



The Power Within

EXRO TECHNOLOGIES INC.

ANNUAL INFORMATION FORM

FISCAL YEAR ENDED DECEMBER 31, 2019

JUNE 1, 2020

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Schedule "A" Audit Committee Charter

EXRO TECHNOLOGIES INC.
ANNUAL INFORMATION FORM

INTRODUCTION

In this annual information form (the “**Annual Information Form**”), unless the context requires otherwise, references to the “Company”, “Exro”, “we”, “us”, “our” and similar words refer to Exro Technologies Inc. or any predecessor thereto, as the context requires. The information in this Annual Information Form is presented as of December 31, 2019, unless otherwise indicated. All dollar amounts in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management’s expectations regarding the Company’s growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target” or the negative of these terms or other comparable terminology.

Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management’s experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believe are appropriate. Forward-looking statements in this Annual Information Form include, but are not limited to:

- volatility of stock price and market conditions;
- technology risks and risks associated with the commercialization of the technology.
- regulatory risks;
- difficulty to forecast;
- key personnel;
- limited operating history and limited or no revenues;
- competition;
- investment capital and market share;
- market uncertainty;
- additional capital requirements;
- management of growth;
- litigation;
- protection of patents and intellectual property; and
- no dividend history.

These forward-looking statements are based on the beliefs of the management of Exro as well as on assumptions which such management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things: demand for the technology of the Company; ability to maintain existing partners and attract new partners; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; the ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest and market competition; the ability to commercialize the Company's technology; and operating in an environment that is subject to regulation.

The preceding list is not exhaustive of all possible factors. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors that are discussed elsewhere in this Annual Information Form, including but not limited to:

- demand for the technology of the Issuer;
- ability to maintain existing partners and attract new partners;
- the impact of competition;
- the ability to obtain and maintain existing financing on acceptable terms;
- the ability to retain skilled management and staff;
- currency, exchange and interest rates;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest and market competition;
- the ability to commercialize the Issuer's technology; and
- operating in an environment that is subject to regulation.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this Annual Information Form, see "*Risk Factors*".

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. The Company does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company's full corporate name is "Exro Technologies Inc.". The Company's head office is at 2300 – 1177 West Hastings Street, Vancouver, BC V6E 2K3 and its registered and records office is at 1700 – 666 Burrard Street, Vancouver, BC V6C 2X8.

The Company was incorporated under the ***Business Corporation Act (British Columbia)*** on **February 11, 2014** under the name "BioDE Ventures Ltd." ("**BioDE**") as a wholly-owned subsidiary of Carrus Capital Corporation ("**Carrus**"). The Company entered into an arrangement agreement with Carrus on February 12, 2014, pursuant to which, common shares of the Company ("**Common Shares**") were distributed to the

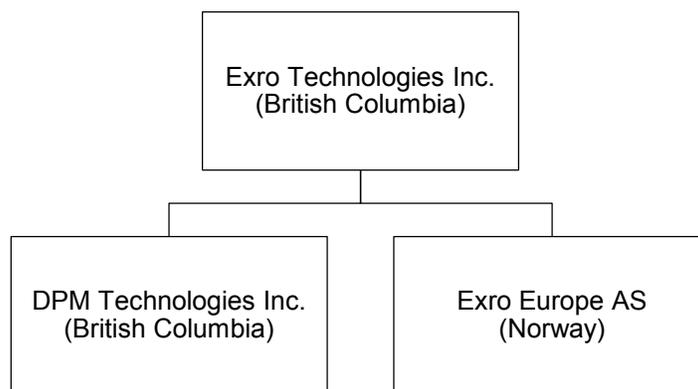
shareholders of Carrus. Following completion of the arrangement, the Company became a reporting Company in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec.

On July 26, 2017, BioDE and its wholly owned subsidiary 10889001 BC Ltd. completed a transaction with Exro Technologies Inc. (a predecessor entity to the Company) whereby, pursuant to an amalgamation agreement, 10889001 BC Ltd. amalgamated with Exro Technologies Inc. and became the legal subsidiary of BioDE with holders of Exro Technologies Inc. holding approximately 86% of BioDE immediately after the amalgamation. The transaction was accounted for as an acquisition of BioDE by Exro. In completion of the transaction, the Company changed its name to Exro Technologies Inc.

The Company's shares are listed on the Canadian Securities Exchange and trades under the symbol "XRO", and the OTCQB under the symbol "EXROF".

Intercorporate Relationships

The Company has two wholly owned subsidiaries, DPM Technologies Inc., incorporated under the laws of **British Columbia**, and Exro Europe AS, incorporated under the laws of Norway. The following diagram illustrates the organizational structure of the Company, including DPM Technologies Inc. and Exro Europe AS. Other than as indicated below, each subsidiary is wholly owned by the Company.



Notes: The Company is the registered holder of **100%** of all issued and outstanding shares of **DPM Technologies Inc.** and the registered holder of 100% of all issued and outstanding shares of Exro Europe AS.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Year ended December 31, 2019

On March 22, 2019, the Company completed a private placement of 8,180,500 shares at a price of \$0.25 per share for proceeds of \$2,045,125. The Company paid finders fees of \$143,159 and issued 572,635 broker warrants with an exercise price of \$0.35 per share with a twelve-month expiry.

On August 21, 2019, Sue Ozdemir joined Exro as the Company's new Chief Executive Officer ("**CEO**"). Ozdemir is recognized as an accomplished executive and industry expert as she has more than two decades of accomplishments in the electric motor industry, including eight years at General Electric Company ("**GE**").

On September 9, 2019, Exro announced it had signed its first Licensing Agreement with Motorino Electric ("**Motorino**"), marking a major advancement in electric motor performance coming to market. Motorino is a pioneer in the Canadian electric transportation industry starting over 17 years ago with its first product

launch, and now having dozens of products across the electric bicycle, electric scooter and electric motorcycle categories. Exro's engineered technology provides a torque increase of greater than 25 per cent for the Motorino e-bike resulting in a corresponding increase in acceleration of greater than 25 per cent.

On September 13, 2019, Exro announced that it had granted incentive stock options to directors, officers and consultants to purchase an aggregate of 3,225,000 shares in the capital of the Company at a price of \$0.25 per share, pursuant to the terms of its stock option plan. All of the options are subject to vesting provisions, and any shares issued upon exercise of an option will be subject to a hold period of four months and one day from the date of grant.

On September 18, 2019, the Company announced its first production order for Motor Drivers from Potencia Industrial, S.A. DE C.V. ("**Potencia**").

On October 21, 2019, the Company completed a private placement of 6,023,110 shares at a price of \$0.27 per share for proceeds of \$1,626,240. The Company paid finders fees of \$67,559 issued 250,368 broker warrants with an exercise price of \$0.40 per share with a twelve-month expiry. The fair value of the broker warrants was estimated to be \$55,458.

On November 5, 2019, Exro announced the appointment of Darryl Wilson as Chairman of Business Advisory Board. Mr. Wilson's 26-year career with GE took him around the world. He was President and CEO of GE Consumer and Industrial in Budapest, Hungary then President and CEO of Consumer and Industrial Asia Pacific in Shanghai, China. Returning to the United States in 2008, Mr. Wilson took on the role of President and CEO of GE Aero Energy in Houston, Texas amongst other roles before retiring as Vice President of Commercial GE Power in 2018.

On November 5, 2019, the Company completed a private placement of 700,000 shares at a price of \$0.27 per share for proceeds of \$198,000.

On November 12, 2019, Exro announced that Josh Sobil joined the Company in the role of Chief Commercial Officer and will be responsible for leading Exro's sales and marketing strategies globally. Mr. Sobil will manage all commercial partnerships and opportunities as Exro expands its product offerings targeting increased efficiencies and better performance in the electric motor industry as well as power conversion in various aspects of the electrification evolution.

On November 20, 2019, Exro announced a partnership with the Canadian company Templar Marine Group Ltd. ("**Templar**") to optimize the performance of electrical engines in the multi-billion-dollar e-Boat market. Templar will integrate Exro's system into Templar Marine's water taxis as a pilot project, where the company expects to see a significant increase in motor performance for both the boat's top speed, as well as improving range through increased system efficiency. Exro's validated technology has already proven it can increase motor speed by more than 30%, which Templar Marine believes will be a major breakthrough in the e-Boat sector.

On December 18, 2019, the Company announced that it had delivered the first Exro-powered e-Bike to Motorino Electric. Exro demonstrated significant gains in performance when the Exro system is integrated into an e-Bike's existing electric drivetrain. By expanding the operating parameters of the motor, Exro's engineered technology provided a torque increase of greater than 25 per cent for the Motorino e-bike resulting in a corresponding increase in acceleration of greater than 25 per cent.

Year ended December 31, 2018

On July 24, 2018, the Company announced that it had initiated a non-brokered private placement of 6,000,000 common shares at a price of \$0.25 per share for proceed of up to \$1,500,000.

On July 26, 2018, the Company subsequently announced the closing of its previously announced private placement raising gross proceeds of \$1,842,500. The Company issued 7,370,000 common shares at a price of \$0.25 per share, representing an oversubscription of 1,370,000 common shares.

On July 30, 2018, the Company announced the closing of a second tranche of the private placement in the amount of \$235,000 to accommodate additional investor demand. In aggregate the Company issued 8,310,000 common shares at a price of \$0.25 per share, for gross proceeds of \$2,077,500.

On August 29, 2018, the Company announced it had entered into an agreement for the acquisition of Adaptive Generators AS, ("**Adaptive**") a privately-owned Norwegian company that has developed a patented technology for use in programmable, fault-tolerant generators, motors and battery systems. This technology is bi-directional for use in standalone or combined motor-generator-battery-grid applications and has the potential to enhance the performance of Exro's existing technology by enabling power systems to operate more efficiently at variable speeds, loads, and torque.

Under the terms of the purchase agreement, Adaptive become a wholly owned subsidiary of the Company, with Kent Thoresen, Adaptive's CEO, joining Exro's management team to lead European business development and technology research from Oslo, Norway. The Company issued Adaptive Shareholders 50,000 common shares upon closing of the agreement, and a further 200,000 shares will be issued upon commercialization of the technology by the Company. 750,000 additional Shares will be issued to Adaptive Shareholders upon realization of certain commercial milestones. The Company will further pay a two per cent royalty on net commercial sale. On September 25, 2018, Exro announced the closing the acquisition of Adaptive.

Year ended December 31, 2017

The Company established a test and development facility in Victoria to support collaborations with parties interested in licensing the Company's technology. The facility was set up by Dr. Torsten Broeer, Senior Vice President, Engineering. The facility has space for the Company's current and mid-term requirements.

The Company has also secured office space in downtown Vancouver which serves as the Company's corporate headquarters and expanded its technical staff with two electrical engineers to support the Company's technology development and collaboration initiatives.

The Company worked with Northwest UAV ("**NWUAV**"), the world's leading supplier of drone propulsion systems, to validate that an Exro enabled generator can improve the electrical power generation system efficiencies on an Internal Combustion Engine ("**ICE**") based drone propulsion system. Exro's technical team has designed a test bench and is gathering data relevant to this effort.

The Company started a second initiative focused on integrating its technology into a motor for electric bicycles. On completion, the Company planned to do the same integration as though the motor was a generator, at which point the two technologies will merge to form a reversible machine - a single rotating machine that will act as a motor for acceleration and as a generator during deceleration. Exro's goal was to show improvement in energy consumption, which is important for many electric vehicles.

THE BUSINESS

General

Variable energy sources including solar, wind and wave have had a limited impact on overall power generation until this decade. Hydroelectric power generation aside, technologies used to capture energy from clean renewable sources have found it difficult to compete with the fossil fuel industry without subsidies and other forms of support.

Exro facilitates the transition to clean energy by providing products and services to manufacturers to increase the efficiency and reliability of power systems, including electric motors, generators and batteries. Exro's patented technology enhances energy systems by dynamically sensing and adapting variable inputs and optimally matching them to desired outputs, creating measurable performance gains and extended lifespan. The widespread applications of the technology can optimize the performance of electric vehicles, unmanned aerial vehicles (“**UAVs**”), and ship drives, as well as pumps, industrial motors, and energy capture from wind and tides. By isolating individual coils, Exro's technology also offers electrical system redundancy, which can prevent catastrophic failures for mission critical applications such as flight.

Exro's first product derived from its technology is the “Electric Gearbox”. The Electric Gearbox allows a variable motor to switch coil configurations to permit increased torque or increased speed, negating the need for a separate gear box. This product could have utility in many applications, particularly in transportation sectors.

Exro is also now utilizing artificial intelligence capabilities to develop a new battery management software (“**BMS**”) technology called the intelligent battery management system (“**IEMS**”). Exro expects the IEMS to provide an improvement over existing BMS applications. For example, the new IEMS when fully commercialized, will allow for constant monitoring and manipulation of energy inflows and outflows, at rates of up to 100k manipulations per second. The goal is total control of the flow of energy; allowing better, more balanced storage of energy, especially under changing conditions, while also making battery banks of any size inherently electrically safe. In June 2018 the Company signed a collaboration with LithiumWerks B.V. to develop its IEMS for lithium ion batteries.

Exro's business model is to develop strategic partnerships with companies that are established in their respective markets, specifically those that welcome innovation in their product lines and have adequate internal engineering capacity, growing sales and an existing customer base. In particular, companies that manufacture power systems such as batteries and/or companies that manufacture generator or motors make ideal partners, as Exro's technology and engineering skillset act as the “intelligence” to enhance performance characteristics of overall power systems. Exro's partnerships with Potencia, a motor/generator manufacturer, and LithiumWerks B.V., a lithium battery manufacturer, are a case in point.

Technology

The Exro DPM technology is a control system that integrates wiring of the rotating machine coils into the power electronics. This gives the power electronics control of the machine coil wiring configuration in real time, providing a range of options in place of a fixed machine configuration.

The control system will select the best configuration for a given operating condition using an application-specific algorithm. Exro's approach to generator and motor design and control improves efficiency across highly variable input and output applications. Traditionally, electric machine coils have been wired in a single configuration and the designer had to select the configuration that was the best compromise over the range of operating conditions. Exro's technology senses input energy and load, and seamlessly switches coil wiring in any combination from full parallel to full series. The technology is intended to make electric motors and generators used in variable settings “intelligent”, leading to more efficient operation.

In essence, the technology provides voltage control with multiple performance curves corresponding to the coil configurations in the electric machine. Exro's technology is designed and built into our partner's electric machine and power electronics for the application. Exro's technology may be fully integrated with the power electronics design; or a separate hardware package that is ready to be assembled to our partners' finished product.

Development

It is Exro's intent to either license its technology if applicable, or outsource the manufacturing activity to third parties where commercial electronics manufacturing is required. This business model is scalable,

requiring much lower capital investment than building a manufacturing business. This approach offers the opportunity to address several market segments concurrently, incrementally and in rapid succession by building on earlier success.

Exro is also developing software with artificial intelligence capabilities for BMS products as described above.

Exro remains focused on the commercialization of its patented coil switching technology and continues to innovate. Below are some highlights from the Company's technology roadmap:

- EPM – Electric Program Module (previously ETR). This is a module that integrates the coil switching technology, allowing Exro to broaden the potential customer base and offer a proof of concept much more rapidly. The first proof of concept is expected to deliver in June, 2020 to Potencia.
- Integrated Coil Switching Drive – This is a generic integrated driver which incorporates the Company's proprietary algorithms. This built-in coil switching drive will provide a 400 Volt, 150 KW inverter with Exro's technology already integrated inside. This proof of concept is expected to be ready in November, 2020.
- Battery Management – the Company has had promising results with its artificial intelligence (“AI”) system and is excited about the future of this technology. The team continues with the development, and Exro has engaged an industry expert to help the technology to align with the market opportunities.
- Generators – utilizing Exro's coil switching technology in generators will bring efficiency gains to a new group of prospective partners, including the wind industry. Exro is in discussions with potential partners to bring a proof of concept to market by the end of this year.
- Exro also commenced into the buildout of its Calgary Innovation Center in early 2020 along with the transition of the Victoria lab, which will continue to operate until the fall of 2020, enabling the Company to execute on our current and upcoming projects while preparing for the growth ahead.

Our Strategy

Exro has built an intellectual property base and intends to protect and commercialize new innovations. It is Exro's intent to either license its technology if applicable, or where commercial electronics manufacturing is required, outsource this activity to third parties. Exro believes this business model is scalable, requiring much lower capital investment than building a manufacturing business. This approach offers the opportunity to address several market segments concurrently, incrementally and in rapid succession by building on earlier success. Exro will work closely with development partners and customers to integrate its technology into their products and develop new intellectual property for Exro.

Exro's technology and intellectual property is wholly-owned in seven patent families providing or seeking global protection in strategically important countries. There are twenty-two issued patents, one allowed patent but not yet issued, and eight pending applications. Exro also uses trade secrets to protect proprietary software and algorithms.

Outlook

Exro's goal is to become profitable as quickly as possible without stunting growth. This will take place primarily through revenue generated from strategic partnerships which may include: licensing the Company's technology, hardware/software sales and service revenue.

Exro's future will be focused on securing and processing strategic partnership arrangements. It is the Company's goal to evolve every collaboration into a commercial licensing arrangement. The central purpose of a collaboration will be to determine the economic benefits when the Company's technology is

integrated into an electric motor and/or a generator for a particular application. This process will become more systematized as third-party commercial case studies demonstrate efficiencies in target applications.

Exro currently has four key projects ongoing:

- Motorino Electric Bike - Exro delivered the first proof of concept in December, 2019 with outstanding results exceeding speed and torque by 25%. This was an important project for Exro as it was the first demonstration of the potential of our technology. The patented coil switching algorithms are entirely scalable, so the Company can take this proof of concept and apply it to cars, trucks, and larger equipment.
- Potencia – this project is a multi-stage delivery that started with the Exro motor driver. This driver is currently delayed due to parts from China; however, the Company now anticipates delivery in June, 2020. In the meantime, Exro, with the agreement of our customer, has moved ahead to stage 2, which utilizes the coil switching module. Now, both stages will deliver together in June, 2020, giving Exro its first proof of concept in an electric vehicle.
- Templar Marine – this project is to optimize the powertrain in an electric water taxi. The initial development time is approximately four months, and the Company expects only a small delay. Exro is working with Templar on how to most effectively optimize the system, and while the coronavirus has slowed communications with European suppliers, it has not stopped. Exro is continuing the development and expects to have results in Q3 2020.
- Aurora Snowmobile – which has several opportunities to both integrate our technology into the Aurora powertrain and work with electric motor suppliers in their supply chain. Exro will start with a 100 volts driver and look to deliver in the third quarter at their request. This project remains on time.

These four key partnerships demonstrate the scalability and versatility of the Exro technology. Exro is now working with bikes, cars, boats, and snowmobiles. Further, there are ongoing discussions with customers small and large in a variety of mobility applications. The Company continues to evaluate customer provided data, which helps us to determine the best fit for Exro and our partners.

On March 11 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“**COVID-19**”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The pandemic may impact Exro’s plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a health-care challenge for the Company. There can be no assurance that Exro’s personnel will not be impacted by these pandemic diseases and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cybersecurity risks exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company’s operations and access to capital. There can be no assurance that that Exro will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, may reduce share prices and financial liquidity and thereby that may severely limit the financing capital available.

Competitive Conditions

Exro competes with other manufacturers of electric motors and battery management companies globally to innovate and improve electric motor efficiency, reliability and output and battery management systems. Exro’s technology offers a unique advantage in the drive for ever-higher efficiency in the rotating electric machine and power electronics space. Real-time coil switching improves machine efficiency at the source and delivers a higher quality signal to the power electronics resulting in benefits as described above. The

multiplicity of existing and often innovative machine and power electronics offerings work around the limitation of a single configuration in electric machines.

Coil switching in response to operating conditions has been made practical by faster, cheaper semiconductor switches and processors, combined with novel circuit architecture and switching algorithms. Exro has strong intellectual property protection to exploit this technology.

Critically, Exro's technology is a unique improvement to electric machine system performance that will enhance most of the high efficiency products available today and add new benefits in fault tolerance, eliminate additional components, and reduce complexity and costs. We are therefore in a position to view potential competitors as potential licensee partners.

Intellectual Property

As is typical for a development-stage technology company, Exro relies on self-developed patents as a major component of our intellectual property portfolio. Exro's future will be focused on securing and processing strategic partnership arrangements and licensing agreements. It is the Company's goal to evolve every collaboration into a commercial licensing arrangement.

As Exro's technologies become integrated into third-party products, protection of Exro's intellectual technology will be key. Exro's technology and intellectual property is wholly-owned in five patent families providing or seeking protection in strategically important countries. There are 22 granted patents, one allowed patent but not yet issued and 18 pending applications. The following table provides the particulars of Exro's issued patents.

| | Country | Patent Number | Title | Filing Date | Issue Date |
|----|--------------------------|----------------------|--|--------------------|-------------------|
| 1 | Republic of Korea | 101484980 | Polyphasic multi-coil generator | Dec. 13, 2007 | Jan. 8, 2009 |
| 2 | Canada | 2487668 | Polyphasic multi-coil device | Nov. 1, 2004 | Mar. 26, 2013 |
| 3 | Canada | 2492990 | Polyphasic multi-coil generator | Jan. 18, 2005 | Mar. 1, 2014 |
| 4 | Canada | 2773102 | Variable coil configuration system, apparatus and method | Sep. 2, 2010 | Jan. 23, 2018 |
| 5 | Canada | 2794178 | Variable electrical generator | Mar. 23, 2011 | Jan. 10, 2017 |
| 6 | United States of America | 7081696 | Polyphasic multi-coil generator | Jan. 18, 2005 | Jul. 25, 2006 |
| 7 | United States of America | 7595574 | Polyphasic multi-coil generator | Jun. 30, 2006 | Sep. 29, 2009 |
| 8 | United States of America | 8212445 | Polyphasic multi-coil electric device | Aug. 20, 2009 | Jul. 3, 2012 |
| 9 | United States of America | 8614529 | Polyphasic multi-coil electric device | Jun. 5, 2012 | Dec. 24, 2013 |
| 10 | United States of America | 9685827 | Polyphasic multi-coil electric device | Dec. 4, 2013 | Jun. 20, 2017 |

| | | | | | |
|----|----------------------------|-------------|--|---------------|---------------|
| 11 | United States of America | 9812981 | Variable coil configuration system, apparatus and method | Jun. 3, 2014 | Nov. 7, 2017 |
| 12 | United States of America | 9379552 | Power conversion system for a multi-stage generator | Aug. 13, 2014 | Jun. 28, 2016 |
| 13 | United States of America | 9584056 | Polyphasic multi-coil generator | Feb. 20, 2014 | Feb. 28, 2017 |
| 14 | United States of America | 8106563 | Polyphasic multi-coil electric device | Oct. 20, 2009 | Jan. 31, 2012 |
| 15 | United States of America | 9590468 | Electrical machines such as generators and motors | Oct. 8, 2013 | Mar. 7, 2017 |
| 16 | United States of America | 8878373 | Variable electrical generator | Mar. 23, 2011 | Nov. 4, 2014 |
| 17 | People's Republic of China | CN101501963 | Polyphasic multi-coil generator | Jun. 8, 2007 | Jun. 13, 2012 |
| 18 | People's Republic of China | CN102484448 | Variable coil configuration system, apparatus and method | Sep. 2, 2010 | Mar. 10, 2011 |
| 19 | People's Republic of China | CN102971959 | Variable electrical generator | Mar. 23, 2011 | Oct. 14, 2015 |
| 20 | European Patent Office | 2550730 | Variable electrical generator | Mar. 23, 2011 | Apr. 22, 2020 |
| 21 | Great Britain | 2478941 | Variable electrical generator | Mar. 23, 2011 | Jan. 7, 2015 |
| 22 | Norway | 331113 | Variable electrical generator | Mar. 23, 2011 | Oct. 10, 2011 |

Publicly available records indicate that the patent pending applications:

- a) are National Entry phases of Patent Cooperation Treaty applications which by nature prescribe a thirty-month delay from the parent application's priority date before a national entry application is completed;
- b) have had examination fees paid and examination requested as early as March 24, 2011 with the first Examination Report not yet received in some cases.

The delay with respect to some pending patent applications are related to confidentiality and business matters.

Specialized Skill and Knowledge

Development of the Company's BMS technology and DPM technology requires specialized skills and knowledge in the areas of electronic engineering, mechanical engineering, and computer software engineering. Exro has obtained personnel with the required specialized skills and knowledge to carry out its operations. Management is comprised of a team of individuals who have extensive expertise and experience in the areas of engineering and manufacturing of electric motors and are complemented by an experienced board of directors. See "*Directors and Officers*" below for further information regarding management of the Company.

While the current labour market in the industry is highly competitive, the Company expects to continue to be able to attract and maintain appropriately qualified employees for the remainder of fiscal 2019 and into fiscal 2020.

Employees

As of December 31, 2019, the Company had 9 employees. As of June 1, 2020, the Company has 16 employees.

Foreign Operations

The Company's European operation is located in Oslo, Norway for business development and technology research.

Reorganizations

As disclosed above, on July 26, 2017, BioDE and its wholly owned subsidiary 10889001 BC Ltd. completed a transaction with Exro Technologies Inc. (a predecessor entity to the Company) to form the Company as it currently exists. See "*Corporate Structure – Name, Address and Incorporation*" and "*General Development of the Business – Three Year History*" for further information.

RISK FACTORS

Investing in our securities involves a high degree of risk. Before deciding to invest in our securities, you should carefully consider the risks described below, together with other information included in or incorporated by reference into this Annual Information Form and filed on SEDAR at www.sedar.com. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of the Company will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward-looking statements and may cause the trading price of our securities to decline. The following discussion highlights some of the risks and uncertainties facing the Company.

Limited Operating History

The Company is an early-stage business venture focused on electric motor and generator technology, and is currently pre-revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Operating results for future periods are subject to numerous uncertainties and it cannot be assured that the Company will achieve or sustain profitability. The Company's prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets. Future operating results will depend upon many factors, including, but not limited to: success in attracting necessary financing, establishing credit or operating facilities, ability to develop and commercialize existing and new products, ability to successfully market the Company's products, attract repeat customers, ability to control operational costs, the Company's ability in retaining motivated and qualified personnel, legal and regulatory developments in the jurisdictions in which the Company operates, as well as general economic conditions which affect businesses. It cannot be assured that the Company will successfully address any of these risks.

Failure to develop our internal controls over financial reporting as we grow could have an adverse impact on us.

As Exro matures, it will need to continue to develop and improve its current internal control systems and procedures to manage its growth. Exro is required to establish and maintain appropriate internal controls over financial reporting. Failure to establish appropriate controls, or any failure of those controls once established, could adversely impact our public disclosures regarding Exro's business, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in the Company's internal controls over financial reporting, disclosure of management's assessment of internal controls over financial reporting or disclosure of Exro's public accounting firm's attestation to or report on management's assessment of internal controls over financial reporting may have an adverse impact on the price of Exro's common shares.

Reliance on Management and Employees

Our performance will be largely dependent on the talents and efforts of highly skilled individuals. The loss of one or more members of our management team or other key employees or consultants could materially harm our business, financial condition, results of operations and prospects. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization. We face competition for personnel and consultants from other companies, universities, public and private research institutions, government entities and other organizations. If we do not succeed in attracting excellent personnel or in retaining or motivating them, we may be unable to grow effectively. In addition, our future success will depend in large part on our ability to retain key consultants and advisors. We cannot assure that any skilled individuals will agree to become an employee, consultant, or independent contractor of the Company. Our inability to retain their services could negatively impact our business and our ability to execute our business strategy.

Our company is subject to various government laws and regulations.

We are subject to various federal, provincial and local laws and regulations affecting corporations and the trading of our securities including, but not limited to: Business Corporations Act (British Columbia), Securities Act (British Columbia) and the Income Tax Act (Canada), Income Tax Act (British Columbia), as well as various regulatory bodies such as the BC Securities Commission, the Canadian Securities Exchange, and the OTCQB Venture Market. In the event we are unable to remain in compliance with all of the regulations applicable to our company and operations it could negatively impact our business and our ability to execute our business strategy.

Further, as our technology is commercialized, products using our technology may be subject to a variety of laws and regulations both domestic and international. In the event we are unable to comply with any laws and regulations affecting such products, it may have a negative material impact on our business, operations, and financial performance.

The technology industry is very competitive, and we may be unable to compete with companies with greater financial or technical resources than us, which could negatively affect our operations.

The technology industry is characterized by rapid technological developments and a high degree of competition. Access to patents and other protection for technology and products, the ability to commercialize technological developments, access to necessary capital, access to market channels and the ability to obtain necessary approvals for testing, manufacturing and commercialization will impact our potential success.

Exro will be competing with other technology firms in the clean technology space or with other companies with similar technologies. These companies, as well as academic institutions, government agencies and private research organizations, also compete with us in research and development, product development, and market and brand development. Additionally, these companies all compete for highly qualified scientific personnel and consultants, and capital from investors.

Timing of the market introduction of our technology or of competitors' technologies or products may be an important competitive factor. Accordingly, the relative speed with which we can complete project development, conduct appropriate safety testing and manufacture, will also be determining factors in our ability to compete successfully in the markets we enter.

Reliance on Partners

The Company assumes that the collaborating partners will perform and deliver on development targets as agreed and planned, although there is a risk that they won't, and the corporation operates under the constraint that the partner is not under its control.

Reliance on Suppliers

The Company faces a third-party risk, should suppliers for components and power electronics not deliver on one or more dimensions of scope, time and cost. The Company will reduce the probability of occurrence by ensuring that the suppliers have clear statements of work, and comprehensive design specifications to work to that are documented, reviewed and approved with participation of the supplier as well as the partner.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Unexpected challenges during product development are inherent in new technology, in that an early stage technology could present unexpected challenges that exceed the allocated resources. The Company will reduce the probability of occurrence by careful project management.

The Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company does not achieve revenues to offset these expected operating expenses, the Company will never be profitable which would limit the Company to grow.

Technology cannot be validated

The Company's technology is currently in the commercialization phase. There is a risk that the technology will not work as expected and therefore, will never be successfully commercialized. This means that the Company may never receive revenues or return on its technology development.

Technical Risks

Technical risks are inherent in the development and commercialization process, in that an immature technology could present unexpected challenges that exceed the planned time or financial resources to overcome. There can be no guarantee that the Company will be able to overcome technical risks associated with the development of its technology.

Additional Financing

Since inception, the Company has not generated revenues and has incurred losses and has an accumulated deficit of \$25,268,264 as of December 31, 2019. As the Company has no revenue, in order to execute the anticipated growth strategy, the Company will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect on the development of the technology and upon future profitability.

Ability to Protect Proprietary Rights

The Company's success will depend in part on our ability and that of our corporate collaborators to obtain and enforce and protect patents and maintain trade secrets, in Canada, the United States and in other countries. There is a risk that the Company may not be able to obtain and enforce patents and maintain its trade secrets.

Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. There can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or any corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Project Management

The Company on its own or in collaboration with partners, is involved in various projects to commercialize the technology. There is inherent risk in project execution due to the structure of the project, which involves several parties undertaking specific work in different geographic locations, and having to coordinate in real time.

Operating Risk and Insurance Coverage

We currently carry insurance to protect our assets, operations and employees. While Exro believes insurance coverage can adequately address many of the material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which we may become exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Exro were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Our technology may be unable to achieve broad market acceptance and, consequently, limit our ability to generate revenue and profits from new products.

Even when product development is successful our ability to generate significant revenue and profits depends on the acceptance of our products by our customers and end users of the products, such as companies or individuals purchasing vehicles incorporating our technology. The market acceptance of any product depends on a number of factors, including but not limited to awareness of a product's availability and benefits, the price and cost-effectiveness of our products relative to competing products; general competition, and the effectiveness of marketing and distribution efforts. Any factors preventing or limiting the market acceptance of our technology could have a material adverse effect on our business, results of operations and financial condition.

Product liability lawsuits against us could cause us to incur substantial liabilities, and we may be subject to product recalls for product defects that are self-imposed or imposed by regulators.

In the event of a failure of a future product incorporating our technology, such as a recreational vehicle or truck, we may be subject to potential product liability lawsuits. Under certain circumstances, our customers may be required to recall or withdraw the products incorporating our technology. Even if a situation does not necessitate a recall or market withdrawal, product liability claims may be asserted against the Company. Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that the products caused illness or physical harm could adversely affect the Company's reputation and brand equity.

Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.

Our business prospects and results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn, such as the recent global financial crisis, could result in a variety of risks to our business, including weaker demand for our product candidates and impairment of our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business, and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Covid-19

The outbreak of the coronavirus ("COVID-19") pandemic may impact Exro's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impact

on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a health-care challenge for the Company. There can be no assurance that Exro's personnel will not be impacted by these pandemic diseases and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cybersecurity risks exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that that Exro will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, may reduce share prices and financial liquidity and thereby that may severely limit the financing capital available.

If we are unable to develop sales, marketing and distribution capabilities or enter into agreements with third parties to perform these functions on acceptable terms, we may be unable to generate revenue.

Exro is still in the early stages of developing our marketing and sales capabilities. For any products we intend to introduce into the market, we will be required, at least initially, to enter into collaborations with customers and partners to perform these services. There can be no assurance that we will be able to enter into such arrangements on acceptable terms or at all. Any revenue we receive will depend upon the efforts of our customers and/or partners and there can be no assurance that our customers and. or partners will establish adequate sales and distribution capabilities or be successful in gaining market acceptance of any product. If we are not successful in commercializing any products in the future, either on our own or our customers and/or partners, our business, financial condition and results of operations could be materially adversely affected.

Litigation

Exro may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect Exro's ability to continue operating and the market price for Exro's common shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant company resources.

The Market price of the issuer shares may be subject to wide price fluctuations

Exro's common shares currently trade on the Canadian Securities Exchange ("CSE") in Canada and the OTCQB Venture Exchange in the United States. The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Issuer, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Issuer, general economic conditions, legislative changes, and other events and factors outside of the Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, such as the Covid-19 pandemic, could adversely affect the market price for Exro's common shares.

Dilution

As Exro has no revenue, we rely on raising additional equity capital or incur borrowings from third parties to finance our business. Our board of directors has the authority, without the consent of any of our stockholders, to cause us to issue more shares of our common stock and preferred stock. Consequently, shareholders may experience more dilution in their ownership of Exro in the future. Our board of directors and majority shareholders have the power to amend our certificate of incorporation in order to effect forward and reverse stock splits, recapitalizations, and similar transactions without the consent of our other

shareholders. The issuance of additional shares of capital stock would dilute shareholders' ownership in Exro.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends in the foreseeable future. In the event that the Company were to pay dividends such dividends would be subject to tax and potentially, statutory withholdings.

Conflict of Interest

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

As a venture issuer, the Company is not required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting.

In contrast to the certificate required for non-venture issues under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), our certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of the Company are not required to make any representations that they have:

- a) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by Exro in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- b) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Exro's GAAP.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

DIVIDEND POLICY

There are no restrictions on Exro's ability to pay dividends. The declaration of dividends on our Common Shares is within the discretion of the board of directors and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company.

On July 25, 2017, BioDE declared a dividend to distribute 450,041 common shares of BioHEP Ventures Ltd. to the shareholders of BioDE as of the record date of July 25, 2017, the day prior to the completion of the amalgamation with Exro Technologies Inc. (a predecessor entity to the Company).

At the present time, Exro does not intend to declare or pay cash dividends on its common shares within the foreseeable future. See “*Risk Factors – Risks Related to Our Securities – Dividends*”.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the Company’s authorized share capital. This summary is qualified by reference to, and is subject to, and the detailed provisions of our articles available under the Company’s profile on SEDAR at www.sedar.com.

Common Shares

The authorized share capital of the Company is an unlimited number of Common Shares without par value. As at December 31, 2019, the Company had 69,876,744 Common Shares issued and outstanding. As of the date of this Annual Information Form, the Company had **82,880,249** Common Shares issued and outstanding. All of the Common Shares are of the same class and, once issued, rank equally. The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. There are no pre-emptive or conversion rights.

Stock Options

The Company’s incentive stock option plan (the “**Option Plan**”) is a fixed number plan and the current maximum number of Shares issuable under the Option Plan is 10,000,000 Shares. Persons who are directors, officers, employees (including management company employees) of or consultants to the Company or its affiliates are eligible to receive options under the Option Plan. Options are not assignable or transferable and may be granted for a term of up to ten years. For options granted to service providers, the Company must ensure that the proposed optionee is a bona fide service provider of the Company or its affiliates.

Disinterested Shareholder Approval is required where the Option Plan could result in: (a) the aggregate number of Shares reserved for issuance under options granted to Insiders exceeding 10% of the outstanding Shares; (b) any optionee is granted options exceeding 5% of the outstanding Shares in a 12 month period; (b) insiders are granted options exceeding 10% of Shares in a 12 month period; or (c) the Company reduces the exercise price of an outstanding option held by an Insider.

Options over no more than 2% of Shares in the aggregate can be granted to persons conducting ‘Investor Relations Activities’ in any 12 month period, and options over no more than 2% of Shares can be granted to any one consultant in any 12 month period.

Options will expire 90 days after the optionee ceases to provide services to the Company or an affiliate, except in the case of death or dismissal for cause. In the case of death, an optionee’s vested options will remain exercisable by the optionee’s estate until the earlier of one year after the optionee’s death and the original expiry date of the option. Where an optionee is dismissed for cause, all options, vested and unvested, will terminate immediately on the date of dismissal without any right of exercise.

The Board has the authority in its discretion to set terms of vesting, if any (which may be time-based vesting terms or performance-based vesting terms) and the exercise price of each option, which must be no less than the Discounted Market Price (as defined in the Option Plan). Subject to the rights of holders of existing options, the Board has the discretion to amend, suspend, terminate or discontinue the Option Plan.

As at December 31, 2019, there were Options exercisable for 9,056,317 Common Shares outstanding. As of the date of this Annual Information Form, there were Options exercisable for 9,432,500 Common Shares outstanding.

Warrants

On March 21, 2018, Exro issued 65,000 warrants to purchase Common Shares ("**Warrants**") to an arm's length party in relation to a settlement and repayment of \$10,500 in subscription funds held by the Company. The Warrants issued have an exercise price of \$0.25 per Common Share and expire on March 20, 2020.

On August 28, 2018, Exro issued 50,000 Warrants to Kent Thoresen pursuant to an independent consulting agreement. The Warrants issued to Mr. Thoresen have an exercise price of \$0.40 per Common Share and expire August 28, 2021.

On October 29, 2018, Exro issued 100,000 Warrants to Welldunn Consulting Ltd. pursuant to a consulting agreement. The Warrants issued to Welldunn have an exercise price of \$0.37 per Common Share and expire October 29, 2020.

On February 20, 2019, Exro issued 500,000 Warrants to NIG Systems Ltd., a private company controlled by Exro's Chief Technology Officer, pursuant to an amendment to a consulting agreement. The Warrants issued to NIG have an exercise price of \$0.30 per Common Share and expire June 20, 2024.

On March 22, 2019, Exro issued 572,635 Warrants as broker warrants in connection with the Company's private placement. The Warrants issued have an exercise price of \$0.35 per Common Share and expire March 22, 2020. As of the date of this Annual Information Form, 436,335 of these Warrants have been exercised.

On October 21, 2019, Exro issued 243,718 Warrants as broker warrants in connection with the first tranche of the Company's private placement. The Warrants issued have an exercise price of \$0.40 per Common Share and expire October 21, 2020. Subsequent to issuance, 12,950 of these Warrants were cancelled, leaving 230,768 outstanding as of the date of this Annual Information Form.

On October 30, 2019, Exro issued 19,600 Warrants as broker warrants in connection with the second tranche of the Company's private placement. The Warrants issued have an exercise price of \$0.40 per Common Share and expire October 30, 2020.

As at December 31, 2019, the Company had Warrants to purchase 1,177,311 Common Shares outstanding with a weighted average exercise price of \$0.27. As of the date of this Annual Information Form, the Company had Warrants to purchase 1,648,926 Common Shares outstanding with a weighted average exercise price of \$0.38.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Common Shares are listed on the Canadian Securities Exchange and trades under the symbol "XRO", and the OTCQB under the symbol "EXROF". The following table sets out the high and low sale prices and the volume of trading of the Company's Common Shares on the Canadian Securities Exchange on a monthly basis for the Company's fiscal year ended December 31, 2019. As of June 1, 2020, the closing price of the Company's Common Shares was \$0.59 per Common Share on the Canadian Securities Exchange.

| | High | Low | Close | Volume |
|---------------|-------------|------------|--------------|---------------|
| January 2019 | \$0.37 | \$0.305 | \$0.315 | 2,322,187 |
| February 2019 | \$0.335 | \$0.29 | \$0.325 | 2,317,915 |
| March 2019 | \$0.34 | \$0.28 | \$0.30 | 948,476 |

| | | | | |
|----------------|---------|---------|---------|-----------|
| April 2019 | \$0.32 | \$0.275 | \$0.305 | 1,390,118 |
| May 2019 | \$0.30 | \$0.21 | \$0.21 | 1,240,940 |
| June 2019 | \$0.245 | \$0.21 | \$0.215 | 1,276,553 |
| July 2019 | \$0.23 | \$0.18 | \$0.19 | 1,561,921 |
| August 2019 | \$0.22 | \$0.19 | \$0.205 | 1,531,483 |
| September 2019 | \$0.325 | \$0.19 | \$0.295 | 6,687,846 |
| October 2019 | \$0.30 | \$0.26 | \$0.275 | 1,774,410 |
| November 2019 | \$0.34 | \$0.26 | \$0.32 | 1,845,684 |
| December 2019 | \$0.335 | \$0.285 | \$0.335 | 1,629,726 |

Prior Sales

The following table summarizes the issuance of Options and Warrants for the Company's fiscal year ended December 31, 2019.

| Date of Issuance | Security Type | Issuance Price/Exercise Price | Number of Securities |
|-------------------------|--------------------------------|--------------------------------------|-----------------------------|
| October 30, 2019 | Broker Warrants ⁽¹⁾ | \$0.40 | 19,600 |
| October 21, 2019 | Broker Warrants ⁽¹⁾ | \$0.40 | 230,768 |
| March 22, 2019 | Broker Warrants ⁽²⁾ | \$0.35 | 572,635 |
| February 20, 2019 | Warrants ⁽³⁾ | \$0.30 | 500,000 |
| September 13, 2019 | Stock Options ⁽⁴⁾ | \$0.25 | 3,075,000 |

Notes:

- (1) On October 21, 2019, the Company closed the first tranche of a private placement of 6,023,110 shares at a price of \$0.27 per share for proceeds of \$1,626,240. The Company paid finders fees of \$71,096 issued 243,718 broker warrants with an exercise price of \$0.40 per share with a twelve-month expiry. Subsequent to issuance, 12,950 broker warrants were cancelled, leaving 250,368 outstanding. In connection with the closing of the second tranche of the private placement, 19,600 broker warrants were issued on October 30, 2019, at an exercise price of \$0.40 per share with a twelve-month expiry.
- (2) On March 22, 2019, the Company completed a private placement of 8,180,500 shares at a price of \$0.25 per share for proceeds of \$2,045,125. The Company paid finders fees of \$143,159 and issued 572,635 broker warrants with an exercise price of \$0.35 per share with a twelve-month expiry. As of the date of this Annual Information Form, 436,335 of these warrants have been exercised.
- (3) On February 20, 2019, Exro issued 500,000 Warrants to NIG Systems Ltd., a private company controlled by Exro's Chief Technology Officer, pursuant to an amendment to a consulting agreement. The Warrants issued to NIG have an exercise price of \$0.30 per Common Share and expire June 20, 2024.
- (4) On September 13, 2019, Exro issued 3,075,000 stock options to certain directors, officers, employees and consultants to the Company, at a price of \$0.25 per common share and expiring on September 13, 2024.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

In connection with the amalgamation between BioDE, its wholly owned subsidiary 10889001 BC Ltd. and Exro Technologies Inc. (a predecessor entity to the Company), the Company entered into an escrow agreement with certain insiders and shareholders. Pursuant to the escrow agreement, 7,576,556 Common Shares were held in escrow, of which 10% were released on August 29, 2017, which was the date the Common Shares of the Company were listed and posted for trading on the Canadian Securities Exchange, and 15% will be released every six months thereafter to August 29, 2020.

To the knowledge of the Company, the following table describes the number of securities of the Company held in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class, as of the dates indicated.

| As of the following date | Designation of class | Number of securities held in escrow or that are subject to a contractual restriction on transfer ⁽¹⁾ | Percentage of class |
|--------------------------|----------------------|---|---------------------|
| December 31, 2019 | Common Shares | 4,545,934 | 8.33% |
| June 1, 2020 | Common Shares | 1,136,484 | 3.23% |

Notes:

(1) The depositary for such escrowed securities is TMX Equity Transfer Services Inc.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table provides the names, province or state and country of residence, position, and principal occupations of each executive officer and director of the Company. The term of each director expires on the date of our next annual meeting.

| Name, City and Province of Residence | Positions Held with the Company | Principal Occupation or Employment During the Past Five Years | Director / Officer Since |
|---|---------------------------------------|--|---|
| Sue Ozdemir Calgary, Alberta, Canada | Chief Executive Officer | CEO of the Company, Business Executive, General Electric | August 21, 2019 |
| Mark Godsy West Vancouver, British Columbia, Canada | Executive Chairman and Director | Entrepreneur | July 27, 2017 |
| Jonathan Ritchey Vernon, British Columbia, Canada | Founder, Chief Scientist and Director | Inventor and product developer | Chief Scientist since December 1, 2018 Director since September 20, 2017 |
| John Meekison West Vancouver, British Columbia, Canada | Chief Financial Officer | CFO of the Company; director and CFO of ArcWest Exploration Inc., a British Columbia resource exploration company; CFO at Segra International Corp; Director at Natcore Technology, Inc.; Director of Capital Markets at Evans & Evans, Inc.; CFO at iCo Therapeutics Inc. | October 23, 2017 |

| | | | |
|---|------------------------------------|---|----------------|
| M.A. (Jill) Bodkin ⁽¹⁾⁽²⁾ Vancouver, British Columbia | Director | Corporate Director. Former Chair, BC Securities Commission; Former Corporate Finance Partner Ernst & Young an international accounting firm; Former Board Chair, Westport Innovations an alternative fuel transportation company. | April 27, 2017 |
| Frank Borowicz ⁽¹⁾⁽²⁾⁽³⁾ Vancouver, British Columbia | Director | Partner at Davis LLP (now called DLA Piper), a Canadian corporate law firm. Corporate governance consultant. | July 27, 2017 |
| Daniel McGahn ⁽²⁾⁽³⁾ Devens, Massachusetts, USA | Director | Chief Executive Officer & Director at American Superconductor Corp. an energy technology company. | July 27, 2017 |
| Eamonn Percy ⁽¹⁾⁽³⁾ Vancouver, British Columbia, Canada | Director | CEO, The Percy Group, a business advisory and investment firm Former President and COO of Powertech Labs, a testing and investigation services company. | Sept 20, 2017 |
| Dr. Torsten Broeer, Victoria, British Columbia | Senior Vice President, Engineering | Senior Vice President, Engineering of the Company, Former CTO of the Company Researcher, President of Integration Consulting Inc. | July 27, 2017 |

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Governance and Nominating Committee.

As of June 1, 2020, the executive officers and directors of the Company owned, directly or indirectly, or exercised control or direction over 6,842,034 (8.25%) of the Common Shares of the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed herein, no director or executive officer of Exro is, as of the date of the Annual Information Form, or has been, within the 10 years preceding the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, including Exro, that:

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

No director or executive officer of Exro, or to the best of Exro's knowledge, a shareholder holding a sufficient number of securities of Exro to affect materially the control of Exro:

- (a) is, as of the date of the Annual Information Form, or has been within 10 years preceding this date, a director or executive officer of any company, including Exro, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Annual Information Form, become 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 the assets of the director, executive officer or shareholder.

No director or executive officer of Exro, or to the best of Exro's knowledge, a shareholder holding a sufficient number of securities of Exro to materially affect the control of Exro, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

With respect to Daniel McGahn, in 2011, American Superconductor Corporation ("AMSC") was subject to a class action securities litigation related to AMSC's securities offering in November of 2010 in the United States District Court for the District of Massachusetts. AMSC, AMSC's officers and directors (including Mr. McGahn) and AMSC's underwriters were named as defendants in this litigation. In 2013 this class action was settled. The settlement was approved by the court. Mr. McGahn and other defendants denied any wrongdoing. No penalties or sanctions were imposed against Mr. McGahn pursuant to the settlement. In 2011 AMSC was subject to litigation related to derivative complaints with respect to the same securities offering in Superior Court for the Commonwealth of Massachusetts, Middlesex County. AMSC and AMSC's officers and directors (including Mr. McGahn) were named as defendants in this litigation. Mr. McGahn and other defendants denied any wrongdoing. This litigation was settled in 2014. No sanctions or penalties were imposed against Mr. McGahn pursuant to that settlement.

Conflicts of Interest

To the knowledge of the Company, there are no known material existing or potential conflicts of interest among the Company's directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "*Directors and Officers – Name, Occupation and Security Holding*" and "*Interest of Management and Others in Material Transactions*".

PROMOTERS

Mark Godsy, the Executive Chairman of the Company, and Jonathan Ritchey, the Chief Scientist and a director of the Company, may have been considered a promoter of the Company within the two most recent completed financial years as a result of their role in founding Exro Technologies Inc. (a predecessor entity to the Company) and in relation to the amalgamation between BioDE, its wholly owned subsidiary 10889001 BC Ltd. and Exro Technologies Inc.

As of the date of this Annual Information Form, Mark Godsy beneficially owned, or controlled or directed, directly or indirectly, 4,126,121 Common Shares, comprising 4.98% of the issued and outstanding Common Shares. Jonathan Ritchey beneficially owned, or controlled or directed, directly or indirectly, 2,137,685 Common Shares, comprising 2.58% of the issued and outstanding Common Shares.

AUDIT COMMITTEE

Audit Committee Charter

The Company's audit committee charter is attached as Schedule "A" to this Annual Information Form.

Composition of the Audit Committee

The following are the current members of the Audit Committee: Jill Bodkin, Frank Borowicz, and Eamonn Percy. All the members are financially literate and independent as those terms are used in Multilateral Instrument 52-110 – *Audit Committees* ("NI 51-110").

Audit Committee Member Education and Experience

Jill Bodkin

Jill Bodkin acquired her financial literacy through her education and work. She obtained a BA from the University of Alberta and studied public administration the University of Syracuse in New York. Ms. Bodkin was a Corporate Finance partner in Ernst & Young from 1987 to 1996. She was also Deputy Minister of Financial Institutions from 1981 to 1987 and was Founding Chair of the British Columbia Securities Commission. She also served a term on the CICA Audit Standards Oversight Committee. Over the years, she has been serving on boards of directors of various public and private companies.

Frank Borowicz

Frank Borowicz acquired his financial literacy through his education and work. He has over 35 years' experience in conflict resolution, corporate governance, regulatory compliance, and risk management. A graduate of Harvard, Dalhousie and Loyola of Montreal, Mr. Borowicz was formerly a law professor at the University of Windsor and founding faculty member of the University of Victoria Law School. Mr. Borowicz is also a graduate of the Corporate Governance College of the Institute of Corporate Directors. He in addition to being Queen's Counsel, he is an Honorary Member of the Institute of Chartered Accountants.

Eamonn Percy

Eamonn Percy acquired his financial literacy through his education and work. He has more than 25 years of leadership experience with growing companies through technology commercialization, high growth and turnaround situations, in a variety of executive, general management and technical roles. Eamonn has held multiple executive and senior leadership roles with top global companies, including Powertech Labs (BC Hydro), Ballard Power Systems, Pirelli Cables, and Ford, and across multiple industries in multiple stages of growth. He also led the successful turnaround of two large global companies in the engineering and manufacturing sectors, returning both to significant profitability and strong working capital positions. He has significant board experience in the commercial, academic and regulatory sectors. Eamonn holds a Bachelor of Engineering (Electrical) from Lakehead University, a Dip. Tech. (Power) from BCIT, an MBA from the University of Toronto and has completed the Leading and Managing Change Executive Program at Stanford University.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

The Company is relying upon the exemption in Section 6.1 of NI 52-110 (*Venture Issuers*) from the requirement of Part 5 (*Reporting Obligations*).

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as part of its audit charter. The pre-approval requirement for such engagement is waived if (i) the aggregate amount of all non-audit services provided to the Company amounts to five percent or under of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided and (ii) the services were not recognized by the Company at the time of the engagement to be non-audit services and (iii) the services are promptly brought to the attention of the Audit Committee by the Company and approved by the Audit Committee (or one or more members of the Audit Committee to whom that authority to approve has been delegated by the Audit Committee, subject to the pre-approval being presented to the first scheduled meeting of the Audit Committee after the approval) prior to the completion of the audit.

External Auditor Services Fees

The following table provides the particulars of the external audit fees paid by the Company for the last two fiscal years. The Company completed a business combination by way of three-cornered amalgamation in August 2017 and related to that amalgamation, subsequently changed its year end from January 31 to December 31. On June 19, 2017, the Company changed its auditors from Charlton & Company to Dale Matheson Carr-Hilton Labonte LLP.

| Nature of Services | Fees Paid to Auditor in Year Ended December 31, 2019 | Fees Paid to Auditor in Year Ended December 31, 2018 |
|---------------------------|---|---|
| Audit Fees | \$25,000 | \$27,500 |
| Audit-Related Fees | Nil | Nil |
| Tax Fees | Nil | Nil |
| All Other Fees | Nil | Nil |
| Total | \$25,000 | \$27,500 |

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include aggregate fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services include aggregate fees for employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes aggregate fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services, in the aggregate.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal, administrative, regulatory and other proceedings, actions, claims and inquiries relating to our business. There are no material pending legal proceedings or regulatory actions to which the Company is or is likely to be a party or of which any of its assets are or are likely to be the subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Directors and officers of the Company hold Common Shares and may be granted Options in the future. Other than as described elsewhere in this Annual Information Form, none of our directors, executive officers or shareholders, owning or exercising control or direction over more than 10% of the Common Shares, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this Annual Information Form that has materially affected us or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and the registrar of the Common Shares is TMX Equity Transfer Services Inc., 650 West Georgia St., Suite 2700 Vancouver, BC V6B 4N9.

MATERIAL CONTRACTS

The following are the material contracts of Exro as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* entered into within the last financial year or before the last financial year if that material contract is still in effect:

1. Assignment and Assumption Agreement between the Company and BioHEP Ventures Ltd. (“BioHEP”) dated April 21, 2017 has been approved by BioHEP and BioDE. This agreement describes the terms of the transfer of the biotechnology assets from the Company to BioHEP.
2. Memorandum of Agreement between Exro and Northwest UAV effective as of February 15, 2016 and its Amendment No. 01 dated June 2, 2017. This agreement summarizes the essential terms of cooperation between Exro and Northwest UAV in developing and engineering of proof-of-concept prototype generator and separate regulator (the Generator Control Unit assembly), resulting in an electrical power system package enabled with Exro’s DCM (Dynamic Current Management) technology for a NWUAV selected aerial vehicle propulsion system.

Copies of all material agreements referred to in this Annual Information Form may be inspected at the head office of the Company located at 2300 – 1177 West Hasting Street, Vancouver BC V6E 4X3 during normal business hours, as well as on the SEDAR website at www.sedar.com.

INTERESTS OF EXPERTS

The auditor of the Company is Dale Matheson Carr- Hilton Labonte LLP, Chartered Professional Accountants, 1500 – 1140 West Pender Street, Vancouver, British Columbia V6E 4G1. Dale Matheson Carr- Hilton Labonte LLP have prepared an independent auditor’s report dated April 29, 2019 in respect of the consolidated financial statements of the Company for the years ended December 31, 2018 and December 31, 2017. Dale Matheson Carr- Hilton Labonte LLP has advised that they are independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for the 2020 annual meeting of shareholders. Additional financial information is provided in the Company's audited annual consolidated financial statements and management's discussion and analysis of our financial condition and results of operations for our most recently completed fiscal year ended December 31, 2019. Such documentation, as well as additional information relating to the Company, may be found under the Company's profile on SEDAR at www.sedar.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the CFO and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

- (1) Documents/Reports Review

- (a) Review and update this Charter annually.
 - (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (2) External Auditors
- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
 - (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
 - (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
 - (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
 - (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
 - (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
 - (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
 - (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
 - (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.
- Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.
- (3) Financial Reporting Processes
- (a) In consultation with the external auditors, review with management the integrity of the

Company's financial reporting process, both internal and external.

- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
 - (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
 - (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
 - (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
 - (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
 - (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
 - (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
 - (i) Review certification process.
 - (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (4) Risk Management
- (a) To review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
 - (b) To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
 - (c) To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
 - (d) To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.
- (5) Other
- (6) Review any related-party transactions.

Approved by the Board: October 26, 2017