

THERMAL ENERGY INTERNATIONAL INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “Meeting”) of the holders of common shares (“Common Shares”) of Thermal Energy International Inc. (the “Corporation”) will be held online only, via live audio webcast, at <https://virtual-meetings.tsxtrust.com/1550>, with meeting password: thermal2023 on Tuesday, November 21, 2023 at 10:00 a.m.(Eastern time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended May 31, 2023 and the report of the auditors of the Corporation thereon;
2. to elect the directors of the Corporation as more fully described in the section of the Corporation’s management information circular for the Meeting (the “Circular”) entitled “Election of Directors”;
3. to appoint auditors of the Corporation and to authorize the directors of the Corporation to fix the auditors’ remuneration as more fully described in the section of the Circular entitled “Appointment of Auditors”;
4. to consider and, if thought appropriate, pass, with or without variation, a resolution approving an amendment to the Corporation’s stock option plan, as more fully described in the section of the Circular entitled “Amendment to Stock Option Plan”; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Shareholders will be able to attend the Meeting by visiting <https://virtual-meetings.tsxtrust.com/1550> with meeting password: thermal2023 and entering the 13-digit control number included in the proxy card or on the voting instruction form that accompanied the proxy materials.

Given the ongoing uncertainty surrounding the public health impact of the coronavirus (COVID-19) pandemic, the Corporation has determined to hold the Meeting virtually via live audio webcast as a prudent and necessary step to ensure the health and safety of its shareholders, directors and other stakeholders.

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) will be entitled to participate and vote at the Meeting during the live audio webcast in accordance with the instructions contained in the Circular. Non-registered shareholders, other than duly appointed proxyholders, are entitled to attend and ask questions but will not be entitled to vote during the Meeting. Others wishing to attend the Meeting as guests will be able to listen to the Meeting but will not be entitled to ask questions or to vote during the Meeting.

The Corporation is sending proxy-related materials to registered and non-registered shareholders (“Shareholders”) using Notice and Access. Notice and Access is a set of rules that reduces the volume of materials that must be physically mailed to shareholders by posting the information circular and additional materials online.

The Circular, this Notice, a form of proxy, the audited annual financial statements of the Corporation for the year ended May 31, 2023 and the MD&A relating to such financial statements are available on SEDAR at www.sedarplus.ca and at <https://investors-thermalenergy.com/en/shareholder-information>. Shareholders are reminded to review these online materials when voting. Shareholders may choose to receive paper copies of such materials or obtain further information about Notice and Access by contacting TSX Trust Company at the toll-free number 1-888-433-6443 within North America and Outside North America 1-416-682-3801. In order

for Shareholders to receive paper copies of such materials in advance of any deadline for the submission of voting instructions and the date of the Meeting it is recommended to contact the number above as soon as possible but not later than November 3, 2023.

If you are a registered shareholder a form of proxy is enclosed. A copy of the proxy is also available on SEDAR at www.sedarplus.ca and at <https://investors-thermalenergy.com/en/shareholder-information>

If you are a non-registered shareholder a voting instruction form is enclosed.

Shareholders are requested to complete, sign and return such form of proxy or voting instruction form, as applicable.

In order for a registered shareholder to be represented by proxy at the Meeting, the shareholder must complete and submit the enclosed form of proxy or other appropriate form of proxy. Completed forms of proxy must be received by TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1, not later than 10:00 a.m. (Eastern time) on November 17, 2023. The shareholder may alternatively fax his/her proxy to 416-595-9593 or scan and email to proxyvote@tmx.com or vote at www.meeting-vote.com and follow the instructions on the screen. The control number located on the proxy form is needed for voting online.

Non-registered shareholders should use the enclosed voting instruction form to provide voting instructions. The voting instruction form contains instructions on how to complete the form, where to return it to and the deadline for returning it. It is important to read and follow the instructions on the voting instruction form in order to have your vote count.

Dated at the City of Ottawa, in the Province of Ontario, this 12 day of October 2023.

BY ORDER OF THE BOARD OF DIRECTORS

William Crossland
President and Chief Executive Officer

THERMAL ENERGY INTERNATIONAL INC. MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (this “Circular”) and the accompanying form of proxy (the “Proxy”) are being sent to you in advance of the annual general meeting of shareholders (the “Meeting”) of Thermal Energy International Inc. (the “Corporation”) to be held as a virtual only meeting via live audio webcast online at <https://virtual-meetings.tsxtrust.com/1550> (meeting password:thermal2023) on Tuesday, November 21, 2023 at 10:00 a.m.(Eastern time). Shareholders will be able to attend the Meeting by visiting <https://virtual-meetings.tsxtrust.com/1550> with meeting password: thermal2023 and entering the 13-digit control number included in the proxy card or on the voting instruction form that accompanied the proxy materials.

This Circular includes information about the Corporation that the Corporation is required to disclose to shareholders and also describes and explains the business to be transacted and the matters to be voted on at the Meeting. Except as otherwise stated, the information contained in this Circular is given as of October 12, 2023 (the “Record Date”). All dollar amounts in this Circular are in Canadian dollars unless otherwise stated.

SOLICITATION OF PROXIES

The enclosed proxy is being solicited by the management of the Corporation and the expenses of this solicitation will be borne by the Corporation. The solicitation will be conducted primarily by mail but proxies may also be solicited personally by officers, employees or agents of the Corporation, at nominal cost and without additional compensation. The Corporation shall, upon request, reimburse brokers and other persons holding common shares of the Corporation (the “Common Shares”) on their behalf or on behalf of nominees, for reasonable costs incurred in sending the proxy documents to shareholders.

REGISTERED SHAREHOLDERS – VOTING BY PROXY

The persons named in the enclosed form of proxy for the Meeting are officers of the Corporation.

A registered holder of Common Shares (each a “Registered Shareholder”) has the right to appoint some other person, who need not be a shareholder, to represent the Registered Shareholder at the Meeting by following the instructions on the form of proxy. An additional step is required if you appoint someone to be your proxy, other than the individual(s) named on the form of proxy or voting instruction form, you or your proxy will be required to register with TSX Trust to obtain a valid Control Number, in order to participate at the Meeting. To Register, please go to tsxtrust.com/control-number-request or call 866-751-6315 / 416-682-3860.

Completed forms of proxy must be received by TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1, not later than 10:00 am (Eastern time) on November 17, 2023. The shareholder may alternatively fax his/her proxy to 416-595-9593 or scan and email to proxyvote@tmx.com or vote at www.meeting-vote.com and follow the instructions on the screen. The control number located on the proxy form is needed for voting online.

The form of proxy affords the Registered Shareholder an opportunity to specify that the shares registered in his or her name shall be voted for, against or withheld from voting in respect of the matters to come before the Meeting, as applicable.

On any ballot that may be called for, the shares represented by proxies in favour of management nominees will be voted for, against or withheld from voting in respect of the matters to come before the Meeting in accordance with the instructions given in such proxies.

In respect of proxies in which the Registered Shareholders have not specified that the proxy nominees are required to vote for, against or withhold from voting in respect of the matters scheduled to come before the Meeting, the shares represented by the proxies in favour of management nominees will be voted for the matters described in the Notice of Meeting.

Management knows of no matters scheduled to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the shares represented by proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the proxy nominees.

A proxy given by a Registered Shareholder for use at the Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Any such instrument revoking a proxy must be deposited at the registered office of the Corporation Attention: Chief Executive Officer, any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof. If the instrument of revocation is deposited with the Chairman on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

NON-REGISTERED HOLDERS – VOTING INSTRUCTION FORM

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Many shareholders are not Registered Shareholders (“Beneficial Shareholders”) because the shares they own are not registered in their names but are instead either (i) registered in the name of an intermediary (the “Intermediary”) that the Beneficial Shareholder deals with in respect of the Common Shares, such as, among others, brokerage firms, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the meeting materials to Intermediaries and clearing agencies for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward the meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Beneficial Shareholders. If you are a Beneficial Shareholder, your name and address will appear on the voting instruction form sent to you by Broadridge Investor Communications Corporation (“Broadridge”), or by an Intermediary (bank, broker or trust company). A Beneficial Shareholder may vote or appoint a proxy by mail, phone, or on the Internet, as applicable, in accordance with the voting instruction form. Broadridge or your Intermediary, as applicable, will submit the vote or proxy appointment to the Corporation on your behalf. You must submit your voting instruction form in accordance with the instructions and within the time limits set out in the voting instruction form.

IF YOU HOLD YOUR COMMON SHARES THROUGH A BROKERAGE ACCOUNT OR OTHER INTERMEDIARY YOU ARE A BENEFICIAL SHAREHOLDER. BENEFICIAL SHAREHOLDERS SHOULD CAREFULLY FOLLOW THE INSTRUCTIONS IN THE VOTING INSTRUCTION FORM, INCLUDING THOSE REGARDING WHEN AND WHERE THE VOTING INSTRUCTIONS FORM IS TO BE DELIVERED. IF A PERSON YOU DESIGNATE PLANS TO ATTEND THE MEETING AND VOTE YOU MUST APPOINT THAT PERSON AS PROXY BY FOLLOWING THE INSTRUCTIONS ON THE VOTING INSTRUCTION FORM.

A Beneficial Shareholder wishing to vote at the meeting should appoint themselves as a proxyholder, and will be required to register with TSX Trust to obtain a Control Number in order to participate at the Meeting. NOTE: If you do not register with TSX Trust and obtain a valid Control Number you will NOT be able to participate at the Meeting. To Register with TSX Trust and obtain a Control Number go to: tsxtrust.com/control-number-request or call 866-751-6315 / 416-682-3860.

A Beneficial Shareholder may revoke a form of proxy or voting instructions form given to Broadridge or an Intermediary by contacting Broadridge or your Intermediary following the instructions on the voting instruction form. In order to ensure that Broadridge or an Intermediary, as applicable, acts upon a revocation of a proxy form or voting instruction form, the written notice should be received well in advance of the Meeting.

These securityholder materials are being sent to both Registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

IMPORTANT INFORMATION ABOUT THE VIRTUAL MEETING

The Meeting will be conducted online only, via live audio webcast. Shareholders will not be able to attend the Meeting in person. You will be able to attend, participate and vote at the Meeting online via the live audio webcast by following the instructions set forth in this Circular. The Chairman of the Board of Directors and certain senior executive officers will participate in the Meeting and will be available for questions. The Corporation elected to conduct the Meeting virtually this year due to the restrictions imposed in the context of the ongoing coronavirus (COVID-19) pandemic. This measure is a proactive and prudent step to ensure the health and safety of our shareholders, directors and other stakeholders. A virtual meeting also enables increased shareholder attendance and participation because shareholders can participate from any location around the world.

As part of the Meeting, the Corporation will hold a live Q&A session, during which time Registered Shareholders, duly appointed Proxyholders may ask questions that are pertinent to the Corporation and the meeting matters, as time permits. The Chair of the Meeting reserves the right to edit or reject questions he deems inappropriate, or to limit the number of questions per shareholder in order to ensure that as many shareholders as possible will have the opportunity to ask questions. The Chair of the Meeting has broad authority to conduct the Meeting in an orderly manner. To ensure the Meeting is conducted in a manner that is fair to all shareholders, the Chair of the Meeting may exercise broad discretion in the order in which questions are asked and the amount of time devoted to any one question.

Attending the Online Meeting

Shareholders are able to attend the Meeting by visiting <https://virtual-meetings.tsxtrust.com/1550> with meeting password:thermal2023 and entering the 13-digit control number included in the proxy card or on the voting instruction form that accompanied the proxy materials. The live audio webcast allows shareholders to attend the Meeting live, submit questions, and in the case of Registered Shareholders and duly appointed Proxyholders, vote at the Meeting (if not done so in advance of the Meeting).

The Meeting platform is fully supported across browsers and devices running the most updated version of applicable software plugins. If you have any doubt, you can check your system's compatibility by visiting <https://virtual-meetings.tsxtrust.com/1550> with meeting password:thermal2023. You should ensure you have a strong, preferably high-speed, internet connection wherever you intend to participate in the Meeting.

The Meeting will begin at 10:00 a.m. (Eastern time) on November 21, 2023. Online check-in will begin starting 15 minutes prior, at 9:45 a.m. (Eastern time). You should allow ample time for online check-in procedures.

For any technical difficulties experienced during the check-in process or during the Meeting, please call the technical support number posted on the Meeting log-in page, located at <https://virtual-meetings.tsxtrust.com/1550>. If you are participating in the virtual Meeting, you must remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure Internet connectivity for the duration of the Meeting. Note that if you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed.

Guests will be able to attend the Meeting through the live audio webcast only, by joining the webcast as a guest at <https://virtual-meetings.tsxtrust.com/1550>. They will not be able to submit questions, vote their shares (if any) or otherwise participate in the Meeting. Shareholders voting by proxy in advance of the Meeting are welcome to join the Meeting as guests.

NOTICE AND ACCESS

The Corporation is sending proxy-related materials to all shareholders using Notice and Access. Notice and Access is a set of rules that reduces the volume of materials that must be physically mailed to shareholders by posting the information circular and additional materials online. Shareholders will still receive the Notice of Meeting, and may choose to receive a hard copy of the Circular and other materials. Details are included in the Notice of Meeting. This Circular, the Notice of Meeting, a form of proxy, the audited annual financial statements of the Corporation for the year ended May 31, 2023 and the MD&A relating to such financial statements are available on SEDAR at www.sedarplus.ca and at <https://investors-thermalenergy.com/en/shareholder-information>. Shareholders are reminded to review these online materials when voting. Shareholders may choose to receive paper copies of such materials or obtain further information about Notice and Access by contacting TSX Trust Company at the toll-free number 1-888-433-6443 within North America and Outside North America 1-416-682-3801. In order for a shareholder to receive paper copies of such materials in advance of any deadline for the submission of voting instructions and the date of the meeting, it is recommended to contact TSX Trust Company at the number above as soon as possible but not later than November 3, 2023.

The Corporation does not intend to pay for intermediaries to forward to objecting beneficial owners under NI 54-101 the proxy-related materials and Form 54-101F7 -- Request for Voting Instructions Made by Intermediary, and that in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares, and an unlimited number of preference shares issuable in series. At the Record Date, 164,727,606 Common Shares and no preference shares were issued and outstanding. The holders of the Common Shares are entitled to one (1) vote for each Common Share held. Only the holders of record of Common Shares at the close of business on the Record Date are entitled to receive notice of and vote at the Meeting. Pursuant to the *Business Corporations Act* (Ontario), the Corporation is required to prepare no later than ten (10) days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date along with the number of Common Shares held by such shareholders. The list of shareholders of the Corporation as of the Record Date is available for inspection by appointment only and during normal business hours at the offices of the Corporation located at 36 Antares Drive, Suite 850, Ottawa, Ontario, K2E 7W5.

To the knowledge of the directors or officers of the Corporation there is no person who is the beneficial owner of, directly or indirectly, or who exercises control or direction over 10% or more of the votes attached to the outstanding Common Shares as of the Record Date.

FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the year ended May 31, 2023 (the "Financial Statements") and the auditor's report on the Financial Statements accompany the Notice of Meeting mailed to registered shareholders and are also available on SEDAR at www.sedarplus.ca and at <https://investors-thermalenergy.com/en/shareholder-information>.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. ELECTION OF DIRECTORS

The Board of Directors of the Corporation (the "Board") currently consists of five (5) directors. It is proposed that the Board size remain at five (5) members and the five (5) individuals named below are nominated for election to the Board. The persons named in the Proxy intend to vote **FOR** the election of the five (5) nominees whose names are set forth below. Each director will hold office until the close of the next annual meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated, in accordance with the by-laws of the Corporation.

The Nominees

The following table sets forth the name, province (or state) and country of residence of each person proposed to be nominated by management for election as a director, all other positions and offices of the Corporation now held by such nominee, such nominee's principal occupation, period of service as a director of the Corporation and the number of Common Shares and options to purchase Common Shares that such nominee has advised the Corporation are beneficially owned, directly or indirectly, or over which control or discretion is exercised by such nominee as at the date of this Circular.

Name, Municipality of Residence and Position with the Corporation	Principal Occupation	Director Since	Number of Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly
WILLIAM B. WHITE ⁽¹⁾⁽³⁾⁽⁵⁾ Palm Coast, Florida, U.S.A. Director	Partner, CBW Associates	November 28, 2016	146,000 Common Shares 250,000 Options
WILLIAM CROSSLAND Toronto, Ontario, Canada President and Chief Executive Officer Director	President & Chief Executive Officer of the Corporation	May 29, 2007	6,206,861 Common Shares ⁽⁸⁾ 3,000,000 Options
WILLIAM OLLERHEAD ⁽²⁾⁽³⁾ Toronto, Ontario, Canada Director	Managing Director, Ollerhead Capital	October 25, 2011	2,400,000 Common Shares ⁽⁶⁾ 250,000 Options
MICHAEL WILLIAMS ⁽³⁾ Waterloo, Ontario, Canada Director	Portfolio Manager, Independent Accountants' Investment Counsel Inc.	February 1, 2005	980,000 Common Shares ⁽⁷⁾ 250,000 Options
DAVID SPAGNOLO ⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada Director	Consultant, Oil & Gas	November 6, 2014	270,000 Common Shares 250,000 Options

Notes to table:

- (1) Denotes the current Chairman of the Board.
- (2) Denotes the current Chairman of the Corporation's Audit Committee.
- (3) Denotes a current member of the Corporation's Audit Committee.
- (4) Denotes the current Chairman of the Corporation's Ethics, Governance and Compliance Committee
- (5) Denotes a current member of the Corporation's Ethics, Governance and Compliance Committee.
- (6) 850,000 of these common shares are held by Mr. Ollerhead's spouse in an account over which Mr. Ollerhead has control.
- (7) 400,000 of these common shares are held indirectly by Mr. Williams through his spouse.
- (8) 400,000 of these common shares are held by Mr. Crossland's spouse in an account over which Mr. Crossland has control.

Management does not contemplate that any of the nominees listed above will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the Proxy shall have the right to vote for another nominee in their discretion unless the shareholder has specified in the Proxy that such shareholder's Common Shares are to be withheld from voting in the election of directors.

Corporate Cease Trade Orders and Bankruptcies

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) 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, and which in all cases was in effect for a period of more than 30 consecutive days (an "Order"), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

To the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) 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;
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

2. APPOINTMENT OF AUDITORS

The Audit Committee and Board of Directors of the Corporation have nominated KPMG LLP for reappointment as auditors of the Corporation. The persons named in the Proxy intend to vote **FOR** the reappointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix the auditors' remuneration. The reappointment of KPMG LLP as auditor of the Corporation will be authorized if it is approved by a majority of the votes cast by shareholders represented in person or by proxy at the Meeting and entitled to vote thereon.

KPMG LLP was first appointed by shareholders at the annual general and special meeting of shareholders held on October 29, 2013.

3. AMENDMENT TO STOCK OPTION PLAN

The Corporation's stock option plan (the "Plan"), which is summarized below under "Securities Authorized for Issuance Under Equity Compensation Plans", was established in 2005 and was last amended in 2013.

The Stock Option Plan currently provides for the issuance of up to 33,661,584 Common Shares to participants. As of the Record Date, the Corporation has options to acquire up to 21,342,089 Common Shares outstanding pursuant to the Stock Option Plan and 8,625,990 Common Shares have been issued pursuant to options exercised since the last shareholder approval, leaving a total of 3,693,505 additional options that may be granted pursuant to the current Stock Option Plan as of the Record Date.

Stock options are a valuable compensation and incentive tool used by the Corporation with its directors, officers, employees and consultants. The Board believes that it will soon come to the point where the current option pool is not sufficient to allow the Corporation to continue granting options. As a result, it is proposed that the Corporation's option pool be amended with effect as of November 21, 2023 to increase the size of the pool as of that date to 32,945,521, being equal to 20% of the issued and outstanding shares of the Corporation as of the Record Date. The Board believes that this size of pool would provide it with a more appropriate pool of available options in the

option pool for the near to mid term.

At the same time as the proposal to change the pool size for the Plan, the Corporation is proposing to amend other terms of the Plan to bring it in line with current TSX Venture Exchange policies and market norms. A copy of the proposed Plan, showing the changes proposed as compared to the existing Plan, is attached as Appendix "B".

If approved by Shareholders at the meeting, and if approved by the TSX Venture Exchange, with effect as of November 21, 2023, the amended Plan will have the following high level terms (the summary of which is qualified by the full text of the proposed amended Plan attached as Appendix "B"):

- Options issued pursuant to the amended Plan may be issued to eligible directors, officers, employees, consultants and Management Company Employees (as defined in the Plan) of the Corporation.
- The number of shares in the capital of the Corporation issuable pursuant to options outstanding as of November 21, 2023 and granted pursuant to the Plan thereafter (and all other Security Based Compensation Plans (as defined in the policies of the TSX Venture Exchange)) shall not exceed 32,945,521 shares.
- The maximum aggregate number of shares that will be issuable pursuant to options granted under the Plan (and all other Security Based Compensation Plans of the Corporation) in any 12 month period to any one person (and where permitted under TSX Venture Exchange policies, any companies that are wholly owned by that person) must not exceed 5% of the issued shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the person.
- The maximum aggregate number of shares that are issuable pursuant to options granted under the Plan (and all other Security Based Compensation Plans of the Corporation) granted or issued in any 12 month period to any one Consultant (as defined in the Plan) must not exceed 2% of the issued shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Consultant.
- The maximum aggregate number of shares that are issuable pursuant to all options granted in any 12 month period to all Investor Relations Service Providers (as defined in the Plan) must not exceed 2% of the issued shares of the Corporation, calculated as at the date any option is granted to any such Investor Relations Service Provider.
- Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that (i) no more than 1/4 of the options vest no sooner than three months after the options were granted; (ii) no more than another 1/4 of the options vest no sooner than six months after the options were granted; (iii) no more than another 1/4 of the options vest no sooner than nine months after the options were granted; and (iv) the remainder of the options vest no sooner than 12 months after the options were granted.
- The maximum aggregate number of shares of the Corporation that are issuable pursuant to options granted under the Plan (and all other Security Based Compensation Plans of the Corporation) to Insiders (as defined in the TSX Venture Exchange policies) (as a group) must not exceed 10% of the issued shares of the Corporation at any point in time (unless the Corporation has obtained the requisite disinterested shareholder approval pursuant to the TSX Venture Exchange policies).
- The maximum aggregate number of shares of the Corporation that are issuable pursuant to options granted under the Plan (and all other Security Based Compensation Plans of the Corporation) in any 12 month period to Insiders (as a group) must not exceed 10% of the issued shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to any Insider (unless the Corporation has obtained the requisite disinterested shareholder approval pursuant to the TSX Venture Exchange policies).
- The price payable for a share upon the exercise of the option granted pursuant to the Plan is determined by the Board at the time of grant of the option, provided that such price shall in no event be lower than the lowest exercise price permitted by the policies of the TSX Venture Exchange.
- The maximum term of options granted pursuant to the Plan is 5 years from the date of grant. Options may terminate earlier under various circumstances such as the end of the optionholder's relationship with the

Corporation or a sale of the Corporation .

- Vesting of stock options granted pursuant to the Plan is determined by the Board at the time of grant (subject to the mandatory terms related to Investor Relations Service Providers described above) and the Board has the discretion to accelerate vesting under the Plan.
- Holders of options granted pursuant to the plan have no dividend entitlement associated with such options.
- Generally, the exercise price of an option granted pursuant to the Plan should be paid in cash. However, in its discretion, either at the time of grant or at the time of exercise of an option, the Board may elect to permit the exercise of options on one or more of the following basis:
 - “Cashless Exercise” whereby the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to an optionee to purchase the shares underlying options; the brokerage firm then sells a sufficient number of shares to cover the exercise price of the options in order to repay the loan made to the optionee; the brokerage firm receives an equivalent number of shares from the exercise of the options and the optionee then receives the balance of shares or the cash proceeds from the balance of such shares.
 - “Net Exercise” whereby options, excluding options held by any Investor Relations Service Provider, are exercised without the optionee making any cash payment so the Corporation does not receive any cash from the exercise of the subject options, and instead the optionee receives only the number of underlying shares that is the equal to the quotient obtained by dividing: (i) the product of the number of options being exercised multiplied by the difference between the VWAP (as defined in the Plan) of the underlying shares and the exercise price of the subject options; by (ii) the VWAP of the underlying share.

Shareholders are encouraged to review the full text of the Plan attached as Appendix “B” which shows all of the proposed amendments.

Pursuant to the policies of the TSX Venture Exchange, the proposed amendments require approval by the shareholders of the Corporation. The full text of the proposed resolution to approve the amendment to the Plan is as follows:

RESOLVED THAT:

1. the amendment to the Corporation’s stock option plan (the “Plan”) to provide that the aggregate number of Common Shares of the Corporation allocated and made available to be granted to participants under the Plan (and all other Security Based Compensation Plans (as defined in the policies of the TSX Venture Exchange)) is equal to 32,945,521 is hereby authorized and approved;
2. the other amendments to the Plan described in the copy of the Plan attached to the Corporation’s information circular for this meeting are hereby authorized and approved;
3. such other amendments to the Plan as may be required by the TSX Venture Exchange in connection with its review and approval of the foregoing amendments are also authorized and approved; and
4. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all such things and to execute such documents, whether under the corporate seal of the Corporation or otherwise, that may be necessary to give effect to the foregoing resolution.

To be effective, the resolution approving the amendment to the Plan must be passed by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting.

The proposed amendments to the Plan are subject to TSX Venture Exchange acceptance, and if the TSX Venture Exchange finds the disclosure to shareholders herein to be inadequate, any shareholder approval given at the meeting

may not be accepted by the TSX Venture Exchange.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The Corporation reviews its executive compensation policies and practices on an annual basis. This compensation discussion and analysis describes and explains the Corporation's policies and practices as at May 31, 2023 with respect to the compensation of its named executive officers, being each of its (i) President & Chief Executive Officer, (ii) Chief Financial Officer, and (iii) Chief Operating Officer (together, the "Named Executive Officers" or "NEOs"), who represents the most highly compensated executive officer of the Corporation, each of whom earned more than \$150,000 in total compensation during the fiscal year ended May 31, 2023 in accordance with the National Instrument 51-102 of the Canadian Securities Administrators.

Executive Compensation Principles

The Corporation does not employ any formal principles in determining executive compensation and implementing any compensation programs that may exist from time to time. When determining executive compensation, management and the Board rely on their concurrent and past experiences and collective knowledge of both public and private companies in a general manner. The Board also relies in part on management and the Corporation's executive officers for input and advice with respect to appropriate compensation levels. With that background, the Board bases its ultimate determination on (i) informal discussion among Board members, (ii) negotiation with the executive in question and (iii) a view to what is in the best interests of the Corporation and its various stakeholders. From time to time, the Board also evaluates compensation of the NEOs, relative to a group of twenty (20) clean tech companies traded on the TSX Venture Exchange (the "Peer Group") that have similar market capitalizations to the Corporation. This evaluation is used as a guidepost to ensure that total compensation of the NEOs, as well as each of the elements of the compensation package (which includes base salary, short-term incentives and long-term incentives), are within a reasonable range when compared to the Peer Group. The 20 companies included in the Peer Group in 2022 are the companies on the TSXV Cleantech Index with market capitalizations, as of May 31, 2021, which were closest to the Corporation's market capitalization (10 companies with lower market capitalizations and 10 companies with higher market capitalizations). In 2022, the Peer Group was: Oceanic Wind Energy Inc., Current Water Technologies Inc., Enerdynamic Hybrid Technologies Corp., BluMetric Environmental Inc., HTC Pureenergy Inc., Biorem Inc., Solarvest BioEnergy Inc., Earthworks Industries Inc., Clear Blue Technologies International Inc., Earth Alive Clean Technologies Inc., GBLT Corp., Vitreous Glass Inc., Pond Technologies Holdings Inc., Aurora Solar Technologies Inc., BQE Water Inc., CHAR Technologies Ltd., UGE International Ltd., RE Royalties Ltd., Greenbriar Capital Corp., and K.B. Recycling Industries Ltd.

Elements of our Executive Compensation Program

Base Salaries

The base salary component is intended to provide a fixed level of pay that is established at the time when an officer or employee joins the Corporation and from time to time thereafter. In addition, base salary is intended to serve as recognition for discharging job responsibilities, and reflects the officer's performance over time, as well as that individual's particular experience and qualifications.

Historically, the Board has reviewed the compensation of the Named Executive Officers on an annual basis in light of opportunities for payments under the employee incentive plan as well as various performance parameters, such as operational improvements, cash flow, increases in sales and profitability, and share price improvements and considered any requested recommendations from the Ethics, Governance and Compliance Committee ("EGC Committee"). The EGC Committee is tasked with reviewing the compensation of the Named Executive Officers and other executives on an annual basis to determine if adjustments are necessary.

Employee Incentive Plan

In addition to base salary, the Corporation has an employee incentive plan (the “Incentive Plan”) which allocates cash bonuses to employees of the Corporation based on a percentage of EBITDA and net income for such fiscal year. “EBITDA” is defined as earnings before interest, taxation, and non-cash items such as depreciation, amortization and share based compensation expense. All employees are eligible for participation in the Incentive Plan after the completion of a probationary period at the start of their employment with the Corporation. Employees are allocated among 6 different staff levels based on their job responsibilities. Payments under the Incentive Plan are dependent upon staff level and employee job performance.

In designing and approving the Incentive Plan, three main objectives were identified by the Corporation:

1. The amount that each employee could earn should be variable and correlated to the Corporation’s success. Each employee’s base salary plus incentives (both cash and non-cash), should the Corporation meet its financial objectives, should be approximately equal to what the employee would earn outside of the Corporation given similar responsibilities.
2. The plan should be progressive, structured to motivate employees to exceed the established objectives and drive the creation of additional shareholder value.
3. The plan should be simple for employees to understand and fair to all stakeholders.

The Corporation also considered whether the Incentive Plan would encourage employee behavior or results that were not beneficial to the Corporation and attempted to ensure that the Incentive Plan was modeled in a way that is beneficial to both the employee and the Corporation. The process undertaken to develop and adopt the Incentive Plan included a comprehensive review of the sales pipeline, a forecast of sales, profitability and cash flow, the establishment of financial objectives based upon the forecasted financials, and the alignment of the compensation plan with those established objectives.

Options

In addition to the cash bonuses awarded pursuant to the Incentive Plan, options to purchase Common Shares are awarded to directors, officers, employees and consultants, from time to time, at the discretion of the Board pursuant to the terms of the Corporation’s stock option plan. Previously granted options held by an individual are taken into account by the Board in considering new option grants. The issuance of options to purchase Common Shares is intended to reinforce commitment to long-term growth in profitability and shareholder value, and is an important long term incentive strategy for the Corporation, permitting directors, officers, employees and consultants to participate in any appreciation of the market value of the Common Shares over a stated period of time.

Compensation Risk

The Board considers and assesses, as necessary, the implications of risks associated with the Corporation’s compensation policies and practices and devotes such time and resources as it believes are appropriate. The Corporation’s practice during the fiscal year ended May 31, 2023 of compensating its officers through a mix of salary and stock options was designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its shareholders. During the fiscal year ended May 31, 2023, the Board did not identify any risks arising from the Corporation’s compensation policies and practices that the Board believed were reasonably likely to have a material adverse effect on the Corporation.

Financial Instruments

Except where prohibited by law, the Corporation’s executive officers and directors have not been prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an executive officer or director. To the Corporation’s knowledge, no executive officer or director of the Corporation has entered into or purchased such a financial instrument.

Compensation Governance

At this time, the Corporation has established an EGC Committee, which is tasked with reviewing the compensation of the Named Executive Officers and other executives on an annual basis to determine if adjustments are necessary. The EGC Committee comprises of David Spagnolo and William B. White, each of whom the Board has determined to be independent within the meaning of section 1.4 of National Instrument 52-110 of the Canadian Securities Administrators and to have the necessary knowledge and experience to effectively perform his responsibilities. The members of the EGC Committee have expertise in, among other areas, business management and finance, and each of whom are current or former principal executive officers.

See “Statement of Executive Compensation – Compensation Discussion and Analysis – Executive Compensation Principles” for a description of the policies and practices adopted by the Board in light of recommendations received from the EGC Committee to determine the compensation for the Corporation’s executive officers.

The Board has not, at any time since the Corporation’s most recently completed fiscal year, retained a compensation consultant or advisor to assist the EGC Committee or Board in determining the compensation for any of the Corporation’s executive officers’ or directors’ compensation.

Summary Compensation Table

The following table sets forth all compensation earned for each of the Corporation’s three most recently completed financial years in respect of the individuals who were, at any time during the year ended May 31, 2023, Named Executive Officers of the Corporation. All dollar amounts are rounded to nearest dollar.

Name and Principal Position	Fiscal Year	Salary	Share-based Awards	Option-based Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation		Pension Value	Other Annual Compensation	Total Compensation
					Annual Incentive Plans	Long-Term Incentive Plans			
William Crossland President & Chief Executive Officer	2023	\$264,576	Nil	\$24,350	\$19,500	Nil	Nil	Nil	\$308,426
	2022	\$254,400	Nil	\$27,000	Nil	Nil	Nil	Nil	\$281,400
	2021	\$229,500	Nil	\$22,500	Nil	Nil	Nil	Nil	\$252,000
Rob Triebe Chief Operating Officer	2023	\$199,535	Nil	\$18,263	\$14,700	Nil	Nil	Nil	\$226,410
	2022	\$191,864	Nil	\$20,250	Nil	Nil	Nil	Nil	\$212,114
	2021	\$173,085	Nil	\$16,875	Nil	Nil	Nil	Nil	\$189,960
Jie (Julia) Zhang Chief Financial Officer	2023	\$137,800	Nil	\$12,175	\$12,100	Nil	Nil	Nil	\$168,163
	2022	\$132,500	Nil	\$13,500	Nil	Nil	Nil	Nil	\$146,000
	2021	\$119,531	Nil	\$11,250	Nil	Nil	Nil	Nil	\$130,781

Notes to table:

- (1) Based on the grant date fair value calculated using the Black-Scholes-Merton model. The Corporation chose the Black-Scholes-Merton model because it is a commonly used and accepted method of calculating grant date fair value. The assumptions underlying the model in Fiscal Year 2023 included: expected dividend of 0%, expected volatility of 64.5%, risk-free interest rate of 3.18% and expected option life of 4 years. The assumptions underlying the model in Fiscal Year 2022 included: expected dividend of 0%, expected volatility of 66.1 %, risk-free interest rate of 1.39% and expected option life of 4 years. The assumptions underlying the model in Fiscal Year 2021 included: expected dividend of 0%, expected volatility of 81.0%, risk-free interest rate of 0.44% and expected option life of 4 years.

Incentive Plan Awards

Outstanding Option based Awards and Share based Awards

The following table sets out all of the options that had been granted and are outstanding to any of the Named Executive Officers as at May 31, 2023:

Name	Options based Awards				Share based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
William Crossland	1,000,000	0.08	Nov 30, 2023	\$30,000	N/A	N/A	N/A
	500,000	0.08	Nov 29, 2024	\$15,000			
	500,000	0.09	Nov 26, 2025	\$10,000			
	500,000	0.14	Nov 26, 2026	Nil			
	500,000	0.12	Nov 30, 2027	Nil			
Rob Triebe	625,000	0.08	Nov 30, 2023	\$18,750	N/A	N/A	N/A
	375,000	0.08	Nov 29, 2024	\$11,250			
	375,000	0.09	Nov 26, 2025	\$ 7,500			
	375,000	0.14	Nov 26, 2026	Nil			
	375,000	0.12	Nov 30, 2027	Nil			
Jie (Julia) Zhang	250,000	0.08	Nov 30, 2023	\$7,500	N/A	N/A	N/A
	250,000	0.08	Nov 29, 2024	\$7,500			
	250,000	0.09	Nov 26, 2025	\$5,000			
	250,000	0.14	Nov 26, 2026	Nil			
	250,000	0.12	Nov 30, 2027	Nil			

Notes to table:

- (1) Calculated based on the difference between the market value of the shares underlying the options at the end of the financial year ended May 31, 2023 and the exercise price of such option.

Incentive Plan Awards – value vested or earned during the year

The following incentive plan awards vested in favour of Named Executive Officers during the year ended May 31, 2023:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-Based Awards – Value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
William Crossland	\$10,000	Nil	See Summary Compensation Table Above
Rob Triebe	\$7,500	Nil	See Summary Compensation Table Above
Jie (Julia) Zhang	\$5,000	Nil	See Summary Compensation Table Above

Notes to table:

- (1) Calculated as the difference between the market price of the underlying securities at the date of vesting and the exercise or base price of the options.

Termination and Change of Control Benefits

William Crossland

The Corporation is party to an employment agreement with William Crossland in respect of his appointment to the President and Chief Executive Officer role. In the event of a termination of Mr. Crossland's employment by the Corporation without cause, the Corporation shall provide Mr. Crossland with payment in lieu of notice equal to the base salary Mr. Crossland would have earned during the period ending on the date that is six months following

the giving of such notice plus one additional month for each year or part thereof between July 31, 2010 and the date of giving such notice to a maximum of twelve (12) months. Mr. Crossland will also be entitled to benefit continuance for an equivalent period to the extent that continuance is permissible under the applicable benefit plan. All options held by Mr. Crossland shall vest on the last day of the notice period referred to above and he shall be entitled to exercise them for a period of ninety days thereafter. If Mr. Crossland's employment had been terminated without cause on May 31, 2023, the payment in lieu of notice pursuant to his employment contract would have amounted to \$ 264,576.

In addition to the foregoing, Mr. Crossland is entitled to resignation within six (6) months following a change of control of the Corporation and in such case, he shall be entitled to the same payment in lieu of notice and benefit continuance to which he would have been entitled under a termination without cause as described above. For the purposes of Mr. Crossland's employment agreement, a "change of control is defined as either (i) a transaction or series of related transactions in which any party acquires more than fifty percent (50%) of the outstanding voting shares of the Corporation; or (ii) the closing of an amalgamation, reorganization, plan of arrangement or similar transaction or series of related transactions (any of the foregoing, a "Combination Transaction") as a result of which the individuals and entities who were the respective beneficial owners of the voting securities of the Corporation prior to such Combination Transaction do not own immediately after such Combination Transaction, directly or indirectly, more than fifty percent (50%) of the voting securities of the entity resulting from the Combination Transaction.

Rob Triebe

The Corporation is a party to an employment agreement with Rob Triebe. In the event of a termination of Mr. Triebe's employment by the Corporation without cause, the Corporation shall provide Mr. Triebe with payment in lieu of notice equal to the base salary Mr. Triebe would have earned during the period ending on the date that is twelve (12) months following the giving of such notice, plus one additional month for each full year completed after May 31, 2017, up to a maximum of eighteen (18) months. Mr. Triebe will also be entitled to benefit continuance for an equivalent period to the extent that continuance is permissible under the applicable benefit plan. If Mr. Triebe's employment had been terminated without cause on May 31, 2023 the payment in lieu of notice pursuant to his employment contract would have amounted to \$299,303.

DIRECTOR COMPENSATION

The following table provides information regarding compensation paid to the Corporation's non-executive directors during the financial year ended May 31, 2023:

Name	Fees earned (\$)	Share based Awards (\$)	Option based Awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
William Ollerhead	\$18,900	Nil	Nil	Nil	Nil	Nil	\$18,900
Michael Williams	\$13,500	Nil	Nil	Nil	Nil	Nil	\$13,500
David Spagnolo	\$18,900	Nil	Nil	Nil	Nil	Nil	\$18,900
William White	\$21,600	Nil	Nil	Nil	Nil	Nil	\$21,600

Notes to table:

- (1) Based on the grant date fair value calculated using the Black-Scholes-Merton model. The Corporation chose the Black-Scholes-Merton model because it is a commonly used and accepted method of calculating grant date fair value. The assumptions underlying the model in Fiscal Year 2023 included: expected dividend of 0%, expected volatility of 64.5%, risk-free interest rate of 3.18% and expected option life of 4 years.

During the fiscal year ended May 31, 2023, the Corporation paid its non-executive directors \$13,500 annually as compensation for their service on the board, plus (i) \$8,100 per annum payable to the chairman of the board, (ii) \$5,400 per annum payable to individual committee chairpersons and (iii) \$1,000 payable for attendance at each in-person meeting.

For the fiscal year ending May 31, 2024, the Corporation will pay its non-executive directors \$13,500 annually as compensation for their service on the board plus (i) \$8,100 per annum payable to the chairman of the board, (ii) \$5,400 per annum payable to individual committee chairpersons and (iii) \$1,000 payable for attendance at each in-person meeting.

All miscellaneous out-of-pocket expenses incurred by directors in carrying out their duties as directors of the Corporation are reimbursed by the Corporation.

It is a policy of the Board to grant options to purchase 250,000 Common Shares to each new director upon their initial election to the Board (the “**Initial Options**”), of which 1/3 of the Initial Options vest on each of the first, second and third anniversaries of the date of grant. After the third anniversary of a director’s service on the Board, such director may be granted additional options to purchase 250,000 Common Shares.

Outstanding Option Based Awards and Share Based Awards

The following table sets out all of the options that had been granted and are outstanding to any of the non-executive directors as at May 31, 2023:

Name	Options Based awards				Share Based awards		
	Number of securities underlying unexercised options (#)	Option Exercise price (\$)	Option expiration date	Value of unexercised in the money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michael Williams	250,000	0.080	Nov 30, 2023	\$7,500	N/A	N/A	N/A
David Spagnolo	250,000	0.090	Nov 26, 2025	\$5,000	N/A	N/A	N/A
William White	250,000	0.140	Nov 26, 2026	Nil	N/A	N/A	N/A
William Ollerhead	250,000	0.080	Nov 30, 2023	\$7,500	N/A	N/A	N/A

Notes to table:

- (1) Calculated based on the difference between the market value of the shares underlying the options at the end of the financial year ended May 31, 2023 and the exercise price of such option.

The following incentive plan awards vested in favour of non-executive directors during the year ended May 31, 2023:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-Based Awards – Value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
William Ollerhead	Nil	Nil	Nil
Michael Williams	Nil	Nil	Nil
David Spagnolo	\$1,667	Nil	Nil
William White	Nil	Nil	Nil

Notes to table:

- (1) Calculated as the difference between the market price of the underlying securities at the date of vesting and the exercise or base price of the options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes the number of Common Shares authorized for issuance from treasury under the

Corporation's equity compensation plans as at May 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	21,592,089	\$0.10	3,693,505

On February 1, 2005, the Board approved the establishment of a Stock Option Plan known as the 20% Fixed Plan (the "Plan"), which was approved by the Corporation's shareholders on March 15, 2005 and last amended on and September 5, 2013 with shareholder approval.

The purpose of the Plan is to develop the interest of and provide an incentive to eligible directors, officers, employees and consultants of the Corporation in the Corporation's growth and development by granting to eligible directors, officers, employees and consultants, from time to time, options to purchase Common Shares of the Corporation, thereby advancing the interest of the Corporation and its shareholders. The extent to which any director, officer, employee or consultant shall be entitled to be granted options pursuant to the Plan shall be determined in the discretion of the Board.

Options granted under the Plan are not assignable or transferable. Unless otherwise determined by the Board, options granted under the Plan expire five (5) years from the date of grant and terminate one (1) year after the death of a participant, ninety (90) days after the termination of a participant's employment other than for cause (except in the cause of a consultant providing investor relations services, in which case the options shall expire thirty (30) days after such participant's termination) and immediately upon termination of a participant's employment for cause.

No individual may hold options to purchase Common Shares exceeding 5% of the then outstanding Common Shares. The maximum number of options granted under the Plan to any one consultant in a twelve (12) month period shall not exceed 2% of the then outstanding Common Shares. The maximum number of options granted to participants providing investor relations activities shall not exceed 2% of the then outstanding Common Shares in any twelve (12) month period. Unless otherwise determined by the Board, options granted under the Plan shall not be subject to a vesting schedule except options granted to consultants performing investor relations activities, which shall vest in stages over a twelve (12) month period with no more than 25% of the options vesting in any three (3) month period.

The aggregate number of Common Shares which may be reserved for issuance under the Plan was restricted to 14,133,472, which number was increased to 33,661,584 as approved by the shareholders of the Corporation at its annual and special meeting on November 25, 2008.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains directors' and officers' liability insurance in the aggregate principal amount of \$5,000,000 subject to a \$25,000 deductible per loss for security claims and a \$25,000 deductible per loss for all other claims payable by the Corporation. The premium payable for such insurance is currently \$17,150 per year, which is paid by the Corporation.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No executive officers, directors, employees and former executive officers, directors and employees of the Corporation or any of its subsidiaries were indebted to the Corporation or its subsidiaries as of the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, none of the Corporation's directors, executive officers, shareholders owning more than 10% of the voting shares of the Corporation, or associates or affiliates of any of them, had a material

interest, direct or indirect, in any material transaction since the commencement of the Corporation's last financial year which has materially affected or will materially affect the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Board of Directors of the Corporation

Four out of five members of the Board as of the date hereof and all of the members of the Audit Committee and EGC Committee are considered independent. The Corporation's Board has determined that all directors except for William Crossland are independent within the meaning of section 1.4 of National Instrument 52-110 of the Canadian Securities Administrators.

The Board has appointed an independent Chairman and separated the roles of Chairman and Chief Executive Officer.

Stock Ownership Policy

On July 10, 2012, the Board approved formal stock ownership requirements for each member of the Board. At all times Board members are required to hold shares with a cost base to the Board member equal to one times the then current Annual Fixed Retainer. The "Annual Fixed Retainer" is the fixed annual cash compensation paid by the Corporation for serving on the Board plus any fixed annual cash compensation paid by the Corporation to such Board member for holding the position of Chairman of the Board or Chair of a committee of the Board. The Annual Fixed Retainer does not include the amount of any per meeting fees or other variable amounts paid or payable to Board members. Each Board member has until the date that is the later of : (i) July 10, 2013 and (ii) twelve (12) months from being appointed to the Board and, thereafter, twelve (12) months from any change in the Annual Fixed Retainer to acquire sufficient shares to bring such Board member into compliance with the policy. If the Corporation is subject to special or prolonged blackout periods such that a Board member is effectively prevented from acquiring sufficient shares within the period, the period for compliance shall be automatically extended until, in the opinion of the EGC Committee, the Board member has had enough time out of blackout to acquire sufficient shares. To the Corporation's knowledge, all directors are in compliance with the stock ownership policy.

Directorships

Other than as set out below none of the current directors or proposed directors of the Corporation currently serve on the boards of directors of other reporting issuers (or the equivalent):

- William White is a Director of CHAR Technologies LTD (TSX Venture Exchange) and BIOREM Inc. (TSX Venture Exchange)
- William Ollerhead is a Director of Graphene Manufacturing Group Ltd. (TSX Venture Exchange), the CEO and a Director of Cuspis Capital II Ltd. (TSX Venture Exchange), and the CEO and a Director of Cuspis Capital III Ltd. (TSX Venture Exchange)

Orientation and Continuing Education

It has been a policy of the Chairman of the Board that every director is given written material describing directors' duties and obligations in respect of corporate governance in order to upgrade their knowledge of the requirements and obligations of managing a public company.

Several of the Corporation's board members have taken educational courses relating to the management of a public company recently. William Crossland, the Corporation's Chief Executive Officer, completed the Canadian Institute of Corporate Directors' Directors education program, a highly regarded program jointly developed by the Institute of Corporate Directors and the Rotman School of Management, University of Toronto, to help directors clarify their corporate governance mission and fully exercise their leadership potential as board members. Mr. Crossland also completed the following TSX Venture Exchange workshops: Venture Filing Fundamentals Workshop,

Timely Disclosure Fundamentals Workshop and Managing a Public Company Workshop. William Ollerhead has also completed the Institute of Corporate Directors' Directors education program with the Rotman School of Management. Michael Williams has completed the TSX Venture Exchange's Managing a Public Company Workshop. David Spagnolo has completed the Institute of Corporate Directors' Directors Education Program from the Rotman School of Management. William White chairs the advisory board for the Schulich Center of Excellence for Responsible Business, completed the Institute of Corporate Directors' Directors education program with the Rotman School of Management and received his Institute of Corporate Directors (ICD.D) certification in 2012.

Ethical Business Conduct

The Board of Directors has established the EGC Committee to carry out the goals and objectives set out in the Corporate Disclosure Policy and to carry out Governance, Nomination and Compensation matters.

The Board has also established a code of conduct (the "Code of Conduct"). The Code of Conduct establishes the principles that the Corporation is committed to conducting its business affairs in compliance with all applicable laws, statutes, rules, regulations and stock exchange policies and expects directors, officers and employees acting on its behalf to do likewise. In addition, business dealings among directors, officers and employees, and by directors, officers and employees, with shareholders, customers, suppliers, licensors, licensees, community organizations and governmental and regulatory authorities must be based on principles of honesty, integrity and the ethical standards outlined in the Code of Conduct.

Nominations of Directors

The EGC Committee is tasked with (i) formally reviewing and making recommendations on an annual basis with respect to the composition of the Board and its committees, including a review of what competencies and skills the Board, as a whole, should possess and currently possesses and a review of the appropriate size of the Board in order to facilitate effective decision-making; (ii) identifying individuals qualified to become new Board and/or committee members, taking into consideration the competencies and skills that each such nominee will bring to the Board or committee and whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member; and (iii) make recommendations of appropriate nominees to the Board and members of its committees.

Compensation

Compensation for directors is determined by the Board as a whole in light of recommendations received from the EGC Committee. The EGC Committee reviews the compensation of the Chief Executive Officer and Chief Financial Officer on an annual basis in light of various performance parameters, such as profitability, share price and increase in sales, and submits any recommendations for increases to the Board for their approval.

Other Board Committees

The Board has no committees other than the Audit Committee and EGC Committee.

Assessments

The EGC Committee adopted a process of soliciting the views of Board members with respect to the effectiveness of the Board as a whole and of the Board members individually. The EGC Committee aggregates the results of this survey and determines areas for improved Board effectiveness and gaps in director competencies. This information is then used in assessing appropriate board candidates. In addition, the Board conducts an annual self-assessment to ensure that the committees' charters, and the Corporation's articles and by-laws are being followed by the committees and the Board as a whole, and the EGC Committee monitors the composition of the Board to ensure that the directors have the necessary educational background and work experience to provide the required guidance to the Corporation's senior management.

AUDIT COMMITTEE

The Audit Committee is comprised of William Ollerhead, Michael Williams and William White. All members are considered financially literate for purposes of NI 52-110. The responsibilities, power and operation of the Audit Committee are set out in the Audit Committee Charter, a copy of which is attached as Appendix "A" to this Circular.

Education and Experience

The following is a description of the education and experience that make each member of the audit committee financially literate.

William Ollerhead – B.A. (Statistics), MBA

Experience: Mr. Ollerhead manages a private investment, management services, and corporate finance consulting Company. He was the founder, in 1997, of Ollerhead Capital Corporation which, until its sale in December of 2009, provided corporate finance advisory services in respect of the structuring and arranging of over \$600 million of private debt transactions. Mr. Ollerhead has gained on the job experience while serving on the boards of directors and audit committees of several other public companies listed on the TSX-Venture exchange and other on the Toronto Stock Exchange. He spent seven years as an institutional investor, latterly co-administering a portfolio exceeding \$2 billion in assets, where a significant part of his role included the analysis of financial statements of a wide variety of companies and entities and it is this knowledge that serves him well to chair this important committee.

Michael Williams - B.A.Sc., P.Eng., MBA, PCAM (post-graduate MBA Finance), MTax (Master of Taxation), CFA

Experience: Mr. Williams was directly involved in the energy retrofit business for 12 years, with service to both Honeywell and Johnson Controls, familiarizing himself first-hand with Thermal Energy's technology and solutions. In 2003 he joined Independent Accountant's Investment Counsel Inc. as a Portfolio Manager. Mr. Williams has extensive experience in the analysis of financial reports and risk management. He has served on the Board of Directors of the Corporation since 2005 and as Chair of the Audit Committee from 2006 - 2016.

William White – B.Sc. (Engineering)

Experience: Mr. White has extensive global leadership and public company director experience. He is currently the Chief Operating Officer for Woodland Biofuels, which is commercializing technology for low-cost bio-ethanol production, and Director and Chairman of CHAR Technologies, a catalytic desulfurization company. He served as Director and Chairman of Afexa Life Sciences from 2009-2011 and is also a past Director of Helix BioPharma Corp., Progressive Waste Management Solutions, and MaRS Discovery District. William had a 34-year career with E.I. du Pont de Nemours and Company, where he retired as the President of DuPont Canada in 2008 following progressive roles spanning senior management, sales, technical and operations, domestically and internationally. William chairs the advisory board for the Schulich Center of Excellence for Responsible Business and received his Institute of Corporate Directors (ICD.D) certification in 2012.

Pre-Approval Policies

Annually, the Audit Committee is provided with a list of the audit-related and non-audit services that management anticipates will be provided by the external auditor during the year for pre-approval. The Audit Committee reviews the services with the external auditor and management to determine whether the provision of the services is compatible with the auditor's independence. The Audit Committee completes an annual review of all audit and non-audit services and fees rendered to the Corporation and its subsidiaries by the external auditor.

External Auditor Service Fees

The fees paid to the Corporation's external auditors in each of the last two (2) fiscal years are as follows:

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Audit Fees ⁽¹⁾	\$164,488	\$155,724
Audit Related Fees	\$Nil	\$Nil
Tax Fees ⁽²⁾	\$ 37,398	\$37,369
All Other Fees ⁽³⁾	\$Nil	\$Nil

Notes to Table:

- (1) "Audit Fees" consist of the aggregate fees billed by KPMG LLP, the Corporation's independent auditors, for professional services rendered by it for the audit of the Corporation's annual financial statements or services in connection with statutory and regulatory filings or engagements. "Audit Fees" also include the fees billed by Corrigan Accountants Limited, independent auditors of Thermal Energy International (UK) Limited and GEMChem Limited, in the UK.
- (2) "Tax Fees" consist of the aggregate fees billed by KPMG LLP, the Corporation's independent auditors, for professional services rendered by them for tax compliance, tax advice and tax planning. "Tax Fees" also include the fees billed by Corrigan Accountants Limited, independent auditors of Thermal Energy International (UK) Limited and GEMChem Limited, in the UK, for professional services rendered by them for tax compliance, tax advice and tax planning.
- (3) "All Other Fees" consist of fees for products and services other than Audit Fees, Audit Related Fees and Tax Fees.

The Corporation is relying on the exemption provided by Section 6.1 of NI 52-110 as being exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 because the Corporation is a "venture issuer" as such term is defined in NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedarplus.ca. Further financial information is contained in the Corporation's financial statements and management discussion and analysis ("MD&A") for the year ended May 31, 2023. Copies of the Corporation's financial statements and related MD&A may be obtained upon written request made to the Corporation at its principal office at 36 Antares Drive, Suite 850, Ottawa, Ontario, K2E 7W5, or by e-mail to investors@thermalenergy.com. The Corporation may require payment of a reasonable charge if the request for information is made by a person or company that is not a security holder of the Corporation. Copies of the Corporation's financial statements and related MD&A may also be downloaded from the Corporation's website: <https://investors-thermalenergy.com/en/shareholder-information>

OTHER BUSINESS

Management is not aware of any other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters should properly come before the Meeting, the Proxy will be voted upon such matters in accordance with the best judgement of the person voting the Proxy.

SHAREHOLDER PROPOSALS FOR NEXT MEETING

Proposals of shareholders to be presented at the 2023 annual meeting of shareholders of the Corporation must be received by the Corporation before the date that is ninety (90) days before the anniversary date of this Meeting to be considered for inclusion in the Management Proxy Circular and Form of Proxy relating thereto.

APPROVAL BY THE BOARD OF DIRECTORS

The contents of this Management Information Circular and the mailing thereof have been approved by the Board of Directors of the Corporation. Where information contained in this Management Information Circular is not within the knowledge of the Corporation, the Corporation has relied upon information furnished by the person who has such knowledge.

DATED at Ottawa, Ontario, this 12th day of October 2023.

William Crossland
President & Chief Executive Officer
Thermal Energy International Inc.

APPENDIX “A”
THERMAL ENERGY INTERNATIONAL INC.
AUDIT COMMITTEE CHARTER
(AS AMENDED ON JANUARY 29, 2006)

PURPOSE

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Thermal Energy International, Inc. (the “Corporation” or the “Company”). The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

1. overseeing management’s conduct of the Corporation’s financial reporting process and systems of internal accounting and financial controls;
2. monitoring the independence and performance of the Corporation’s outside auditors; and
3. providing an avenue of communication among the outside auditors, management and the Board.

COMPOSITION

1. The Committee shall have at least three (3) members at all times, the majority (2 or more) of whom must be independent of management, as well as the Corporation. A member of the Committee shall be considered independent if:
 - a. In the sole discretion of the Board, it is determined that he or she has no relationship that may interfere with the exercise of his or her independent judgment; and
 - b. He or she meets the applicable stock exchange or other regulatory requirements regarding the independence of audit committee members.
2. If any member of the Committee develops a “conflict of interest” (as that term is defined in an applicable stock exchange or other regulatory requirement), that member shall have an affirmative obligation to promptly disclose such relationship to the Board.
3. All members of the Committee shall have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements or be able to do so within a reasonable period of time after appointment to the Committee.
4. At least one member of the Committee shall have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment.
5. Each member of the Committee shall be appointed by the Board and shall serve until the earlier to occur of the date on which he or she shall be replaced by the Board, resigns from the Committee or resigns from the Board.

MEETINGS

1. The Committee shall meet as frequently as circumstances dictate, but no less than one time annually for review of audited statements with the auditor, and three times via teleconference to review the un-audited quarterly financial statements with the Chief Financial Officer (CFO). The Board of Directors shall name a chairperson of the Committee, who shall prepare and/or approve an agenda with the assistance of the Chairman of the Board of Directors in advance of each meeting. A majority of the members of the Committee shall constitute a quorum. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

2. The Committee shall, through its chairperson, report regularly to the Board following the meetings of the Committee, addressing such matters as the quality of the Company's financial statements, the performance and independence of the outside auditors, or other matters related to the Committee's functions and responsibilities.

RESPONSIBILITIES AND DUTIES

The Committee's principal responsibility is one of oversight. The Company's management is responsible for preparing the Company's financial statements and the outside auditors are responsible for auditing and/or reviewing those financial statements.

While the Committee has the powers and responsibilities set forth in this charter, it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements present fairly the financial position, the results of operations and the cash flows of the Company, in conformity with Canadian generally accepted accounting standard. This is the responsibility of the management and the outside auditors. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the outside auditors' work.

The Committee's specific responsibilities are as follows:

General

1. The Committee shall, with the assistance of management, the outside auditors and legal counsel, as the Committee deems appropriate, review and evaluate at least annually, the Committee's:
 - a. Charter;
 - b. Powers and responsibilities; and
 - c. Performance
2. The Committee shall report and make recommendations to the Board with respect to the foregoing, as appropriate.
3. The Committee shall ensure inclusion of its then-current charter in the proxy statement for the Company's annual meetings of shareholders, in accordance with the regulations of the applicable stock exchange or other regulatory requirements.
4. The Committee shall prepare annual Committee reports for inclusion in the proxy statements for the Company's annual meetings, as required by the applicable stock exchange or other regulatory requirements.
5. The Committee shall, in addition to the performance of the duties described in this charter, undertake such additional duties as from time to time may be:
 - a. delegated to it by the Board;
 - b. required by law, a stock exchange or other regulatory authority; or
 - c. deemed desirable, as is recommended by the Committee's and approved by the board, in connection with its functions described in this charter.

Internal Controls and Risk Assessment

1. The Committee shall review annually, with management and the outside auditors, if deemed appropriate by the Committee, the effectiveness of or weaknesses in the Company's internal controls, including computerized information system controls and security, the overall control environment and accounting and financial records.
2. The Committee shall obtain from the outside auditors their recommendations regarding internal controls and other matters relating to the accounting procedures and the books and records of the Company.

3. The Committee shall establish procedures for:
 - a. The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - b. The confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
4. An audit committee must review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

Outside Auditors: Their Performance and Independence

1. The outside auditors are ultimately accountable to the Board and the Committee, as the representatives of the shareholders of the Company. The Committee shall evaluate and recommend to the Board the selection and, where appropriate, the replacement of the outside auditors. The Committee shall recommend to the Board the outside auditors to be proposed for shareholder approval in any proxy statement.
2. The Committee shall:
 - a. Confer with the outside auditors concerning the scope of their examinations of the books and records of the Company and its subsidiaries;
 - b. Review the scope, plan and procedures to be used on the annual audit, as recommended by the outside auditors;
 - c. Review the results of the annual audits including:
 - i. The outside auditors' audit of the Company's annual financial statements, accompanying footnotes and its report thereon;
 - ii. Any significant changes required in the outside auditors' audit plans or scope;
 - iii. Any material differences or disputes with management encountered during the course of the audit (the Committee to be responsible for overseeing the resolution of such differences and disputes);
 - iv. Any material management letter comments and management's responses to recommendations made by the outside auditors in connection with the audit;
 - v. Matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communications with Audit Committees) relating to the conduct of the audit;
 - d. Authorize the outside auditors to perform such supplemental reviews or audits as the Committee may deem desirable; and
 - e. Obtain from the outside auditors assurance that they have complied with any applicable stock exchange or other regulatory requirements.
3. The Committee shall inquire into any accounting adjustments that were noted or proposed by the outside auditors but were "passed" as immaterial or otherwise.
4. The Committee shall inquire as to any matters that were referred to the outside auditors' national office relating to accounting policies and/or financial statement disclosure within the Company's financial statements and to the extent deemed appropriate, requires an opportunity to address such issues directly with a representative of such national office.

5. Pre-approval by the Committee shall be required with respect to the fees for all audit and other services performed by the outside auditors as negotiated by management.
6. The Committee's approval of any non-audit services exceeding one thousand dollars (\$1,000) to be rendered by the outside auditors must be obtained in advance of engaging the outside auditors to render such services. The Committee shall not approve the engagement of the outside auditors to render non-audit services prohibited by law or rules and regulations promulgated by an applicable stock exchange or other regulatory authority. The Committee shall consider whether the provision of non-audit services is compatible with maintaining the outside auditors' independence, including, but not limited to, the nature and scope of the specific non-audit services to be performed and whether the audit process would require the outside auditors to review any advice rendered by the outside auditors in connection with the provision of non-audit services.
7. The Committee shall receive from the outside auditors on a periodic basis a formal written statement delineating all relationships between the outside auditors and the Company, regarding relationships and services, which may impact the objectivity and independence of the outside auditors, and other applicable standards. The statement shall include a description of all services provided by the outside auditors and the related fees. The Committee shall actively engage in a dialogue with the outside auditors regarding any disclosed relationships or services that may impact the objectivity and independence of the outside auditors and shall evaluate, after gathering information from management, and other Board members, the performance of the outside auditors and recommend that the Board take action to satisfy itself of the independence of the outside auditors.

Financial Reporting

1. The Committee shall review and discuss with the outside auditors and management the Company's audited annual financial statements that are to be included in the Company's annual report and the outside auditors' opinion with respect to such financial statements, including reviewing the nature and extent of any significant changes in accounting principles or the application of such accounting principles; and determining whether to recommend to the Board that the financial statements be included in the Company's annual report for filing with an applicable stock exchange or other regulatory authority.
2. The Committee shall review and discuss with the auditors and management, and require the outside auditors to review, the Company's annual financial statements to be included in the Company's reports prior to filing such reports with an applicable stock exchange or other regulatory authority. The Committee shall review and discuss:
 - a. The existence of significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves and the Company's accounting principles;
 - b. All critical accounting policies identified to the Committee by the outside auditors;
 - c. Major changes to the Company's accounting principles and practices, including those required by professional or regulatory pronouncements and actions, as brought to its attention by management and/or the outside auditors; and
 - d. Material questions of choice with respect to the appropriate accounting principles and practices to be used in the preparation of the Company's financial statements, as brought to its attention by management and/or the outside auditors.
3. The Committee shall review and discuss the Company's disclosure under "Management's Discussion and Analysis" included in any annual or quarterly report, or other report or filing filed with an applicable stock exchange or other regulatory authority.
4. The Committee shall discuss with the outside auditors any item not reported as contingent liability or loss in the Company's financial statements as a result of a determination that such item does not satisfy a materiality threshold. The Committee shall review with the outside auditors the quantitative and qualitative analysis applied in connection

with such assessment of materiality, including, without limitation, the consistency of such assessment with the requirements.

5. The Committee shall review and consider other matters in relation to the financial affairs of the Company and its accounts, and in relation to the internal and external audit of the Company as the Committee may, in its discretion, determine to be advisable.
6. The Committee shall meet at least annually with management, and the outside auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

Compliance with Laws, Regulations and Policies

1. The Committee shall review with management actions taken to ensure compliance with any code or standards of conduct for the Corporation, which may be established by the Board.
2. The Committee shall review with the Corporation's legal counsel any legal compliance matters, including securities trading practices and any other legal matters that could have a significant, adverse impact on the Company's financial statements.
3. The Committee shall review with the Corporation's counsel and any other federal, tax or regulatory matters that may have a material impact on the Corporation's operations and the financial statements, related Corporation compliance programs and policies and programs and reports received from regulators, and shall monitor the results of the Corporation's compliance efforts.
4. The Committee shall periodically review the rules promulgated by the applicable stock exchange or other regulatory authority relating to the qualifications, activities, responsibilities and duties of audit Committees and shall take, or recommend that the Board take, appropriate action to comply with such rules.

APPENDIX "B"

PROPOSED AMENDED AND RESTATED STOCK OPTION PLAN

Thermal Energy International Inc. (20% Fixed Plan)

~~2013~~

[PROPOSED]

2023 AMENDED STOCK OPTION PLAN

Thermal Energy International Inc. (the "**Corporation**") hereby adopts, as at February 1, 2005, ~~and~~ amended as of September 5, 2013 and amended as of November 21, 2023, an incentive stock option plan (the "**Plan**") for officers, directors, employees and consultants (including the personal holding companies of such individuals) of the Corporation and its affiliates, as follows:

1. **Definitions** In this Plan, the following words and expressions shall have the respective meanings ascribed to them below:
 - (a) "**Affiliate**" shall have the meaning ascribed thereto in the applicable securities legislation;
 - (b) "**Board**" shall mean the board of directors of the Corporation;
 - (c) "cause" means (i) in respect of an officer or employee, any fact, incident, act or omission which would permit the Corporation to terminate the employment of an Optionee without notice or pay in lieu of notice pursuant to applicable employment standards legislation; (ii) in respect of any Consultant or Management Company Employee, the termination of the engagement of the Consultant or such Management Company Employee's employer by the Corporation as a result of breach of the terms of engagement by such party; and (iii) in respect of any director, the removal of such director from the Board as a result of such director's breach of such director's obligations to the Corporation or its shareholders;
 - (d) "**Consultant**" shall mean an individual or corporation other than an employee, officer or director, that: (i) is engaged under a written contract, to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation (other than services provided in relation to a distribution of securities of the Corporation); (ii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and (iii) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the affairs and business of the Corporation;
 - (~~e~~) "**Eligible Person**" shall mean any *bonafide* officer, director, employee, Management Company Employee or Consultant of the Corporation or its Affiliates, a company wholly owned by individuals who are Eligible Persons, and in respect of an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
 - (~~ef~~) "**Exercise Price**" of an Option shall mean, in respect of options issued after the Corporation is listed on any Stock Exchange, the price payable for a Share upon the exercise of the Option determined by the Board, provided that such price shall in no event be lower than the lowest exercise price permitted by the policies of the Stock Exchange;
 - (~~fg~~) "Investor Relations Service Provider" includes any Consultant that performs Investor Relations Activities (as defined in the Stock Exchange policies) and any director, officer, employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;
 - (h) "**Management Company Employee**" means an individual employed by ~~an individual,~~ a corporation or other entity providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding any individual, corporation or other entity engaged to provide investor relations activities to the

Corporation;

- (h) "Option" shall mean an option, granted to an Eligible Person in accordance with the terms of this Plan, to acquire a Share from the Corporation upon the exercise of the Option and upon payment of the Exercise Price;
- (i) "Optionee" in respect of an Option, shall mean the Eligible Person to whom the Option was granted;
- (j) "Share" shall mean a Common Share in the capital of the Corporation as constituted at the date hereof and any shares of the Corporation into which such a common share is changed, classified, reclassified, subdivided, consolidated or converted whether by reason of an amalgamation or other form of reorganization; ~~and~~
- (k) "Stock Exchange" shall mean TSX Venture Exchange, its successors, and such other stock exchange as may be prescribed by the Board on which the Shares are listed for trading;

(s) "Termination Date" means:

- (i) in the case of an Optionee whose employment or term of office with the Corporation or an Affiliate is terminated for any reason other than death or resignation, including a termination with or without cause, the later of (A) the date that is the last day of the minimum statutory notice period applicable to the Participant pursuant to applicable employment standards legislation, if any, and (B) the date that is designated by the Corporation or such Affiliate, as the case may be, as the last day of the Optionee's active employment or term of office with the Corporation or such affiliate, as the case may be. In this context "Termination Date" specifically does not mean the expiry date of any longer period of reasonable notice that the Corporation or the Affiliate (as the case may be) may be required at common law or by employment contract to provide to the Optionee if such period is not worked by the Optionee (other than the minimum statutory notice period as applicable);
 - (ii) in the case of an Optionee whose employment, directorship, services or term of office with the Corporation or an Affiliate is terminated by reason of the death of the Optionee, the date of death of such Optionee;
 - (iii) in the case of an Optionee whose employment, directorship, services or term of office with the Corporation or an Affiliate is terminated by reason of the resignation of the Optionee, the effective date of such resignation; and
 - (iv) in the case of an Optionee who is a Consultant or Management Company Employee and whose consulting agreement or arrangement with the Corporation or an Affiliate, as the case may be, is terminated, the date on which such agreement or arrangement is terminated or expires, as the case may be; and
- (t) "VWAP" means the volume weighted average trading price of the Shares on the Stock Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option. Where appropriate, the Stock Exchange may exclude internal crosses and certain other special terms trades from the calculation.

2. **Purpose** The purpose of the Plan is to secure for the Corporation and its shareholders the incentive inherent in share ownership by officers, directors, employees and Consultants of the Corporation who, in the opinion of the Board, will be largely responsible for its future growth and success.

3. **Number of Shares and Lapsed Options** From time to time, Shares may be reserved by the Board, in its discretion, for grants of Options under the Plan to Eligible Persons, provided that the total number of Shares so reserved for issuance by the Board ~~shall not exceed 33,661,584 (twenty (20%) of the Corporation's issued Shares at the date of Shareholder approval of the Plan)~~ pursuant to all Security Based Compensation (as defined in the Stock Exchange policies) shall not exceed 32,945,521 Shares and at the time of the grant:
- (a) the maximum aggregate number of Shares ~~so reserved for issuance to anyone~~ ~~Options~~ that are issuable pursuant to all Security Based Compensation granted or issued in ~~any~~ 12 month period ~~shall to any one Person (as defined in the Stock Exchange policies) (and where permitted under Stock Exchange policies, any companies that are wholly owned by that Person) must~~ not exceed ~~five (5%) percent~~ of the issued Shares ~~(on a non-diluted basis)~~ of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person;
 - (b) the maximum aggregate number of ~~options~~ Shares that are issuable pursuant to all Security Based Compensation granted ~~to anyone Consultant~~ or issued in ~~any~~ 12 month period ~~shall to any one Consultant must~~ not exceed 2% of the issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Consultant;
 - (c) the maximum aggregate number of ~~options granted to Eligible Persons employed to provide investor relations activities~~ Shares that are issuable pursuant to all Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the issued Shares ~~in any 12 month period; and of the Corporation,~~ calculated as at the date any Option is granted to any such Investor Relations Service Provider;
 - ~~(d) options issued to Consultants performing investor relations services must vest in stages over 12 months with no more than 1/4 of the options vesting in any 3 month period.~~
 - (d) Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that (i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted; (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted; (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted;
 - (e) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Security Based Compensation granted or issued to Insiders (as defined in the Stock Exchange policies) (as a group) must not exceed 10% of the issued Shares of the Corporation at any point in time (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to the Stock Exchange policies); and
 - (f) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to Insiders (as a group) must not exceed 10% of the issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to any Insider (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to the Stock Exchange policies).

The Shares so reserved by the Board under the Plan shall be authorized but unissued Shares.

~~Nothing contained herein shall restrict or limit or be deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of any options, rights or shares which were not allotted and issued hereunder. This Plan shall not restrict, limit or preclude the Board from granting options outside of this Plan to officers, directors, employees or Consultants of the Corporation or to any other person or entity.~~

~~The foregoing restrictions may be waived, modified or varied with the consent of the shareholders of the Corporation at a meeting called for such purpose, or by approval of the Stock Exchange.~~

4. **Eligibility and Participation** Options shall not be granted under this Plan to any person other than an Eligible Person. No Eligible Person shall have any claim or right to be granted Options under this Plan.

For Options granted to Employees, Consultants or Management Company Employees, the Corporation and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

5. **Grant of Options** The Board shall, from time to time and in its sole discretion, determine the Eligible Persons to whom Options are to be granted under this Plan and may take into consideration the current and potential contributions of a particular Eligible Person to the success of the Corporation and such other factors which the Board deems proper and relevant.

Options shall be granted by the Board in accordance with this Plan to Eligible Persons in its sole discretion and shall be subject to such approvals as may be required by applicable law or any Stock Exchange upon which any securities of the Corporation are listed.

The grant of every Option hereunder and the terms thereof, including vesting provisions, if any, shall be made by written agreement between the Corporation and the Optionee, the provisions of which shall conform to the provisions of this Plan and shall be otherwise satisfactory to the Board in its sole discretion.

A grant of Options under the Plan shall not be construed as giving an Optionee any right to continue in the employment of the Corporation, nor shall it affect the right of the Corporation to terminate the employment or services of any Optionee.

6. **Exercise of Options** Unless the Board specifically determines otherwise, the Options granted to an Optionee may be exercised by the Optionee, in whole or in part, from time to time at the Optionee's discretion.

Provided however, that all Options that have not been exercised by the Optionee shall cease to be exercisable and shall expire upon the earliest of:

- (a) the Termination Date in respect of a termination of employment, the termination of services or the services agreement in respect of a Consultant or a Management Company Employee's employer, or removal of the Optionee as a director or officer of the Corporation or its Affiliates, in each case for cause;
- (b) ninety (90) days after the Termination Date in respect of a termination of employment, the termination of services or the services agreement in respect of a Consultant (except in the case of a Consultant providing investor relations services, in which case, the Options cease to be exercisable thirty (30) days after the Termination Date), termination of ~~such~~ services of a Management Company Employee's employer or an Optionee ceasing to be an officer or director for reasons, in each case other than termination or removal for cause, unless the Optionee remains an Eligible Person in another capacity;
- (c) the first anniversary of the death of the Optionee, by the heirs and administrators of an Optionee's estate; and
- (d) the fifth anniversary of the date on which the Option was granted;

or such earlier date as the Board of Directors may deem appropriate in its sole discretion at the time the Option was granted.

In the event that the expiry date of any Option occurs during, ~~or within ten (10) business days following~~, a period when the Optionee is prohibited by law, by the policies of the Stock

Exchange on which the Common Shares are then listed or by the policies of the Corporation from trading in Common Shares (a “**Blackout Period**”), the Expiry Date of the Option shall be automatically extended to the date which is ten (10) business days immediately following the end of the Blackout Period.

The exercise of an Option will be contingent upon receipt by the Corporation of payment of the full exercise price of such Option. No Optionee or legal representative, legatee or distributee in respect of an Optionee shall be considered to be a holder of any Share subject to an Option, unless and until such Share has been fully paid for and issued upon the exercise ~~of the~~ of the Option.

Generally, the Exercise Price of an Option should be paid in cash. However, in its discretion, either at the time of grant or at the time of exercise of an Option, the Board may elect to permit the exercise of Options on one or more of the following basis:

(i) “Cashless Exercise” whereby the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to an Optionee to purchase the Shares underlying Options; the brokerage firm then sells a sufficient number of Shares to cover the exercise price of the Options in order to repay the loan made to the Optionee; the brokerage firm receives an equivalent number of Shares from the exercise of the Options and the Optionee then receives the balance of Shares or the cash proceeds from the balance of such Shares.

(ii) “Net Exercise” whereby Options, excluding Options held by any Investor Relations Service Provider, are exercised without the Optionee making any cash payment so the Corporation does not receive any cash from the exercise of the subject Options, and instead the Optionee receives only the number of underlying Shares that is the equal to the quotient obtained by dividing:

a. the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the exercise price of the subject Options; by

b. the VWAP of the underlying Shares.

In the event of a Cashless Exercise or Net Exercise, the number of Options exercised, surrendered or converted, and not the number of Shares actually issued by the Corporation, must be included in calculating the limits on the number of Options or Shares that may be issued pursuant to this Plan.

7. **Taxes** The Corporation may require an Optionee, as a condition of exercise of an Option, to pay to or reimburse the Corporation for any taxes which are required to be withheld and remitted by it in respect of the exercise of such Option under any applicable laws.
8. **Effect of Take-over Bid** If a *bona fide* offer for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes an Optionee, and the offer, if accepted in whole or in part by any person or persons, would result in the offeror exercising control over the Corporation within the meaning of applicable securities legislation, then the Corporation shall, immediately upon receipt of notice of the offer, notify each Optionee currently holding an Option of the offer, with full particulars thereof; whereupon such Option may be exercised by the Optionee so as to permit the Optionee to tender the Share received upon such exercise pursuant to the offer, failing which all Options not exercised will terminate on closing of such transaction unless otherwise determined by the Board. If, for any reason, such change in control transaction is not completed, that portion of an Option not otherwise exercisable but for the provisions of this Section shall be deemed not to have become exercisable and the Option shall, to that extent, be deemed not to have been exercised, and the Common Shares issued pursuant to the exercise of such portion of the Option shall be deemed not to have been issued. All monies tendered to the Corporation in payment for such Common Shares shall be repaid to the Optionee by the Corporation without interest or deduction.
9. **Legends** Certificates for Shares issued upon exercise of Options shall bear such legend as maybe required by applicable law or any Stock Exchange on which the Shares are listed for trading.

10. **Changes to Shares** Notwithstanding any other provision of this Plan, in the event of any change in the outstanding Shares of the Corporation by reason of any stock dividend, split, recapitalization, reclassification, amalgamation, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other form of corporate reorganization whatsoever, an equitable adjustment shall be made to any Options then outstanding and the Exercise Price (or Prices) in respect of such Options. Such adjustments shall be made by the Board in its sole discretion and, subject to applicable law, shall be conclusive and binding for all purposes of the Plan.
11. **Necessary Approvals** The grant of Options, the obligation of the Corporation to sell and deliver Shares on the exercise of Options, and any amendments to the Plan or to the terms of an Option granted under this Plan, shall be subject to any approvals required by applicable law or any Stock Exchanges on which the Shares are listed for trading being obtained.
12. **Administration of the Plan** The Board may interpret the Plan and make all other determinations that it considers in its sole discretion to be necessary or advisable for the administration of the Plan. The Board may, in its sole discretion, prescribe, adopt, amend and rescind rules and regulations for carrying out and administering the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. The administration of the Plan shall be the responsibility of the appropriate officers of the Corporation duly designated for the purposes thereof by the Board and all costs in respect thereof shall be paid by the Corporation.
13. **Amendments to Plan** Subject to obtaining the consent of applicable securities regulatory authorities or the Stock Exchange in those circumstances where such consent is required, and shareholder approval (including disinterested shareholder approval where applicable) in those circumstances where such approval is required to be obtained by any regulatory authority or Stock Exchange the Board may amend, modify or terminate the Plan at any time if and when it considers it to be advisable to do so in its sole discretion, except with respect to any Option then outstanding under the Plan.
14. **Amendments to Options** An Option may be amended by written agreement of the Corporation and the Optionee, provided that, if required by the policies of the Stock Exchange, any reduction in the Exercise Price or extension of the term of an Option must be approved by a majority of disinterested shareholders of the Corporation if the Optionee is an Insider of the Corporation at the time of the proposed amendment.
15. **No Undertaking or Representation** The Corporation makes no undertaking or representation as to the future value or price, or as to the listing on any Stock Exchange, of any Shares issued in accordance with the Plan.
16. **Assignability and Transferability** Options (and any rights thereunder) shall not be assignable or transferable ~~otherwise than by will or pursuant to the laws of succession or descent and distribution, and, during the lifetime of an Optionee, and~~ shall only be exercisable by the Optionee or, in the case of an Optionee that dies, the estate of such Optionee.
17. **Compliance with Applicable Law** If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body or Stock Exchange having jurisdiction or authority over securities of the Corporation or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.
18. **Enurement** The Plan shall enure to the benefit of, and be binding upon, the Corporation, its Affiliates and their respective successors and assigns. The Plan shall enure to the benefit of, and be binding upon, an Optionee and the personal representative of a deceased Optionee.
19. **Governing Law and Interpretation** The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.