administer this Plan, including, but not limited to, the authority to:

(a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;

(b) adopt, amend, suspend and rescind such rules and regulations for administration of this Plan as the Board may deem necessary in order to comply with the requirements of this Plan, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;

(c) determine the individuals or companies to whom RSUs may be awarded, provided that the Board, together with such individuals or companies, are responsible for ensuring and confirming that such person is a bona fide Employee or Consultant of any member of the Kraken Group and therefore eligible as a Participant;

(d) award such RSUs on such terms and conditions as it determines including, without limitation: the time or times at which RSUs may be awarded; the time or times when each RSU shall vest and the term of each RSU; whether restrictions or limitations are to be imposed on the Shares the Company may elect to issue in settlement of all or a portion of the Award Value of vested RSUs and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;

(e) take any and all actions permitted by this Plan; and

(f) make any other determinations and take such other action in connection with the administration of this Plan that it deems necessary or advisable.

2.4 Delegation of Authority

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the **"Committee"**) of the Board all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to any director or officer of the Company the whole or any part of the administration of this Plan and shall determine the scope of such delegation or sub-delegation in its sole discretion.

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

2.6 Amendment or Discontinuance of the Plan

(a) The Board may amend this Plan in any way, or discontinue this Plan altogether, and may amend, in any way, any RSU granted under this Plan at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU Agreement, except as otherwise permitted hereunder and further provided that no amendment will cause the Plan or any RSU to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada). In addition, the Board may, by resolution, make any amendment to this Plan or any RSU granted under it (together

with any related RSU Agreement) without shareholder approval, provided however, that the Board will not be entitled to amend this Plan or any RSU granted under it without shareholder (Disinterested Shareholder Approval if applicable) and, if applicable, TSXV approval, in order to: (i) increase the maximum number of Shares issuable pursuant to this Plan; (ii) cancel an RSU and subsequently issue to the holder of such RSU a new RSU in replacement thereof; (iii) extend the term of an RSU, but not beyond the Expiry Date; (iv) permit the assignment or transfer of an RSU other than as provided for in this Plan; (v) add to the categories of persons eligible to participate in this Plan; (vi) remove or amend Section 4.4(e), Section 4.4(f) or Section 4.4(h) of this Plan; (vii) remove or amend this Section 2.6(a); or (viii) in any other circumstances where Exchange and shareholder approval is required by the Exchange. Any renewal of this plan will be subject to Disinterested Shareholder Approval, and Exchange approval as applicable.

(b) Without limitation of Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.

(c) On termination of this Plan, any outstanding awards of RSUs under this Plan shall immediately vest and the Award Value underlying the RSUs shall be paid to the Participants in accordance with and upon compliance with Section 4.6. This Plan will finally cease to operate for all purposes when (i) the last remaining Participant receives payment in respect of the Award Value underlying all RSUs credited to the Participant's Account, or (ii) all unvested RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements.

2.7 Final Determination

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Company made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Company, the Participants and their beneficiaries and legal representatives.

Subject to Section 2.5, all rights, entitlements and obligations of Participants under this Plan are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein referred to in Section 2.6.

2.8 Withholding Taxes

When a Participant or other person becomes entitled to receive a payment in respect of any RSUs, the Company or a member of the Kraken Group shall have the right to require the Participant or such other person to remit to the Company or to a member of the Kraken Group, as the case may be, an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

(a) the tendering by the Participant of a cash payment to the Company, or a member of the Kraken Group, as the case may be;

(b) where the Company has elected to issue Shares to the Participant, the withholding by the Company or a member of the Kraken Group, as the case may be, from the Shares otherwise deliverable to the Participant such number of Shares as it determines are required to be sold

by the Company, or a member of the Kraken Group, as the case may be, as agent for and on behalf of the Participant, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Participant). The Participant consents to such sale and grants to the Company, or a member of the Kraken Group, as the case may be, an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that neither the Company nor any member of the Kraken Group accepts any responsibility for the price obtained on the sale of such Shares; or

(c) the withholding by the Company or a member of the Kraken Group, as the case may be, from any cash payment otherwise due to the Participant,

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Shares so withheld is sufficient to satisfy the total withholding tax obligation. Any reference in this Plan to the Award Value or payment of cash or issuance of Shares in settlement thereof is expressly subject to this Section 2.8.

2.9 Taxes

Participants (or their beneficiaries) shall be responsible for reporting and paying all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant or vesting of RSUs or otherwise. Neither the Company nor the Board make any guarantees to any person regarding the tax treatment of an RSU or payments made under the Plan and none of the Company or any of its employees or representatives shall have any liability to a Participant with respect thereto. In the event the Company applies in a local jurisdiction for a favourable and/or reduced tax route in such jurisdiction, and if the Plan or the grant fails to qualify for this reduced tax route for any reason, a Participant in this jurisdiction shall bear the full responsibility for the taxes and the Company shall bear no liability whatsoever to the Participant for such tax treatment. The Company will provide each Participant with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable law to report income, if any, arising upon the grant or vesting of rights under this Plan by a Participant for income tax purposes.

2.10 Information

Each Participant shall provide the Company with all of the information (including personal information) that it requires in order to administer this Plan.

2.11 Account Information

Information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Company may determine and shall include such matters as the Board or the Committee may determine from time to time or as otherwise may be required by law.

2.12 Indemnification

Each member of the Board or Committee is indemnified and held harmless by the Company against any cost or expense (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or Committee member may have as director or otherwise under the by-laws of the Company, any agreement, any vote of shareholders, or disinterested directors, or otherwise.

ARTICLE III
ELIGIBILITY AND PARTICIPATION IN THE PLAN

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Participants will participate in this Plan.

3.2 RSU Agreement

A Participant shall confirm acknowledgement of an award of RSUs made to such Participant in such form as determined by the Board from time to time (the **"RSU Agreement"),** within such time period and in such manner as specified by the Board. If acknowledgement of an award of RSUs is not confirmed by a Participant within the time specified, the Company reserves the right to revoke the crediting of RSUs to the Participant's Account.

3.3 Participant's Agreement to be Bound

Participation in this Plan by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

ARTICLE IV
TERMS OF THE PLAN

4.1 Grant of RSUs

Subject to Section 3.2, an award of RSUs pursuant to this Plan will be made and the number of such RSUs awarded will be credited to each Participant's Account as a bonus for services rendered by such Participant in the year in which the Award Date occurs and effective as of the Award Date. The number of RSUs to be credited to each Participant's Account shall be determined by the Board, or the Committee delegated by the Board to do so, each in its sole discretion.

Investor Relations Service Providers may not receive any RSUs pursuant to this Plan.

4.2 Credits for Dividends

Following the declaration and payment of dividends on the Shares, the Board may, in its absolute discretion, determine to make a cash payment to a Participant in respect of outstanding RSUs credited to the Participant's Account (a "**Dividend Equivalent**") as a bonus for services rendered by the Participant in the year in which the corresponding dividend was paid. Such Dividend Equivalent, if any, shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. Payment of any such Dividend Equivalent will be made forthwith following any such determination by the Board and in any event within thirty (30) days of such determination.

4.3 Vesting

The Board or the Committee may, in its sole discretion, determine the time during which RSUs shall vest (except that no RSU, or portion thereof, may vest after the Expiry Date) and whether there shall be any other conditions or performance criteria to vesting. In the absence of any determination by the Board or the Committee to the contrary, RSUs will vest and be payable as to one third (1/3) of the total number

of RSUs granted on each of the first, second and third anniversaries of the Award Date (computed in each case to the nearest whole RSU), provided that in all cases payment in satisfaction of a RSU shall occur prior to the Outside Payment Date. Notwithstanding the foregoing, the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of RSUs previously granted, provided that no RSUs shall vest prior to the first anniversary of the Award Date unless such accelerated vesting is in connection with the death of the Participant or where a Participant ceases to be a Director, Officer, Employee or Consultant pursuant to a Change of Control, takeover bid, reverse takeover or other similar transaction. The Award Value of any RSU shall be determined as of the applicable Vesting Date.

4.4 Limits on Issuances

Notwithstanding any other provision of this Plan:

(a) the maximum number of Shares issuable pursuant to RSUs under this Plan at any point in time shall be limited to 10% of the issued and outstanding Shares at the time Shares are reserved for issuance as a result of the grant of RSUs, less any Shares reserved for issuance pursuant to all other Security Based Compensation Arrangements;

(b) the Company will at all times during the term of this Plan reserve and keep available the number of Shares necessary to satisfy the requirements of this Plan;

(c) the number of Shares reserved for issuance to any Participant retained as a Consultant to provide services to any of the entities comprising the Kraken Group under all Security Based Compensation Arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Shares, calculated as at the date of grant or issue to the Consultant;

(d) unless the Company has obtained Disinterested Shareholder Approval to do so, the number of Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements in any 12 month period will not exceed 5% of the issued and outstanding Shares, calculated as at the date of the grant to such participant;

(e) unless the Company has received Disinterested Shareholder Approval to do so, the number of Shares issuable to Insiders (as a group), at any time, under all Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares at any point in time;

(f) unless the Company has received Disinterested Shareholder Approval to do so, the number of Shares issued to Insiders (as a group), within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares;

(g) the aggregate value of any Shares issuable to non-employee directors under all Security Based Compensation Arrangements shall not exceed an annual grant value of $150,000 per director of which no more than $100,000 of such value may comprise stock options, based on a valuation determined using the Black-Scholes formula or any other formula that is widely accepted by the business community as a method for the valuation of incentive securities; and

(h) RSUs may not be awarded to directors of the Company who are not officers or employees of the Company or another member of the Kraken Group.

For the purposes of this Section 4.4, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares from treasury in settlement of the Award Value underlying vested RSUs or otherwise) will not increase the number of Shares that may be issued pursuant to this Plan. Shares issued from treasury in settlement of an Award Value underlying vested RSUs will not become available for grant under this Plan.

RSUs (or the Award Value thereof) that are cancelled, surrendered, terminated or that expire prior to the final Vesting Date or in respect of which the Company has not elected to issue Shares from treasury in respect thereof shall result in such Shares that were reserved for issuance thereunder being available to be issued, at the election of Company, in respect of a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares which have not been issued from treasury in respect of any such RSU.

For purposes of the calculations in this Section 4.5 only, it shall be assumed that all issued and outstanding RSUs will be settled by the issuance of Shares from treasury, notwithstanding the Company's right pursuant to Section 4.6 to settle the Award Value underlying vested RSUs in cash or by purchasing Shares on the open market.

In addition to the terms set out herein, the administration and limitations of this Plan will be subject to the provisions of TSXV Policy 4.4 – *Incentive Stock Options*, as applicable.

4.5 RSU Terms

The term during which a RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period as may be determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (but in no case shall the term of an RSU extend beyond the Expiry Date).

In addition, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or to be in the employ of or service to any of the entities comprising the Kraken Group for any reason whatsoever before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, (i) such Participant shall cease to be a Participant as of the Termination Date; (ii) the former Participant shall forthwith and automatically forfeit for no consideration all unvested awards respecting RSUs credited to the Participant's Account effective as at the Termination Date for cancellation; (iii) except in the case where a Participant's employment or service is terminated for Cause, any Award Value corresponding to any vested RSUs remaining unpaid as of the Termination Date shall be paid to the former Participant in accordance with Section 4.6; and (iv) the former Participant shall not be entitled to any further payment from this Plan. For greater certainty, if a Participant's employment or service is terminated for Cause, each vested and unvested RSU in the Participant's Account shall forthwith and automatically be forfeited by the Participant for no consideration and cancelled on the Termination Date.

Notwithstanding the preceding paragraph or anything else contained in this Plan to the contrary, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), if a Participant shall cease to be a director or officer of or to be in the employ of or service to any of the entities comprising the Kraken Group due to the death of the Participant, any unvested RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the Termination Date with the result that the deceased Participant shall not forfeit any unvested RSUs and the Award Value corresponding to all RSUs credited to such Participant's Account shall be paid to the legal representative of the deceased former Participant's estate in

accordance with Section 4.6 after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant. The maximum period that there will be an entitlement to make a claim after the death of a Participant will be 12 months.

The rights of a Participant pursuant to this Section 4.5 are the only rights to which the Participant (or the Participant's estate) is entitled on a termination of employment or service with respect to such Participant's RSUs.

Where a Vesting Date occurs on a date when a Participant is subject to a Black-Out Period, such Vesting Date shall be extended to a date which is within (10) ten business days following the end of such Black-Out Period, and further provided that (i) if any such extension would cause the Vesting Date or Vesting Dates to extend beyond the Expiry Date, the amounts to be paid on such Vesting Date or Vesting Dates shall be paid on the Expiry Date notwithstanding the Black-Out Period, and (ii) if a Termination Date occurs in respect of a Participant after the original Vesting Date then any unvested RSUs credited to the Participant's Account effective as of the Termination Date that would have vested as of the original Vesting Date but for the Black-Out Period, shall be deemed to have vested immediately prior to the Termination Date, but, subject to subparagraph (i), the Award Value of any such-vested RSUs shall be determined as of the Vesting Date as so extended by the provisions above, and any payment thereof shall be made only after such determination. If the Expiry Date occurs and as a result of the previous sentence of this paragraph the Vesting Date will occur while a Black-Out Period is still in effect, then the Company shall pay the Participant the entire Award Value of the vested RSUs in cash (and not Shares) and, for greater certainty, the Company shall not have any right to pay the Award Value in whole or in part in Shares notwithstanding any other provision of this Plan or any RSU Agreement.

4.6 Payment in Respect of RSUs

On the Vesting Date, the Company, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an RSU by any of the following methods or by a combination of such methods:

(a) payment in cash;

(b) payment in Shares acquired by the Company on the Exchange; or

(c) payment in Shares issued from the treasury of the Company.

The Company need not determine whether the payment method shall take the form of cash or Shares until the Vesting Date, or some reasonable time prior thereto. A holder of RSUs shall not have any right to demand, be paid in, or receive Shares in respect of the Award Value underlying any RSU at any time. Notwithstanding any election by the Company to settle the Award Value of any vested RSUs, or portion thereof, in Shares, the Company reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such vested RSUs shall not have the right, at any time to enforce settlement in the form of Shares of the Company.

Any amount payable to a Participant in respect of vested RSUs shall be paid to the Participant as soon as practicable following the Vesting Date and in any event within thirty (30) days of the Vesting Date and prior to the Outside Payment Date (provided that any amount payable with respect to a Vesting Date that occurs after the Termination Date, but before the RSU has terminated in accordance with an applicable provision of Section 4.6, must occur not later than the Expiry Date).

Where the Company elects to pay any amounts pursuant to vested RSUs by issuing Shares, and the determination of the number of Shares to be delivered to a Participant in respect of a particular Vesting Date would result in the issuance of a fractional Share, the number of Shares deliverable on the Vesting

Date shall be rounded down to the next whole number of Shares. No certificates representing fractional Shares shall be delivered pursuant to this Plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.

4.7 No Effect on Employment or Service Rights or Benefits

(a) The terms of employment or service shall not be affected by participation in the Plan.

(b) Nothing contained in the Plan shall confer or be deemed to confer upon any Participant the right to continue as a Director, Officer, Employee or Consultant nor interfere or be deemed to interfere in any way with any right of the Company, the Board or the shareholders of the Company to remove any Participant from the Board or of any entity in the Kraken Group to terminate any Participant's employment or service, as applicable, at any time for any reason whatsoever. Nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any Affiliate to extend the employment or service of any Participant beyond the date on which the Participant's relationship with the Kraken Group would otherwise be terminated pursuant to the provisions of any employment, consulting or other contract for services with the Kraken Group. The participation of any Participant in the Plan is entirely voluntary and not obligatory and is not to be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in this Plan.

(c) Under no circumstances shall any person who is or has at any time been a Participant be able to claim from any entity in the Kraken Group any sum or other benefit to compensate for the loss of any rights or benefits under or in connection with this Plan or by reason of participation in this Plan. The Kraken Group will not be liable to any Participant for any loss resulting from the amendment, suspension or termination of this Plan or any RSU in accordance with its terms.

(d) RSUs granted under this Plan are not part of a Participant's regular employment or consulting compensation or fees. No value will be attributed to any RSUs, or any potential grant of RSUs, as part of any calculation of a Participant's notice of termination, severance or termination pay, compensation or indemnity in lieu of notice, wrongful or constructive dismissal damages, damages for the failure to provide reasonable notice, or any claim whatsoever by the Participant to any of the foregoing (whether express or implied and whether arising under contract or statute or otherwise at law in any manner).

(e) The Company's exercise of its rights of amendment, suspension or termination of this Plan or any RSU in accordance with its terms will not constitute (i) a breach of any Participant's employment, consulting or other contract for services with the Kraken Group, or (ii) grounds for any Participant to claim constructive dismissal or constructive termination or other breach of contract.

4.8 U.S. Securities Laws

(a) No RSUs or Shares shall be granted to a U.S. Participant unless such securities are registered under the U.S. Securities Act and any applicable state securities laws or an exemption from such registration is available. Any RSUs and Shares issued to a U.S. Participant will be "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act).

(b) Any certificate or instrument representing RSUs or Shares granted to a U.S. Participant pursuant to an exemption from registration under the U.S. Securities Act and applicable

state securities laws shall bear a legend restricting transfer under applicable United States federal and state securities laws substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR U.S. STATE SECURTIES LAWS. BY PURCHASING OR OTHERWISE HOLDING THESE SECURITIES, THE HOLDER AGREES FOR THE BENEFIT OF KRAKEN ROBOTICS INC. (THE "CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; OR (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

ARTICLE V
EFFECT OF CORPORATE EVENTS

5.1 Alterations in Shares

In the event:

(a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or

(b) that any rights are granted to all or substantially all shareholders to purchase Shares at prices substantially below Fair Market Value; or

(c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities or property;

then the Board, subject to the prior acceptance of the Exchange, may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to Participants hereunder.

5.2 Merger and Sale, etc.

Except in the case of a transaction that is a Change of Control and to which Section 5.3 applies, if the Company enters into any transaction or series of transactions whereby the Company or all or substantially all of the assets would become the property of any other trust, body corporate, partnership or other person (a **"Successor"**), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Company and the Successor will execute such instruments and do such things as the Board or the Committee may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Company under this Plan and the RSU Agreements outstanding on consummation of such transaction. Subject to the prior acceptance of the Exchange, any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Company under this Plan and RSU Agreements with the same effect as though the Successor had been named as the Company herein and therein and thereafter, the Company shall be relieved of all obligations and covenants under this Plan and such RSU Agreements and the obligation of the Company to the Participants in respect of the RSUs shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Shares upon vesting of the RSUs.

5.3 Change of Control

Notwithstanding any other provision in this Plan but subject to any provision to the contrary contained in an RSU Agreement or other written agreement (such as an agreement of employment) between the Company and a Participant, and subject to the approval of the Exchange, if there takes place a Change of Control, the Board or the Committee shall have the absolute discretion to determine if all issued and outstanding RSUs shall vest (whether or not then vested) upon the Change of Control and the Vesting Date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board or the Committee, in its absolute discretion, prior to the time such Change of Control takes place.

ARTICLE VI
GENERAL

6.1 Compliance with Laws

The Company, in its sole discretion, may postpone the issuance or delivery of any Shares that it elects to issue pursuant to any RSU to such date as the Committee may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations, except that in no event may the issuance of such Shares in respect of a RSU occur after the Outside Payment Date. The Company shall not be required to qualify for resale pursuant to a prospectus or similar document any Shares that it elects to issue pursuant to the Plan, provided that, if required, the Company shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of RSUs hereunder in accordance with any such requirements.

6.2 General Restrictions and Assignment

Except as required under Applicable Laws, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Company to a Successor to the business of the Company.

6.3 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under this Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Plan will be unfunded.

The Company makes no representations or warranties to Participants with respect to this Plan or the RSUs whatsoever. Participants are expressly advised that the value of any RSUs and Shares under this Plan will fluctuate as the trading price of Shares fluctuates.

In seeking the benefits of participation in this Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

6.4 No Shareholder Rights

Until Shares have actually been issued and delivered should the Company elect to so issue Shares in accordance with the terms of the Plan, a Participant to whom RSUs have been granted shall not possess any incidents of ownership of such Shares including, for greater certainty and without limitation, the right to receive dividends, if any, on such Shares and the right to exercise voting rights in respect of such Shares.

6.5 Section 409A

This Plan, the RSUs and payments made to U.S. Participants pursuant to this Plan are intended to comply with, or qualify for an exemption from, the requirements of Section 409A of the Code and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in this Plan shall have the meanings given to such terms under Section 409A of the Code if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Plan, the Company reserves the right, to the extent it deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan to ensure that all RSUs issued to U.S. Participants are awarded in a manner that qualifies for exemption from, or complies with, Section 409A, provided, however, that the Company makes no undertaking to preclude Section 409A from applying to an award of RSUs, and the U.S. Participant or his or her estate, as the case may be, is and shall at all times be solely responsible for the payment of all taxes and penalties under Section 409A. The Company, its affiliates, directors, officers and agents shall have no liability to a U.S. Participant, or any other party, if an RSU that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

6.6 Governing Law

The validity, construction and effect of this Plan and any actions taken or relating to this Plan shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6.7 Subject to Approval

The Plan is adopted subject to the approval of the TSXV and any other required regulatory approval. To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in effect.

6.8 Currency

All amounts paid or values to be determined under this Plan shall be in Canadian dollars.

6.9 Severability

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

6.10 Effective Time

This Plan shall be effective as of June 27, 2023.