



# **SQI DIAGNOSTICS INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF  
SHAREHOLDERS**

**TO BE HELD ON FEBRUARY 27, 2019**

**- AND -**

**MANAGEMENT INFORMATION CIRCULAR**

## SQI DIAGNOSTICS INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON FEBRUARY 27, 2019

**NOTICE IS HEREBY GIVEN** that the annual and special meeting of the shareholders (the “**Meeting**”) of **SQI Diagnostics Inc.** (the “**Company**”) will be held at the offices of Aird & Berlis LLP, located at Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario, on Wednesday, February 27, 2019, at 1:00 p.m. (Toronto time) for the following purposes:

1. To receive the audited financial statements of the Company for the year ended September 30, 2018 together with the report of the auditors thereon;
2. To elect directors of the Company for the ensuing year;
3. To appoint RSM Canada LLP, Chartered Professional Accountants, as auditor of the Company to hold office until the next annual meeting of shareholders at remuneration to be fixed by the directors;
4. To ratify the Company’s rolling stock option plan; and
5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a form of proxy and a management information circular dated January 28, 2019 (the “**Information Circular**”).

The board of directors of the Company has fixed the close of business on January 28, 2019, as the record date for the determination of holders of common shares entitled to notice of the Meeting and any adjournments thereof.

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend, and would like your shares represented, please read the enclosed Information Circular and complete the enclosed instrument of proxy and return it as soon as possible. To be effective, the proxy must be deposited:

- **in person** at the office of the Company’s registrar and transfer agent, Computershare Investor Services Inc. at 100 University Ave, Suite 800, Toronto, Ontario, M5J 2Y1;
- **by fax** to 1-866-249-7775, attention: Proxy Department;
- **online** at [www.investorvote.com](http://www.investorvote.com); or
- **by phone** at 1-866-732-VOTE (8683) Toll Free

by not later than 1:00 p.m. (Toronto time) on February 25, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of such adjourned Meeting, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting.

DATED at Toronto, Ontario, this 28th day of January 2019.

BY ORDER OF THE BOARD OF DIRECTORS

*/s/ "Andrew Morris"*

Andrew Morris  
President and Chief Executive Officer

**SQI DIAGNOSTICS INC.**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**MANAGEMENT INFORMATION CIRCULAR**

The information presented in this management information circular (the “**Information Circular**”) is given as of January 28, 2019, unless otherwise indicated.

**I. GENERAL PROXY INFORMATION**

**SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the **solicitation by and on behalf of the management of the Company of proxies** to be used at the annual and special meeting of the Company (the “**Meeting**”) to be held at the offices of Aird & Berlis LLP, located at Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario, on Wednesday, February 27, 2019, at 1:00 p.m. (Toronto time) for the purposes set forth in the accompanying notice of annual and special meeting of Shareholders (“**Notice of Meeting**”), and at any adjournment or adjournments thereof. In addition to solicitation by mail, certain officers, directors, employees and service providers of the Company may solicit proxies by telephone, electronic mail, facsimile or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The head office of the Company is located at 36 Meteor Drive, Toronto, Ontario, M9W 1A4. The Company will bear the costs of the proxy solicitation.

No person is authorized to give any information or to make any representation not contained in this Information Circular, and if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of any offer or proxy solicitation. Neither delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

**APPOINTMENT OF PROXYHOLDER**

The persons named in the enclosed form of proxy are officers or directors of the Company (the “**Management Proxyholders**”).

**A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT THEM AT THE MEETING MAY DO SO** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Company’s registrar and transfer agent, Computershare Investor Services Inc., as instructed below. A proxy can be executed by the Shareholder or his attorney duly authorized in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed and delivered in person or by fax, as described below, any time up to and including the last business day preceding the day of the Meeting or any adjournment at which the proxy is to be used or delivered to the Chair of the Meeting on the day of the Meeting or any adjournment prior to the time of voting and upon either such occurrence, the proxy is revoked.

## **VOTING BY PROXY**

Common shares of the Company (“**Common Shares**”) represented by a properly executed proxy will be voted for, against or be withheld from voting, as the case may be, on each matter referred to in the Notice of Meeting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

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

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## **DEPOSIT OF PROXY**

Proxies must be deposited:

- **in person** at the office of the Company’s registrar and transfer agent, Computershare Investor Services Inc. at 100 University Ave, Suite 800, Toronto, Ontario, M5J 2Y1;
- **by fax** to 1-866-249-7775, attention: Proxy Department; or
- **online** at [www.investorvote.com](http://www.investorvote.com)
- **by phone** at 1-866-732-VOTE (8683) Toll Free

by not later than 1:00 p.m. (Toronto time) on February 25, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of such adjourned Meeting, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **DISTRIBUTION TO NOBOS**

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Company will have distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (collectively, the “**Meeting Materials**”) directly to persons beneficially holding Common Shares

(each a “**Non-Registered Holder**”) who have provided instructions to an intermediary (an “**Intermediary**”) that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the Non-Registered Holder (“**Non-Objecting Beneficial Owner**” or “**NOBO**”).

*These security holder materials are being sent to both registered and non-registered holders of Common Shares. If you are a Non-Registered Holder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for proxy enclosed with mailings to NOBOs.*

The meeting materials distributed by the Company’s agent to NOBOs include a Voting Instruction Form. Please carefully review the instructions on the Voting Instruction Form for completion and deposit.

## **DISTRIBUTION TO OBOS**

In addition, the Company will cause its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Holders who have provided instructions to an Intermediary that the Non-Registered Holder objects to the Intermediary disclosing ownership information about the Non-Registered Holder (“**Objecting Beneficial Owner**” or “**OBO**”).

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use third-party service companies to forward the meeting materials to OBOs. Generally, those OBOs who have not waived the right to receive meeting materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services in the manner set out above in this Information Circular with respect to the Common Shares beneficially owned by such OBO; OR
- (ii) more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically, the Voting Instruction Form will consist of a one page pre-printed form. The purpose of this procedure is to permit the OBO to direct the voting of the Common Shares he or she beneficially owns.

**Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-Registered Holder or such other person's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or Voting Instruction Form is to be delivered.**

An OBO may revoke a Voting Instruction Form or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a Voting Instruction Form or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

### **REVOCABILITY OF PROXY**

Any registered holder of Common Shares or NOBO who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered holder of Common Shares or NOBO, his or her attorney authorized in writing or, if the registered holder of Common Shares or NOBO is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited **in person** or **by fax** at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting. Only registered holders of Common Shares or NOBOs have the right to revoke a proxy. OBOs who wish to change their vote must, at least 7 days before the Meeting, arrange for their nominees to revoke the proxy on their behalf.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date of this Information Circular 158,407,237 Common Shares are issued and outstanding as fully paid and non-assessable.

Each Common Share entitles the holder thereof to one vote. A list of registered holders of Common Shares will be available for inspection at the Meeting. The board of directors of the Company (the "**Board**") has fixed January 28, 2019, as the record date for the Meeting. Shareholders of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the record date.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares other than (i) Cumberland Private Wealth Management Inc. who, together with Cumberland Associates Investment Counsel Inc. and Gerald R. Connor, according to information provided by them, beneficially owns, directly or indirectly, and/or exercises control or direction over an aggregate of 33,077,083 Common Shares representing approximately 20.88% of the issued and outstanding Common Shares, of which Mr. Connor beneficially owns, directly or indirectly, and/or exercises control or direction over

32,472,755 Common Shares, representing approximately 20.50% of the issued and outstanding Common Shares (ii) Clive J. Beddoe who, according to information provided by him, beneficially owns, directly or indirectly, 33,181,901 Common Shares representing approximately 20.95% of the issued and outstanding Common Shares and (iii) Wilmot L. Matthews who, according to information provided by him, beneficially owns, directly or indirectly, 33,166,863 Common Shares representing approximately 20.94% of the issued and outstanding Common Shares. Each of Messrs. Connor, Beddoe and Matthews is a director of the Company and a “control person” of the Company pursuant to the policies of the TSX Venture Exchange. Shareholders of the Company approved the creation of Messrs. Connor, Beddoe and Matthews as new control persons of the issuer at an annual and special meeting of shareholders held on December 18, 2017.

## **II. PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. Financial Statements and Auditor’s Report**

The annual report of the Company for the fiscal year ended September 30, 2018, including the financial statements for the fiscal year ended September 30, 2018, together with the report of the auditors thereon will be submitted at the Meeting. Receipt of the auditors’ report and the Company’s financial statements for its last completed fiscal year at the Meeting will not constitute approval or disapproval of any matters referred to therein.

Under NI 54-101, a person or company who wishes to receive interim financial statements from the Company must deliver a written request for such material to the Company, together with a signed statement that the person or company is the owner of securities (other than debt instruments) of the Company. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return card, together with the completed form of proxy, in the addressed envelope provided, to the Company’s registrar and transfer agent, Computershare Investor Services Inc. at 100 University Ave, Suite 800, Toronto, Ontario, M5J 2Y1. The Company will maintain a supplemental mailing list of persons and companies wishing to receive interim financial statements. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 36 Meteor Drive, Toronto, Ontario M9W 1A4 to request copies of the Company’s financial statements and management discussion and analysis (“MD&A”).

Financial information is provided in the Company’s comparative annual financial statements and MD&A for its most recently completed financial year, which are available on the Company’s issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **2. Election of Directors**

The articles of the Company provide that Board of Directors of the Company shall consist of a minimum of 1 director and a maximum of 11 directors. At the Meeting, Management will propose that the Board be comprised of 7 directors. The directors of the Company are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed. At the Meeting, the nominees will be voted on individually.

**Unless the Shareholder specifies in the enclosed form of proxy that the Common Shares represented by the proxy are to be withheld from voting in the election of directors, the**



**Management Proxyholder named in the form of proxy shall vote the Common Shares represented by the proxy in favour of the election of the persons whose names are set forth below.** Management does not contemplate that any of these persons will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, then the person named in the form of proxy may vote for the election of another person or persons in their discretion.

The following table sets out the name and place of residence of all persons proposed to be nominated for election as a director of the Company. In addition, the table sets forth the principal occupation or employment over the past 5 years, the year each person began to serve as a director of the Company and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of January 28, 2019. Each director elected at the Meeting will hold office until the next annual meeting of Shareholders or until his or her successor is elected or appointed, unless his or her office is earlier vacated according to the provisions of the by-laws of the Company and the CBCA. Information concerning such persons, as furnished by the individual nominees, is as follows:

<b>Name, Place of Residence</b>	<b>Position(s) Presently Held</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed</b>	<b>Percentage of Outstanding Common Shares</b>
Clive Beddoe <sup>(1)(3)</sup> Calgary, Alberta Canada	Chair of the Board of WestJet Airlines Ltd.	Currently Mr. Beddoe is Chairman of the Board of Directors. Currently and for the past nine years, Mr. Beddoe has acted as the Chair of the Board of WestJet Airlines Ltd. Mr. Beddoe is also the President of The Hanover Group of Companies, a private investment company, and a former Director of Alberta Investment Management Corp.	April 2015	33,181,901	20.95%
Gerald R. Connor <sup>(1)(2)(3)</sup> Toronto, Ontario Canada	Chairman of Cumberland Private Wealth Management Inc.	Currently and for the past five years, Mr. Connor has acted as Chairman of Cumberland Private Wealth Management Inc. and a director of Cumberland Associates Investment Counsel Inc. for the past five years. Prior to founding Cumberland Private Wealth Management Inc. in 1997, Mr. Connor was President of Connor, Clark & Company Ltd. (1977 to 1997) and Chairman of the board of directors of Connor, Clark & Lunn Investment Management. Mr. Connor is also a trustee of Allied Properties Real Estate Investment Trust and Chair of its audit committee.	April 2015	32,472,755 <sup>(4)</sup>	20.50%
Wilmot L. Matthews <sup>(1)(3)</sup> Toronto, Ontario Canada	Retired	Mr. Matthews has been involved in all aspects of investment banking by serving in various positions with Nesbitt Burns Inc. and its predecessor companies from 1964 until his retirement in September 1996, when he was Vice Chairman and a Director. Mr. Matthews is President of Marjad Inc., a private investment company, a current member of the Investment Advisory Committee of Imperial Capital, a private equity fund manager.	April 2015	33,166,863	20.94%

Name, Place of Residence	Position(s) Presently Held	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed	Percentage of Outstanding Common Shares
Andrew Morris Toronto, Ontario Canada	Chief Executive Officer and Director of SQI Diagnostics Inc.	Currently and since June 2013, Mr. Morris has been the Chief Executive Officer of SQI Diagnostics Inc. Prior to that and since May 2007, Mr. Morris was the Chief Financial Officer of SQI Diagnostics Inc.	September 2013	375,006	0.24%
Claude Ricks <sup>(1) (2)</sup> Barrie, Ontario Canada	Partner of Level 5 Strategy Group	Currently and since December 2016, Mr. Ricks is a partner with Level 5 Strategy Group. Prior to that and since June 2014, Mr. Ricks was the Chief Operating Officer of gShift. Prior to that and since May 2007, Mr. Ricks was the President, Chief Executive Officer and a director of the Company. Prior to that, Mr. Ricks was the President of SQIDS.	May 2007	1,992,157	1.26%
Eric Schneider <sup>(2)</sup> Waterloo, Ontario Canada	Partner of Miller Thomson LLP	Currently and for the past five years, Mr. Schneider is a partner in the law firm Miller Thomson LLP and its predecessors.	May 2007	380,635	0.24%
Eric Zwisler La Jolla, California	Director of the La Jolla Institute for Immunology and various corporate and non-profit boards	Mr. Zwisler spent 30 years in Asia, most recently as President and then Chairman of Cardinal Health Inc. (NYSE: CAH) businesses in China from 2010 - 2018. Prior to that he was CEO of Zuellig Pharma Asia Pacific, a Pan-Asia leading healthcare services company. Mr. Zwisler is currently involved in several corporate and non-profit boards	June 2018	Nil	Nil

(1) Member of the compensation committee (the “**Compensation Committee**”) (appointed annually).

(2) Member of the audit committee (the “**Audit Committee**”) (appointed annually).

(3) Each of Messrs. Connor, Beddoe and Matthews are “control person” of the Company pursuant to the policies of the TSX Venture Exchange. Shareholders of the Company approved the creation of Messrs. Connor, Beddoe and Matthews as new control persons of the Company at an annual and special meeting of shareholders held on December 18, 2017.

(4) Includes 3,171,854 Common Shares held in managed accounts at Cumberland Private Wealth Management Inc. and 21,000 Common Shares held in managed accounts at Cumberland Associates Investment Counsel Inc. over which Mr. Connor exercises control or direction. Excludes Common Shares held in managed accounts at Cumberland Private Wealth Management Inc. and Cumberland Associates Investment Counsel Inc. that Mr. Connor does not beneficially own, directly or indirectly, or exercise control or direction over.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

### ***Corporate Cease Trade Orders***

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

- (a) was subject to 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 applicable 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.

***Bankruptcies, Penalties or Sanctions***

Other than as disclosed below, to the knowledge of the Company, no proposed director:

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

Mr. Beddoe served as a Director of Darian Resources Ltd. (“Darian”), a private company, until his resignation in October 2009. Subsequent to Mr. Beddoe’s resignation, on February 12, 2010, Darian obtained an order under the Companies’ Creditors Arrangement Act. On July 2, 2010, the Court of Queen’s Bench of Alberta issued its final order approving Darian’s Plan of Compromise and Arrangement and the payments to creditors contemplated in the Plan of Compromise have been made. Mr. Beddoe served as a director of Western Concord Manufacturing Limited, Western Concord Manufacturing (Edmonton) Ltd., Western Concord (New West) Ltd., Western Concord Supply Ltd. and Western Concord Manufacturing (collectively, “Western Concord”), a private group of companies, until his resignation on December 8, 2017. Subsequent to Mr. Beddoe's resignation, on December 8, 2017, Western Concord filed Notices of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act (Canada). On February 21, 2018, the Supreme Court of British Columbia approved a Sale Agreement that would have Western Concord sell all of its assets to a third party buyer. The sale closed on March 1, 2018.

### ***Conflicts of Interest***

The directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

### ***Meeting Attendance***

The following table summarizes the attendance record of each director for all Board meetings held for the fiscal year ended September 30, 2018.

<b><u>Name</u></b>	<b><u>Board Meetings Attended</u></b>
Clive Beddoe	6/6
Gerald R. Connor	6/6
Wilmot Matthews	4/6
Andrew Morris	6/6
Claude Ricks	6/6
Eric Schneider	6/6
Eric Zwisler	2/2 <sup>(1)</sup>

(1) Mr. Zwisler was appointed a director of the Company on June 11, 2018 by the Board. There were 2 meetings since he became a director.

**Management recommends that Shareholders vote FOR the election of the directors.**

### **3. Appointment of Auditor**

Management proposes to nominate RSM Canada LLP (formerly Collins Barrow Toronto LLP), Chartered Professional Accountants, which firm has been the Company's auditor since 2005. An affirmative vote of the majority of the votes cast at the Meeting is sufficient for the appointment of an auditor. **Proxies in favour of management's nominees will be voted FOR the appointment of RSM Canada LLP, Chartered Professional Accountants, as the auditor of the Company to hold office until the close of the next annual meeting of Shareholders at remuneration to be fixed by the directors.**

**The Board recommends that Shareholders vote FOR the appointment of the auditor of the Company at remuneration to be fixed by the directors.**

#### **4. Ratification of Stock Option Plan**

On March 27, 2007, Shareholders approved the Company's stock option plan (the "**Stock Option Plan**") which reserves for issuance a fixed number of Common Shares on exercise of stock options granted pursuant to the terms and conditions of the Stock Option Plan. On June 8, 2011, the Board approved certain amendments to the Stock Option Plan to:

- (i) clarify the Company's obligations with respect to withholding tax;
- (ii) provide for the extension of the length of a stock option term in the event that the Company is in a period during which designated directors, officers and employees of the Company cannot trade Common Shares pursuant to the Company's policy respecting restrictions on directors', officers' and employee trading which is in effect at that time;
- (iii) provide for certain tax and other legal requirements for issuances of options to employees resident in the United States; and
- (iv) to amend the Stock Option Plan to provide that the maximum number of Common Shares which may be reserved and set aside for issue under the Stock Option Plan will be set at a maximum of 10% of the issued and outstanding Common Shares at the time of the option grant (on a non-diluted basis), such that the Stock Option Plan will become a "rolling" stock option plan pursuant to the policies of the TSX Venture Exchange.

The Stock Option Plan is summarized under "Executive Compensation – Components of Executive Compensation – Long-Term Compensation Incentives". A copy of the Stock Option Plan is available on the Company's website at [www.sqidiagnostics.com](http://www.sqidiagnostics.com) and on the Company's issuer profile at [www.sedar.com](http://www.sedar.com).

As a result of the "rolling cap" described in (iv) above, the Stock Option Plan must be approved by shareholders on an annual basis. At the Meeting, Shareholders will be asked to approve the following ordinary resolution of Shareholders ratifying the Stock Option Plan providing for a rolling maximum number of Common Shares issuable under such plan (the "**Stock Option Plan Resolution**"):

BE IT RESOLVED THAT:

1. the ratification of the stock option plan (the "**Stock Option Plan**") of the Company described in the Company's management information circular for this annual and special meeting of shareholders be authorized and approved; and
2. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver any and all documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such

determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action and the directors are hereby authorized to grant from time to time options in accordance with the provisions of the Stock Option Plan and the policies of the TSX Venture Exchange.

**Proxies in favour of management's nominees will be voted FOR the approval of the Stock Option Plan Resolution in the absence of direction to the contrary from the Shareholders appointing them.**

**The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution.**

### **III. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No person or company who is, or at any time during the financial year ended September 30, 2018 was, a director or executive officer of the Company, a proposed management nominee for election as a director, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting except as otherwise disclosed herein.

#### IV. DIRECTOR AND EXECUTIVE COMPENSATION

##### Summary Compensation Table

The following table sets forth information concerning the compensation earned during the fiscal year ended September 30, 2018 and the preceding fiscal year by each Director and each individual who served as the Chief Executive Officer and the Chief Financial Officer of the Company during the fiscal year ended September 30, 2018 and the other most highly compensated executive officers of the Company at the end of the fiscal year ended September 30, 2018 (collectively, the “**Named Executive Officers**”).

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Andrew Morris <sup>(1)</sup> President and Chief Executive Officer, Director	2018	300,000	30,000	-	-	-	330,000
	2017	300,000	-	-	-	-	300,000
Patricia Lie Vice President Finance and Administration (acting in the capacity of Chief Financial Officer)	2018	125,000	6,000	-	-	-	131,000
	2017	125,000	7,030	-	-	-	132,030
Dr Eric Brouwer <sup>(2)</sup> Chief Scientific Officer	2018	230,769	4,500	-	-	-	235,269
	2017	-	-	-	-	-	-
Aye Nyein San <sup>(3)</sup> VP Engineering	2018	150,000	5,625	-	-	-	155,625
	2017	142,385	7,920	-	-	-	150,305
Clive Beddoe Director, Chairman of the Board	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Gerald R. Connor Director	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Wilmot Matthews Director	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Claude Ricks Director	2018	8,000 <sup>(4)</sup>	-	-	-	-	8,000
	2017	8,000	-	-	-	-	8,000
Eric Schneider Director	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Eric Zwisler <sup>(5)</sup> Director	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-

- (1) All of the compensation in the table is in respect of Mr. Morris’ position as President and Chief Executive Officer. Mr. Morris received no compensation for his role as a director of the Company.
- (2) Dr. Brouwer has served as Chief Scientific Officer since October 16, 2017.
- (3) Ms. San has served as Vice President Engineering since March 6, 2017 and previously served as Director, Platform Engineering since July 2013.
- (4) Represents fees paid to Mr. Ricks for Strategic Services.
- (5) Mr. Zwisler was appointed a director of the Company effective June 11, 2018.

## Stock Options and other Compensation Securities

The Company granted the following option-based awards for Named Executive Officers and Directors during the fiscal year ended September 30, 2018.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Andrew Morris <sup>(2)</sup> President and Chief Executive Officer, Director	Stock Option	1,666,667 (17.95%; 1.05%)	March 4, 2018	\$0.20	\$0.20	\$0.13	March 4, 2023
Patricia Lie <sup>(3)</sup> Vice President Finance and Administration (acting in the capacity of Chief Financial Officer)	Stock Option	173,611 (1.87%; 0.11%)	March 4, 2018	\$0.20	\$0.20	\$0.13	March 4, 2023
Dr. Eric Brouwer <sup>(4)</sup> Chief Scientific Officer	Stock Option	350,000 (3.77%; 0.22%)	October 16, 2017	\$0.16	\$0.155	\$0.13	October 16, 2022
	Stock Option	333,333 (3.59%; 0.21%)	March 4, 2018	\$0.20	\$0.20	\$0.13	March 4, 2023
Aye Nyein San <sup>(5)</sup> Director of Engineering	Stock Option	208,333 (2.24%; 0.13%)	March 4, 2018	\$0.20	\$0.20	\$0.13	March 4, 2023
Clive Beddoe Director, Chairman of the Board	-	-	-	-	-	-	-
Gerald R. Connor Director	-	-	-	-	-	-	-
Wilmot Matthews Director	-	-	-	-	-	-	-
Claude Ricks <sup>(6)</sup> Director	Stock Option	75,000 (0.81%; 0.047%)	February 2, 2018	\$0.19	\$0.19	\$0.13	February 2, 2023
Eric Schneider <sup>(7)</sup> Director	Stock Option	75,000 (0.81%; 0.047%)	February 2, 2018	\$0.19	\$0.19	\$0.13	February 2, 2023
Eric Zwisler <sup>(8)</sup> Director	Stock Option	700,000 (7.54%; 0.44%)	June 11, 2018	\$0.18	\$0.175	\$0.13	June 11, 2023

- (1) The percentage of class is based on 9,287,000 outstanding stock options and 158,407,237 outstanding common shares as at September 30, 2018, respectively.
- (2) As at September 30, 2018, Mr. Morris held an aggregate of 3,366,667 stock options, of which 100,000 stock options are exercisable at a price of \$0.42 per Common Share until September 16, 2020, 1,500,000 stock options are exercisable at a price of \$0.30 per Common Share until March 14, 2021, 100,000 stock options are exercisable at a price of \$0.16 per Common Share until March 13, 2022 and 1,666,667 stock options are exercisable at a price of \$0.20 per Common Share until March 4, 2023.



- (3) As at September 30, 2018, Ms. Lie held an aggregate of 343,611 stock options, of which 10,000 stock options are exercisable at a price of \$0.42 per Common Share until September 16, 2020, 100,000 stock options are exercisable at a price of \$0.30 per Common Share until March 14, 2021, 60,000 stock options are exercisable at a price of \$0.16 per Common Share until March 13, 2022 and 173,611 stock options are exercisable at a price of \$0.20 per Common Share until March 4, 2023.
- (4) As at September 30, 2018, Dr. Brouwer held an aggregate of 683,333 stock options, of which 350,000 stock options are exercisable at a price of \$0.16 per Common Share until October 16, 2022, and 333,333 stock options are exercisable at a price of \$0.20 per Common Share until March 4, 2023.
- (5) As at September 30, 2018, Ms. San held an aggregate of 330,333 stock options, of which 47,000 stock options are exercisable at a price of \$0.30 per Common Share until March 14, 2021, 75,000 stock options are exercisable at a price of \$0.16 per Common Share until March 12, 2022, and 208,333 stock options are exercisable at a price of \$0.20 per Common Share until March 4, 2023.
- (6) As at September 30, 2018, Mr. Ricks held an aggregate of 75,000 stock options exercisable at a price of \$0.19 per Common Share until February 2, 2023.
- (7) As at September 30, 2018, Mr. Schneider held an aggregate of 75,000 stock options exercisable at a price of \$0.19 per Common Share until February 2, 2023.
- (8) As at September 30, 2018, Mr. Zwisler held an aggregate of 700,000 stock options exercisable at a price of \$0.18 per Common Share until June 11, 2023.

No compensation securities were exercised by directors or Named Executive Officers during the year ended September 30, 2018.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table gives certain information as of September 30, 2018, being the Company's most recently completed financial year, with respect to the Stock Option Plan under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options <sup>(1)</sup> , warrants and rights	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	9,287,000	\$0.23	6,554,000 <sup>(1)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	9,287,000	\$0.23	6,554,000 <sup>(1)</sup>

- (1) The maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed ten percent (10%) of the issued and outstanding Common Shares of the Company at the time of the stock option grant. As at September 30, 2018, 9,287,000 Common Shares were issuable upon the exercise of outstanding stock options (representing approximately 5.86% of the issued and outstanding Common Shares) and 6,554,000 Common Shares were available for future issuance under the Stock Option Plan (representing approximately 4.14% of the issued and outstanding Common Shares).

### Compensation Discussion & Analysis

#### *Composition of the Compensation Committee*

In August 2007, the Company formed the compensation committee (the “**Compensation Committee**”) to meet as required and review senior management compensation and the overall compensation policies and practices of the Company. Prior to the formation of the Compensation Committee, the Board as a whole performed these functions. The members of the Compensation Committee are Messrs. Beddoe, Connor, Matthews and Ricks, all of whom are independent directors.

Mr. Clive Beddoe is the chair of the compensation committee. Mr. Beddoe is the Chair of the Board of WestJet Airlines Ltd. Mr. Beddoe is also the President of The Hanover Group of Companies, a private investment company, and a former Director of Alberta Investment Management Corp.

Mr. Gerald Connor is the Chairman of Cumberland Private Wealth Management Inc. and has been a director of Cumberland Associates Investment Counsel Inc. Mr. Connor is also a trustee of Allied Properties Real Estate Investment Trust and Chair of its audit committee.

Mr. Matthews has been involved in all aspects of investment banking by serving in various positions with Nesbitt Burns Inc. and its predecessor companies from 1964 until his retirement in September 1996, when he was Vice Chairman and a Director. Mr. Matthews is President of Marjad Inc., a private investment company.

Mr. Claude Ricks is a partner with Level 5 Strategy Group. Prior to that and since June 2014, Mr. Ricks was the Chief Operating Officer of gShift. Prior to that Mr. Ricks was President and Chief Executive Officer of SQI Diagnostics Inc. from May 2007 to June 2013.

### *Compensation Philosophy*

For compensation matters, the Compensation Committee of the Board is responsible for:

- reviewing and approving the compensation of the executive officers of the Company;
- recommending to the Board other executive compensation, incentive-based plans and equity-based plans;
- evaluating and recommending compensation of the directors of the Company and succession planning; and
- reviewing compensation disclosure in public documents.

The Compensation Committee considers the following objectives when reviewing compensation:

- retaining individuals critical to the success of the Company;
- rewarding performance of individuals by recognizing their contribution to the Company; and
- compensating individuals based on their performance and, to the extent applicable, on similar compensation for companies at a comparable state of development.

In addition to the above factors the Compensation Committee has taken into consideration the extremely challenging market for biotechnology companies in the development phase.

### *Components of Executive Compensation*

#### *Base Salary*

The Compensation Committee establishes the base salary for executives of the Company in order to attract and retain strong leaders. The base salary for an executive is determined on an annual basis through an evaluation of the particular executive's experience, past and current performance, as well as through an evaluation of market compensation levels for the particular role. In 2015, the Compensation Committee undertook a study of market compensation levels with the assistance of an external consultant.

### *Employee Benefits Program and other perquisites*

The Company makes available to all employees, including executives, a benefits program that consists of health, dental, life and disability coverage.

### *Short-Term Compensation Incentives*

The Compensation Committee may recommend short-term incentives to encourage the achievement of short term corporate objectives and/or individual performance goals. These incentives may consist of cash bonuses or stock options that vest upon the achievement of specific milestones.

Bonuses paid in 2018 to Named Executive Officers are disclosed in the compensation table on page 14.

### *Long-Term Compensation Incentives*

To encourage ownership interest in the Company and to further align the interests of management with the Shareholders, the Company has adopted, as a long-term incentive, the Stock Option Plan that enables officers, directors, key employees and consultants to be granted stock options to acquire Common Shares pursuant to the terms and conditions of plan. The Stock Option Plan is administered by the Board. A summary of the terms of the Stock Option Plan is set out below.

### *Stock Option Plan*

The Company's Stock Option Plan, as amended on June 8, 2011, provides that the maximum number of Common Shares issuable under the Stock Option Plan will be set at a maximum of 10% of the issued and outstanding Common Shares at the time of the grant (on a non-diluted basis), such that the Stock Option Plan is a "rolling" stock option plan pursuant to the policies of the TSX Venture Exchange. As a result of the "rolling cap", the Stock Option Plan must be approved by Shareholders on an annual basis.

Participation in the Stock Option Plan is restricted to directors, senior officers, employees and consultants of the Company, or any corporation controlled by any such person. The Stock Option Plan provides that no stock options may be granted to any optionee if such grant could result, at any time, in the issuance to any one individual and such individual's associates, within any one year period, of a number of Common Shares exceeding 5% of the issued and outstanding Common Shares. In addition, the number of stock options granted to consultant shall not exceed 2% of the issued and outstanding Common Shares of the Company in any 12 month period. Unless the TSX Venture Exchange permits, the number of stock options granted to persons employed in Investor Relations Activities shall not exceed 2% of the issued and outstanding Common Shares of the Company in any 12 month period, and any such stock options shall contain prescribed vesting restrictions.

The Company must obtain disinterested Shareholder approval of stock options if the Stock Option Plan, together with all previously established or proposed stock option grants could result at any time in: (i) the number of Common Shares reserved for issuance, or issued to insiders, under stock options granted to insiders exceeding 10% of the issued and outstanding Common Shares; or (iii) the issuance to any one optionee and such optionee's associates, within any one year period, of a number of Common Shares exceeding 5% of the outstanding Common Shares. In addition, the

Company shall be required to obtain disinterested Shareholder approval in order to decrease the exercise price of any stock option previously granted to insiders of the Company.

The expiry date of a stock option will be determined by the Board at the time of the grant and such expiry date will not be later than the fifth anniversary of the date of the grant of the stock option. Notwithstanding the foregoing, the Stock Option Plan provides that in the event that the term of an stock option expires within or within 10 Business Days following a “blackout period” (as such term is contemplated in the Company’s insider trading policy in effect at that time), such expiration date shall be automatically extended to the date that is the tenth Business Day after the end of the blackout period. The Stock Option Plan also provides for accelerated expiry in certain circumstances, such as the termination of an optionee’s employment or the death of an optionee.

The purchase price for Common Shares under each stock option granted will be fixed by the Board at the time of the grant of the stock option and, except as otherwise provided in the Stock Option Plan, will be not less than the Market Price of the Common Shares on the date on which the grant of the stock option is approved by the Board. For the purpose of the Stock Option Plan, “Market Price” generally means the closing price of such Common Shares on the TSX Venture Exchange on the trading day immediately preceding the date of the grant (or the average of the bid and ask prices in respect of the Common Shares at the close of trading on any trading date where the Common Shares did not trade).

To encourage retention and align interests of employees with the Shareholders, the Board of Directors a generally establishes vesting periods of 18 to 36 months for employee stock options.

#### *Compensation Procedures*

In 2015, the Compensation Committee reviewed the compensation for the senior executive officers with the assistance of Hugessen Consulting Inc., a compensation consultant. Hugessen was retained on May 28, 2015 to:

- (a) engage in sufficient review of public and private materials plus discussion with board and senior executives to understand the Company’s strategy and existing compensation;
- (b) provide external data on compensation of the top five most highly paid positions at the Company with emphasis on the CEO, CFO and senior scientist positions, review findings with the Compensation Committee and present findings to the Compensation Committee, management and the Board in written format and orally. Market comparators from Canada and broader area will be available; and
- (c) provide internal compensation analysis for positions set out in (b) above.

Comparator companies considered by the compensation consultants were:

- DiagnoCure Inc.
- Theralase Technologies Inc.
- VentriPoint Diagnostics Inc.
- Cardiocomm Solutions Inc.
- MedMira Inc.
- Sernova Corp.

- Miraculins Inc.
- Zecotek Photonics Inc.
- Nymox Pharmaceutical Inc.
- MELA Sciences Inc.
- Response Genetics Inc.
- Neptune Technologies and Bioresources Inc.
- Covalon Technologies Ltd.
- Cancer Genetics Inc.
- Echo Therapeutics Inc.
- Venaxis Inc.
- CareDx Inc.
- CombiMatrix Inc.
- NeuroMetrix Inc.

Senior management was responsible for the review of compensation for other officers and key employees. Such review was based on performance. Following Compensation Committee review, the compensation for Named Executive Officers was brought to current levels.

#### *Executive Compensation Related Fees*

No fees were paid to compensation consultants in fiscal 2018.

Submitted by the Compensation Committee:

Clive Beddoe, Gerald Connor, Wilmot Matthews and Claude Ricks

#### **Indebtedness of Directors and Executive Officers**

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, a proposed nominee for election as a director of the Company or an associate of any such director, executive officer or proposed nominee is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to (i) the Company or any of its subsidiaries or (ii) to any other entity where such indebtedness is, or at any time since the beginning of the most recently completed financial year has been, guaranteed or supported by the Company or any of its subsidiaries.

#### **V. AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in the Information Circular certain information concerning the constitution of its audit committee (the “**Audit Committee**”) and its relationship with its independent auditor, as set forth in the following.

An Audit Committee charter, the text of which is attached as Schedule “A” to this Information Circular, governs the Company’s Audit Committee.

The Company’s Audit Committee is comprised of three directors, Claude Ricks, Eric Schneider and Gerald Connor. All of the members of the Audit Committee are “financially literate” (as such term is defined in NI 52-110). All of the members of the Audit Committee are “independent” (as such term is defined in NI 52-110).

<b>Name</b>	<b>Relevant Education and Experience</b>
Claude Ricks	<ul style="list-style-type: none"><li>• Member of the Board since May 2007, Chair of the Audit Committee.</li><li>• Currently and since December 2016, Mr. Ricks is a Partner with Level 5 Strategy Group.</li><li>• From June 2014 to December 2016, Mr. Ricks was the Chief Operating Officer of gShift.</li><li>• From June 2013 to June 2014, Mr. Ricks was the Principal of ESR Consulting.</li><li>• Mr. Ricks was the President and Chief Executive Officer of SQI Diagnostics Inc. from May 2007 until June 2013.</li></ul>
Eric Schneider	<ul style="list-style-type: none"><li>• Member of the Board since January 2005.</li><li>• Partner in Miller Thomson LLP and its predecessors.</li><li>• Director of Shoal Point Energy Ltd.</li><li>• Former director of 20/20 Financial Group Inc. (1993-95), Schneider Corporation (1996-99) and Altek Power Corporation (2008).</li><li>• B.Sc. (Physics) from the University of Waterloo in 1975 and a J.D. from the University of Toronto in 1978.</li></ul>
Gerald R. Connor	<ul style="list-style-type: none"><li>• Member of the Board since April 2015.</li><li>• Chairman of Cumberland Private Wealth Management Inc.</li><li>• Director of Cumberland Associates Investment Counsel Inc.</li><li>• Trustee of Allied Properties Real Estate Investment Trust and Chair of its audit committee.</li></ul>

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

The Company has not relied on the exemption contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee has oversight and must approve all non-audit services. Currently, the Audit Committee has approved the provision of certain tax advisory services by the Company’s auditor. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and, where applicable, the Audit Committee, on a case by case basis.

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

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

<u>Financial Year</u> <u>Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
September 30, 2018	\$44,720	\$ -	\$6,760	NIL
September 30, 2017	\$42,000	\$1,144	\$6,700	NIL

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

## VI. CORPORATE GOVERNANCE DISCLOSURE

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Company, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Company’s required annual disclosure of its corporate governance practices.

1. **Board of Directors** - The Board considers that Messrs. Beddoe, Connor, Matthews, Ricks, Schneider and Zwisler are independent according to the definition of “independence” set out in NI 52-110. The Board considers that Mr. Morris is not independent in that he is the President and Chief Executive Officer of the Company. The Board facilitates its exercise of independent supervision over management primarily by having a majority of the Board members consist of individuals who are independent of the Company.
2. **Directorships** - The following directors are presently directors of the following reporting issuers: Mr. Beddoe is Chair of the Board of WestJet Airlines Ltd. (TSX); and Mr. Connor

is a trustee and Chair of the audit committee of Allied Properties Real Estate Investment Trust (TSX).

3. **Orientation and Continuing Education** - The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Company's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.
4. **Ethical Business Conduct** - The directors are required to abide by all relevant regulatory rules and regulations. The Board monitors compliance by requiring directors and officers to declare any conflicts of interest or any other situation that could represent a potential violation of any applicable rules and regulations. When applicable, the Board will receive reports from management regarding any allegations of unethical conduct.
5. **Nomination of Directors** - The Board has not adopted any formal policy for the nomination of new directors. The Board relies on each director to identify new candidates for Board nomination based on the needs of the Board.
6. **Compensation** - The directors of the Company determine their compensation and have, since April 2015, elected to receive no compensation in their capacities as directors, Mr Claude Ricks was paid a consulting fee of \$8,000. The Compensation Committee is responsible for (i) reviewing the Chief Executive Officer's authorities and accountabilities and his corporate goals and objectives (which include all performance indicators relevant to the compensation of the Chief Executive Officer); (ii) monitoring the Chief Executive Officer's performance relative to these goals and objectives; and (iii) formally evaluating his performance at least annually. Mr. Morris was paid an annual salary of \$300,000 and a cash bonus of \$30,000 in respect of his position as President and Chief Executive Officer. He does not receive any compensation for acting as a director.
7. **Other Board Committees** - The only standing committees of the Board are the Audit Committee and the Compensation Committee. From time to time, the Board forms *ad hoc* committees, as necessary. Given the size of the Company and the nature of its activities, the Board has not established other standing committees.
8. **Assessments** - The Board does not have any formal policies to evaluate the effectiveness of the Board, the Audit Committee and the individual directors. The Board may appoint a special committee of directors to evaluate the Board, its committees and assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committee of directors to perform such analysis.



## VII. OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no other matters to come before the Meeting other those as set forth in this Information Circular. **HOWEVER, IF OTHER MATTERS THAT ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

## VIII. GENERAL

Except where otherwise indicated, information contained herein is given as of January 28, 2019.

The undersigned hereby certifies that the directors of the Company have approved the contents and the sending of this Information Circular.

DATED this 28th day of January, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

*/s/ "Andrew Morris"*

Andrew Morris  
President and Chief Executive Officer

## **SCHEDULE “A”**

### **SQI DIAGNOSTICS INC.**

#### **AUDIT COMMITTEE CHARTER**

##### **I. PURPOSE AND AUTHORITY OF THE COMMITTEE**

The members of the audit committee (the “**Audit Committee**”) shall be appointed by the board of directors (the “**Board**”) of SQI Diagnostics Inc. (the “**Company**”), and shall report to the Board. The Audit Committee shall be responsible to:

1. assist the Board in fulfilling its oversight of the Company’s financial integrity, specifically by assisting the Board’s oversight of:
  - (a) the integrity of the Company’s financial statements and other financial reporting;
  - (b) the external auditor’s qualifications and independence;
  - (c) the performance of the Company’s internal audit functions and internal auditor, if and when one is appointed;
  - (d) the Company’s compliance with legal and regulatory requirements;
  - (e) the process by which the Company assesses and manages risk; and
  - (f) any other matters as defined by the Board;
2. manage, on behalf of the shareholders, the relationship between the Company and the external auditor by:
  - (a) having direct responsibility for appointing, retaining and determining the compensation of the external auditor (in the Audit Committee’s capacity as a committee of the Board and subject to the rights of shareholders and applicable law);
  - (b) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
  - (c) determining and approving compensation for all audit and audit-related services and pre-approving all audit and permitted non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor;

- (d) ensuring that the external auditor report directly to the Audit Committee and meets with the Audit Committee or the Board without management present at each regularly scheduled meeting of the Audit Committee or the Board;
- (e) facilitating communication between the Company and the external auditor; and
- (f) overseeing the preparation of any report that is required by any applicable securities regulatory authority to be included in the annual proxy statement, annual information form or any other public disclosure document of the Company.

This Charter and any subsequent revisions thereto require the approval of the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has unrestricted access to communicate directly with the internal and external auditor, management, members of the Board, employees of, or consultants to, the Company and any relevant information. The Audit Committee has the authority to retain independent legal, accounting or other advisers, consultants or experts it deems necessary in the performance of its duties, and the Audit Committee shall have the authority to set the compensation for any such advisors.

The Company shall provide appropriate funding, as determined by the Audit Committee, for payment of (i) compensation to the external auditor to prepare and issue an audit report or perform other audit, review or attest services for the Company, (ii) compensation to any outside advisers, consultants or experts employed by the Audit Committee, and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out the Audit Committee's duties.

## **II. COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee shall be composed of at least three directors of the Company who are appointed by the Board (and may be removed or replaced by the Board), upon recommendation by the Nominating and Corporate Governance Committee, annually at the meeting of the Board immediately following the annual general shareholders meeting. Members shall serve until their qualified successors are appointed, and the Board may fill vacancies in the Audit Committee, subject to satisfying all applicable independence requirements. The Chairman of the Audit Committee shall be designated by the full Board, or if the Board does not do so, the members of the Audit Committee, by majority vote, may designate a Chairman.

Each member of the Audit Committee shall be an unrelated and independent director as may be defined by the TSX Venture Exchange and the Ontario Securities Commission from time to time.

Each member shall be neither an officer nor employee of the Company or any of its affiliates. Each member shall be independent of management and must be free from any direct or indirect relationship which could, or, in the view of the Board, could reasonably be perceived to, interfere with the exercise of that member's independent judgement in carrying out the responsibilities as a member. No member may have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the previous three years. No member may, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept directly or indirectly any consulting, advisory, or other "compensatory fee" (as such term is defined under applicable securities laws and stock exchange rules) from, or be an "affiliated person" (as such term is defined under applicable securities laws and stock exchange rules) of, the Company or any subsidiary of the Company.

All members of the Audit Committee shall be financially literate at the time of their election to the Audit Committee, which means that they will have the ability to read and understand fundamental financial statements (including a balance sheet, income statement and cash flow statement), including a set of financial statements that present a breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

At least one member of the Audit Committee shall be an "audit committee financial expert" as such term is defined by the Regulations of the Ontario Securities Commission and the rules of the Securities and Exchange Commission. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individuals financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. The Board shall make determinations as to whether any particular member of the Audit Committee satisfies these requirements.

A quorum of any Audit Committee meeting will be a majority of the members of the Audit Committee. The Secretary of the Audit Committee shall be such person as nominated by the Chairman of the Audit Committee.

### **III. MEETINGS OF THE AUDIT COMMITTEE**

The Audit Committee shall meet at least quarterly or more frequently as it deems necessary to carry out its duties and responsibilities. The external auditor shall receive notice of every meeting of the Audit Committee and shall be invited to attend and participate in such meetings. The Audit Committee, in its discretion, may also ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

The Audit Committee Chairman shall approve an agenda in advance of each meeting and shall cause that agenda and related materials to be distributed to members and the external auditor in advance of said meeting. The Audit Committee shall maintain minutes of its meetings and records relating to those

meetings and the Audit Committee's activities and provide copies of such minutes to the Board.

As part of each meeting of the Audit Committee at which the Audit Committee reviews and recommends that the Board approve the quarterly interim financial statements or the annual audited financial statements, the Audit Committee shall meet separately with the external auditor of the Company. The Audit Committee shall also meet separately with management as it deems appropriate.

The Secretary shall circulate the minutes of the meetings to members of the Board, members of the Audit Committee and the head of the external auditor.

#### **IV. REMUNERATION OF AUDIT COMMITTEE MEMBERS**

No member of the Audit Committee may, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept directly or indirectly any consulting, advisory, or other "compensatory fee" (as such term is defined under applicable securities laws and stock exchange rules) from the Company or any subsidiary of the Company. For greater certainty, directors' fees (which fees may include cash and/or securities or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive) and fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company or any subsidiary that are not contingent on continued service should be the only compensation a member receives from the Company.

#### **V. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE**

##### **1. Selection and Evaluation of External Auditor**

The Audit Committee is responsible for selecting and evaluating the external auditor, and for managing, on behalf of the Company's shareholders, the relationship between the Company and its external auditor. In furtherance of this responsibility, as delegated by the Board, the Audit Committee shall:

- (a) Be directly responsible, in the Audit Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for appointing, retaining and determining the compensation of the external auditor.
- (b) Review and approve the external auditor's annual engagement letter, including the proposed audit plan and fees contained therein.
- (c) Oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (d) Receive the report from the external auditor covering the outcome of their annual audit of the Company.

- (e) Review the performance of the external auditor and replace or terminate the external auditor when circumstances warrant.
- (f) Oversee the qualifications and independence of the external auditor by, among other things:
  - (i) At least on an annual basis, evaluating the qualifications, performance and independence of the external auditor and the senior audit partners having primary responsibility for the audit.
  - (ii) Obtaining and reviewing a report from the external auditor at least annually regarding: (i) the external auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or raised by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (iii) any steps taken to deal with any issues, (iv) all relationships between the external auditor and the Company, and (v) the independence of the external auditor as required by applicable law.
  - (iii) Establish and periodically assess policies and procedures for the review and pre-approval of all audit and permitted non-audit services to be provided by the external auditor to the Company or its subsidiaries.
  - (iv) Review and, if deemed desirable, pre-approve all audit and permitted non-audit services to be provided by the external auditor to the Company or its subsidiaries which pre-approval may be delegated to one or more members in accordance with applicable law.
  - (v) Requiring the external auditor to deliver to the Audit Committee, at least annually, a formal written statement delineating all relationships between the external auditor and the Company and confirming their independence from the Company.
  - (vi) Actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and taking, or recommending that the Board take, appropriate action to satisfy itself of the auditor's independence.
- (g) Take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the external auditor.

## 2. Financial Statements and Reports

The Audit Committee is responsible for overseeing the accounting and financial reporting process of the Company and the audits of the financial statements of the Company. In furtherance of this responsibility, as delegated by the Board, the Audit Committee shall:

- (a) Review and approve the external auditor's annual audit plan, including the scope of the external auditor's quarterly reviews and all related fees.
- (b) Review and discuss with management and the external auditor the Company's quarterly interim financial statements and annual audited financial statements, including related reports, MD&A, and related disclosure documents and press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), and make recommendations thereon to the Board prior to public disclosure thereof.
- (c) Review and assess the adequacy of procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (including, without limitation, the use of "pro forma" or non-GAAP financial information), other than the public disclosure referred to in V.2.(b) above.
- (d) Confirm through private discussions with the external auditor that no restrictions are being placed on either the scope or the effectiveness of the external auditor's work.
- (e) Review all material written communications between the external auditor and management, including post audit or management letters containing recommendations of the external auditor, management's response and follow up with respect to the identified weaknesses.
- (f) As part of the Audit Committee's review of the Company's quarterly interim financial statements, or audited annual financial statements, review and discuss with management and the external auditor:
  - (i) The external auditor's report on the audited annual financial statements.
  - (ii) The quality of, and any major issues regarding, the Company's accounting principles and financial statement presentations, including all critical accounting policies, accounting practices and financial disclosure practices used and any significant changes in the Company's selection or application of accounting principles.

- (iii) All significant issues and judgements made in connection with the preparation of the financial statements to determine if and how they should be reported or disclosed.
- (iv) Any problems experienced by the external auditor in performing audits.
- (v) The content and presentation of sales or earnings press releases and any financial information or earnings guidance (if any) provided to analysts and rating agencies.
- (vi) Any outstanding or anticipated litigation or legal claims or actions which may materially affect the financial position of the Company.

### **3. Financial Reporting Process and Internal Controls**

The Audit Committee is responsible for overseeing the design, implementation and on-going effectiveness of policies and procedures for providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements (“**Internal Controls**”). In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) Establish (under the supervision of the Company's Chief Financial Officer, and President and Chief Executive Officer), monitor and review a system of Internal Controls.
- (b) Consult with the external auditor regarding the adequacy of Internal Controls and review any significant findings concerning the adequacy of Internal Controls raised by the external auditor in its report on the Internal Controls.
- (c) Review management's report on its assessment of the Internal Controls of the Company and the steps taken to monitor, control and report financial risks and exposures.
- (d) Consider the effectiveness of the Internal Controls, and review with the President and Chief Executive Officer, the Chief Financial Officer, and the external auditor: (A) all significant deficiencies and material



weaknesses in the design or operation of the Company's Internal Controls that could adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits with applicable securities regulators within the required time periods, and (B) any fraud, whether or not material, that involves management of the Company or other employees who have a significant role in the Company's Internal Controls.

(e) Address, on a regular basis, any perceived shortcomings in the Company's Internal Controls.

(f) Consider the appropriateness of establishing an internal audit function.

#### **4. Risk Management**

The Audit Committee is responsible for overseeing the process by which the Company assesses and manages risk, including the relationship of the Company's compensation policies and practices to risk management. In furtherance of this responsibility, as delegated by the Board, the Audit Committee shall:

- (a) identify risks inherent in the Company's business;
- (b) maintain policies and procedures that address such risks on a reasonable, cost-effective basis;
- (c) in conjunction with management, review, on an annual basis, all aspects of the Company's risk management program, including all significant policies and procedures relating to insurance coverage, foreign exchange exposures and investments (including the Company's use of financial risk management instruments);
- (d) review policies and practices with respect to off-balance sheet transactions and trading and hedging activities, and consider the results of any review of these areas by the external auditor; and
- (e) review management's processes in place to prevent and detect fraud.

#### **5. Compliance with Laws and Regulations**

The Audit Committee shall:

- (a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- (b) Obtain regular updates from management and the Company's legal counsel regarding compliance matters that may have a material impact on the Company's financial statements or compliance policies.

- (c) Review the findings of any examinations by regulatory agencies and any correspondence with, or published reports by, regulators or governmental agencies which raise material issues regarding the Company's financial statements or accounting policies.

## **6. Related Party Transactions and Off-Balance Sheet Structure**

The Audit Committee shall:

- (a) review all proposed related-party transactions for potential conflicts of interest, including those between the Company and its officers or directors and, if deemed appropriate, recommend to the Board an appropriate course of action with respect to any particular transaction (including approval, rejection or ratification);
- (b) annually review any ongoing related party transactions and report to the Board thereon; and
- (c) review all material off-balance sheet structures to which the Company is a party.

A “**related party**” is a director or officer of the Company, or an immediate family member of a director or officer of the Company (which means any spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home (other than domestic employees)).

## **7. Hiring Policies**

The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company.

## **8. Complaint Procedure**

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and monitor compliance with the Company's Whistleblower Protection Policy on Financial Matters and oversee, coordinate and review all investigations undertaken thereunder.

## **9. Waiver under Insider Trading Policy**

The Audit Committee may, at its discretion, waive the requirements and prohibitions contained in the Insider Trading Policy in exceptional circumstances, but provided always that the person seeking the waiver does not have any undisclosed “material information” (as such term is defined in the Insider Trading Policy) and that the making of such an exception would not violate any applicable securities laws. All requests for waivers must be submitted in writing to the Audit

Committee, and must contain a certification that the requesting person does not have any undisclosed “material information”, and must be addressed to the Chair of the Audit Committee.

## **VI. EVALUATION OF AUDIT COMMITTEE CHARTER AND COMMITTEE PERFORMANCE**

Annually, the Audit Committee shall review and assess the adequacy of the Audit Committee charter, report to the Board on the results of such assessment, and recommend any proposed changes to the Board for approval.

The Audit Committee shall also perform an annual evaluation of the performance of the Audit Committee and report to the Board on the results of such evaluation.

It is the Board’s intention that this charter shall reflect at all times all legislative and regulatory requirements applicable to the Audit Committee. Accordingly, this charter shall be deemed to have been updated to reflect any amendments to such legislative and regulatory requirements and shall be formally amended at least annually to reflect such amendments.

While the Audit Committee has the oversight duties and responsibilities set forth in this charter, the Audit Committee is not responsible for planning or conducting the audit or for determining whether the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management has the responsibility for preparing the financial statements and implementing internal controls and the external auditor has the responsibility of auditing the financial statements.

In discharging its duties, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Audit Committee as an “audit committee financial expert” is intended, or should be determined to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Audit Committee’s responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Company.