



**NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
RELATING TO
THE ANNUAL GENERAL MEETING
OF SHAREHOLDERS OF
TARGETED MICROWAVE SOLUTIONS INC.**

Date and Time: September 8, 2017 at 10:00 A.M. (EDT)

Place: Suite 500 – 2275 Research Blvd,
Rockville, Maryland
20850

August 8, 2017



TARGETED
MICROWAVE
SOLUTIONS

Suite 2300
1600 West Hastings Street
Vancouver, BC
V6E 3X2

www.tmsenergy.com
TSX-V:TMS

August 8, 2017

Dear Shareholder:

It is our pleasure to invite you to attend our annual general meeting of shareholders on Friday, September 8, 2017, beginning at 10:00 A.M. (EDT), at Suite 500 – 2275 Research Blvd, Rockville, Maryland 20850. At the meeting, you will be voting on a number of important matters, and you will have an opportunity to ask questions of your board of directors and management.

Your vote is important to us, and we hope that you will be able to attend the meeting. You may also vote over the Internet, by telephone, or by mailing a form of proxy or voting instruction form. Please review the instructions on each of your voting options described in the accompanying management information circular.

We thank you for your continued support and look forward to seeing you in at the meeting.

Very truly yours,

"James Young"
Dr. James Young
Chairman and Chief Executive Officer

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TARGETED
MICROWAVE
SOLUTIONS

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 8, 2017**

TO THE HOLDERS OF COMMON SHARES OF TARGETED MICROWAVE SOLUTIONS INC.:

NOTICE IS HEREBY GIVEN that an annual general meeting (the "**Meeting**") of shareholders of Targeted Microwave Solutions Inc. ("**TMS**") will be held at Suite 500 – 2275 Research Blvd, Rockville, Maryland 20850, on September 8, 2017, at 10:00 A.M. (EDT) for the following purposes:

1. to receive and consider the audited financial statements of TMS for the period ended December 31, 2016, and the report of the auditors thereon;
2. to elect the directors of TMS for the ensuing year;
3. to re-appoint BDO Canada LLP, Chartered Professional Accountants, as the auditors of TMS for the fiscal year ending December 31, 2017, and to authorize the directors of TMS to fix the auditors' remuneration; and
4. to transact such further or other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

The board of directors of TMS has fixed August 3, 2017 as the record date for determining shareholders who are entitled to attend and vote at the Meeting. Accompanying this Notice of Meeting are the Circular and a form of proxy. The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting.

If you are a registered shareholder of TMS, whether or not you are able to attend the Meeting, you are requested to complete, execute and deliver the enclosed form of proxy in accordance with the instructions set forth on the form to TMS, c/o Computershare Investor Services Inc., Attn.: Proxy Department, 8th floor – 100 University Avenue, Toronto, Ontario M5J 2Y1, by no later than 10:00 A.M. (EDT) on September 6, 2017 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment(s) or postponement(s) thereof. The time limit for the deposit of proxies may be waived by the chair of the Meeting at his discretion without notice. Registered shareholders of TMS can also vote their proxies via telephone or the Internet in accordance with the instructions provided in the form of proxy.

If you are a non-registered holder of TMS common shares and you receive these materials through your broker, custodian, nominee or other intermediary, you should follow the instructions provided by your broker, custodian, nominee or other intermediary in order to vote your common shares.

DATED at Vancouver, British Columbia, this 8th day of August, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

"James Young"
Dr. James Young
Chairman and Chief Executive Officer



MANAGEMENT INFORMATION CIRCULAR

INFORMATION CONTAINED IN THIS CIRCULAR

The information in this management information circular (the "**Circular**") is given as of August 8, 2017, unless otherwise noted.

This Circular is being furnished to holders ("**Shareholders**") of common shares ("**Shares**") in the capital of Targeted Microwave Solutions Inc. ("**TMS**") in connection with the solicitation of proxies by management of TMS for use at the annual general meeting of Shareholders to be held at 10:00 A.M. (EDT) on Friday, September 8, 2017, at Suite 500 – 2275 Research Blvd, Rockville, Maryland 20850, and any adjournment(s) or postponement(s) thereof (the "**Meeting**") for the purposes set forth in the accompanying notice of meeting dated August 8, 2017 (the "**Notice of Meeting**").

The Notice of Meeting, the form of proxy (the "**Proxy**") and this Circular (collectively, the "**Meeting Materials**") will be mailed to Shareholders commencing on or about August 10, 2017. All dollar amounts set forth in this Circular are expressed in United States dollars, unless otherwise indicated.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies by management of TMS will be conducted by mail and may be supplemented by telephone or other personal contact, and such solicitation will be made without special compensation granted to the directors, officers, employees and consultants of TMS. The cost of solicitation, including for the mailing of the Meeting Materials, will be borne by TMS.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by TMS. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

Record Date

The board of directors of TMS (the "**Board**") has set the close of business on August 3, 2017, as the record date (the "**Record Date**") for determining which Shareholders shall be entitled to receive notice of and to vote at the Meeting. Only Shareholders of record ("**Registered Shareholders**") as of the Record Date are entitled to receive notice of and to vote at the Meeting.

Appointment of Proxyholders

The person(s) named in the accompanying Proxy as proxyholder(s) are management's representatives. A Shareholder wishing to appoint some other person or company (that need not be a Shareholder) to represent him, her or it at the Meeting may do so, either by striking out the printed name(s) and inserting the desired person or company's name in

the blank space provided in the Proxy or by completing another Proxy and, in either case, delivering the completed Proxy to the office of Computershare Investor Services Inc., Attn.: Proxy Department, 8th floor – 100 University Avenue, Toronto, Ontario M5J 2Y1, or by fax to 1-866-249-7775 (North America) or 1-416-263-9524 (international) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof. The chair of the Meeting has the discretion to accept Proxies received after that time. Registered Shareholders may also vote their Proxies via telephone or the Internet in accordance with the instructions provided in the Proxy.

Voting of Proxies

If the Proxy is completed, signed and delivered to TMS, the person(s) named as proxyholders therein shall vote or withhold from voting Shares in respect of which they are appointed as proxyholders at the Meeting in accordance with the instructions of the Shareholder appointing them, on any show of hands and/or on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the person(s) appointed as proxyholder(s) shall vote accordingly. The Proxy confers discretionary authority upon the person(s) named therein with respect to: (a) each matter or group of matters identified therein for which a choice is not specified; (b) any amendment to or variation of any matter identified therein; and (c) to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. As of the date of this Circular, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the Proxy.

If no choice is specified by a Shareholder with respect to any matter identified in the Proxy or any amendment or variation to such matter, it is intended that the person(s) designated by management in the Proxy will vote the Shares represented thereby in favour of such matter.

Non-Registered Holders

Only Registered Shareholders as of the Record Date or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are "non-registered shareholders" because the Shares they own are not registered in their name but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased their Shares. More particularly, a person is not a Registered Shareholder in respect of Shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a depository (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of applicable securities laws, TMS has distributed copies of the Meeting Materials to the depositories and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the Proxy, this Proxy is not required to be signed by the Non-Registered Holder when submitting the Proxy. In this case, the Non-Registered Holder who wishes to submit the Proxy should otherwise properly complete the Proxy and deliver it to the offices of TMS; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a proxy authorization form) which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Shares which they

beneficially own. 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 management proxyholder(s) and insert the Non-Registered Holder's name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or voting instruction form is to be delivered.**

Revocability of Proxy

Any Shareholder returning the enclosed Proxy may revoke the same at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing duly executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and delivered either to Computershare or to the registered office of TMS at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) or any postponement(s) thereof, or with the chair of the Meeting prior to the commencement of the Meeting. A revocation of a Proxy will not affect any matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors. For the purpose of this paragraph, "Person" shall include each person or company: (a) who is, or has served since the beginning of the period ended December 31, 2016, as a director or executive officer of TMS; (b) who is a Nominee (as defined below); and (c) who is an associate or affiliate of a person or company included in the foregoing.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

TMS's authorized capital consists of an unlimited number of Shares. As at the Record Date, there were a total of 46,820,010 Shares outstanding. Each Share entitles the holder thereof to one vote.

The following table lists, to the knowledge of the directors and executive officers of TMS, based on public information, those persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying 10% or more of all voting rights of TMS, as of the date hereof:

Name	Number of Shares	Percentage of Issued and Outstanding Shares
SOHL, Inc. ⁽¹⁾	16,146,333	34.50%

Note:

(1) The reported Shares are controlled and directed by Satellite Overseas (Holdings) Limited ("SOHL").

ELECTION OF DIRECTORS

The Board is recommending three persons (the "Nominees") for election as directors at the Meeting. Each of the three persons whose name appears below is proposed by the Board to be nominated for election as a director of TMS to serve until the next annual general meeting of shareholders or until the director sooner ceases to hold office.

The following table (and notes thereto) states the name and province or state and country of residence of each Nominee, all offices of TMS now held by him, the period of time for which he has been a director of TMS and the number of Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof:

Name, province or state and county of residence	Current positions with TMS	Director since	Shares beneficially owned or controlled and directed (#)
Dr. James Young ⁽¹⁾⁽²⁾ Maryland, United States	Chairman, Director, Chief Executive Officer and Acting Chief Financial Officer	September 5, 2013	912,010 ⁽³⁾⁽⁴⁾
Lawrence Siegel California, United States	Director	June 8, 2016	600,000 ⁽⁵⁾
Ian Hume ⁽¹⁾⁽²⁾ Washington, D.C., United States	Director	September 15, 2010	97,920 ⁽⁶⁾

Notes:

- (1) The Audit Committee is comprised of Messrs. Young, Hume and Stephen D. Crocker (Chair).
- (2) The Compensation and Corporate Governance Committee (the "CCGC") is comprised of Messrs. Young (Chair), Hume, Crocker and Rajiv Modi.
- (3) Dr. Young has control and direction, but not beneficial ownership, of 60,000 of the reported Shares.
- (4) Dr. Young also holds: (i) 800,000 restricted share units ("RSUs"), each of which represents, on vesting, one Share; (ii) options to purchase 1,650,000 Shares; and (iii) warrants exercisable for an aggregate of **700,010 shares**.
- (5) Mr. Siegel also holds: (i) 166,666 RSUs, each of which represents, on vesting, one Share; and (ii) options to purchase 450,000 shares.
- (6) Mr. Hume also holds: (i) options to purchase 235,000 Shares; and (ii) warrants exercisable for an aggregate of 37,920 shares.

Set out below are profiles of each Nominee, including particulars of his principal occupation for the past five years:



Dr. James Young, age 63, Chairman, Director, Chief Executive Officer and interim Chief Financial Officer. Dr. Young has served as chairman of the board of directors of Novavax, Inc. (NASDAQ: NVAX), a clinical-stage vaccine company, and on the board of directors of 3-V Biosciences, Inc., a private drug company, since 2010. Dr. Young was head of research and development for MedImmune, Inc. ("**MedImmune**"), a biotechnology development enterprise, from 1989 to 2008 following its \$15.6 billion sale to AstraZeneca PLC, a British-Swedish multinational pharmaceutical and biologics company, in 2007. During his tenure, Dr. Young was directly involved in the development of approximately 20 clinical programs and the commercialization of numerous

key drugs while managing approximately 1,500 people and controlling an annual budget in excess of \$700 million. Prior to MedImmune, Dr. Young was the director of the Department of Molecular Genetics at Smith Kline and French Laboratories, now part of GlaxoSmithKline, a British pharmaceutical company, and, prior to that, was a faculty member at Mount Sinai Medical School in New York from 1978 to 1983. Dr. Young has served on the boards of directors of Xencor, Inc., a clinical-stage biopharmaceutical company, from 2006 to 2008, Iomai, Inc., a developer of vaccines and immune system stimulants, from 2002 to 2006, and Arriva Pharmaceuticals, Inc., a privately held biopharmaceutical company, from 2004 to 2006. Dr. Young received his Ph.D. in Microbiology and Immunology from the Baylor College of Medicine, Houston, Texas, United States.



Lawrence Siegel, age 67, Director. Mr. Siegel is a seasoned executive with 40 years of international business experience. A graduate of the University of California in Los Angeles ("**UCLA**"), Mr. Siegel holds a degree in history, as well as a degree in geography. Mr. Siegel has been the president of Yellow Pearl, Inc., a consulting company, since 1983 and a partner/investor in Flickback Media, Inc., a publishing company, since 2004. Mr. Siegel has been the president of a number of corporations, including Seeburg Corporation (NASDAQ: XCOR), an American design and manufacturing company of automated musical equipment, from 1979 to 1983, Atari, Inc. (ASE: ATI), a video game and home computer company, from 1987 to 1992, U.S. Digital Communications, Inc. (NASDAQ: USDI), a telecommunications company, from 1996 to 1998 and Sega Europe Limited (NIKKEI: SGAMY), an interactive entertainment company, from 1972 to 1976. Mr. Siegel has also held managerial or consulting positions with such well-known companies as Bally Manufacturing, a slot machine and game machine provider from 1998 to 1999, WMS Gaming, a scientific games company, from 1976 to 1978, Sony Corporation, a multinational conglomerate corporation involved in consumer and professional electronics, gaming, entertainment and financial services, from 1999 to 2000, Mattel, Inc., an American multinational toy manufacturing company, from 2000 to 2001, Silicon Graphics, Inc., an American manufacturer of high-performance computing solutions, from 1992 to 1993, Konami Holdings Corporation, a Japanese producer of toys and a developer of video games, from 1992 to 1993, Taito Corporation, a Japanese video game developer, from 1993 to 1994, Data East Corporation, a Japanese video game developer, from 2000 to 2001, and THQ, Inc., an American video game developer, from 1993 to 1995. Mr. Siegel was Chief Executive Officer of TMS from April 10, 2015 until June 30, 2016.



Ian Hume, age 76, Director. Mr. Hume joined the World Bank in 1969 as an economist. Mr. Hume's career at the World Bank included macroeconomic work, project assignments and management positions, including as Division Chief, Assistant Director of Energy, Resident Representative and Country Director in Poland. Since 1994, Mr. Hume has worked on a range of private energy ventures in electric power and coal industries, including technical advisor to EUROGAZ Gas Pipeline, from 1995 to 1996, and coordinator of a consortium for an LNG Feasibility Study in Poland in 2007. From 2007 to 2012, Mr. Hume undertook several internal consulting studies for the World Bank, including for its Independent Evaluation Group in the fields of internal controls, procurement policy and anti-corruption. He was also part of a private consulting team, headed by the firm ICF International, of Fairfax, Virginia, that, in 2012 and 2013, wrote the Gas Master Plan for Mozambique under contract to the Ministry of Energy and Natural Resources, which was financed by the World Bank. Mr. Hume has been a self-employed consultant since 1996.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of TMS, no Nominee is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company (including TMS) that:

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

To the knowledge of TMS, no Nominee is or has been, within the past 10 years, a director, or executive officer of any company (including TMS) that, while the Nominee was acting in that capacity, or within a year of the Nominee 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.

Other than as described herein, to the knowledge of TMS, no Nominee has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, 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.

Mr. Lawrence Siegel, the former chief executive officer of TMS, previously made a voluntary assignment in bankruptcy for which he was subsequently discharged.

STATEMENT OF EXECUTIVE COMPENSATION

General

Pursuant to applicable securities legislation, TMS is providing a summary of all annual and long-term compensation for services in all capacities to TMS and its subsidiaries for the period ended December 31, 2016 in respect of the individuals comprised of the chief executive officer, the chief financial officer and TMS's three other most highly compensated executive officers, including officers of its subsidiaries, whose individual total compensation for the period ended December 31, 2016 exceeded C\$150,000, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as an executive officer of TMS or its subsidiaries at the end of the most recently completed financial period (the "**Named Executive Officers**" or "**NEOs**").

All references in this Statement of Executive Compensation to "dollars" or "\$" are to United States dollars and "C\$" are to Canadian dollars.

Compensation Discussion and Analysis

The principal objective of TMS's compensation policy is to attract and retain key executive officers that are considered critical to the growth and success of TMS. The CCGC, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the Board in respect of compensation paid to TMS's directors and officers, including salary, incentive and other compensation levels. Presently, TMS relies on discussions of the Board and the CCGC without any formal objectives, criteria and analysis in determining compensation, which generally consists of base salary and grants of long-term incentive plan awards under TMS's long-term performance incentive plan (the "**LTIP Plan**"), which may include share-based and/or option-based awards. TMS does not assess its compensation through benchmarks or peer groups at this time.

Elements of Compensation

Under TMS's compensation structure, compensation for executive officers may consist of:

Base Salary. For 2016, base salary was the foundation of TMS's compensation policy, and was intended to compensate competitively based on the past experience of the executive, while taking into consideration TMS's current level of development. The desire was for base salary to be high enough to secure exceptional executives that could further the annual and long-term objectives of TMS, while at the same time not being excessive with a view to TMS's available cash resources. The CCGC reviews salary levels periodically and may recommend adjustments to the Board, if warranted, as a result of competitive positioning, the stage of development of TMS or an increase in responsibilities assumed by an executive.

LTIP Awards. The Board may also grant awards under the LTIP Plan as part of an executive's compensation package. The primary objective of making grants of such awards is to encourage executive officers to acquire an ownership interest in TMS over a period of time, thus better aligning the interests of executive officers with the interests of shareholders, and thereby discouraging excessive risk taking. Additionally, awards may be granted to help enhance the overall competitiveness of an executive's compensation package, where necessary, while helping maintain TMS's available cash resources.

TMS considers various factors when determining the number of awards to be granted to specific individuals, including the level of responsibility and base salary level associated with the position held by such individual. The CCGC periodically submits to the Board for approval its recommendations in respect of the number of awards to be granted to specific individuals. When determining possible future award grants, the Board considers past grants. The Black-Scholes model is used to determine the fair value of stock options on the date of grant.

Bonus. From time to time, TMS may grant bonus awards to members of management, in the form of cash or Shares of TMS, in light of TMS' accomplishments of certain milestones or achievements and the member's level of involvement in accomplishing such milestones or achievements. In the financial period ended December 31, 2016, no bonuses were granted. Please see "Summary Compensation Table" and "Director Compensation" for further information.

Risk Management

Neither the Board nor the CCGC has undertaken a formal evaluation of the implications of any risks associated with TMS's compensation policies and practices. Neither the Board nor the CCGC believes that TMS's compensation program results in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on TMS.

Hedging

TMS does not have any formal policy respecting the purchase by an NEO or a director of financial instruments.

Compensation Governance

The CCGC is comprised of four (4) members, being Messrs. Young (Chair), Crocker, Modi and Hume. Two such members, Messrs. Crocker and Hume are "independent" within the meaning of National Instrument I 52-110– *Audit Committees* ("**NI 52-110**"), in that they are free from any interest which could reasonably interfere with their exercise of independent judgment

as directors of TMS, while two such members, Dr. Young who is currently the Chief Executive Officer and interim Chief Financial Officer of TMS and Dr. Modi, who is a Satellite Overseas (Holdings) Limited ("**SOHL**") representative to the Board and is also a director of SOHL are not considered independent under NI 52-110. SOHL is an insider of TMS based on it holding more than 10% of TMS' issued and outstanding Shares.

The CCGC operates under a written charter. Among other things, the CCGC has the responsibility of assessing the performance of the chief executive officer, evaluating the chief executive officer's contribution to the overall success of TMS and recommending to the Board the chief executive officer's level of compensation. The CCGC, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the Board in respect of compensation paid to TMS's directors and officers, including salary, incentive and other compensation levels.

All members of the CCGC have experience in compensation matters, either as members of compensation committees of other public companies and/or from having served as senior executives with significant responsibility for or involvement in compensation matters.

Summary Compensation Table

The following table (and notes thereto) states the name of each NEO, his annual compensation, consisting of salary and other annual compensation, and long-term compensation, including grants of awards under the LTIP Plan, for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015:

Name and principal position	Year	Salary	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	All other compensation (\$)	Total compensation
James Young ⁽²⁾ Chief Executive Officer	2016 2015	\$22,222 ⁽³⁾ N/A	Nil N/A	Nil N/A	Nil N/A	\$22,222 N/A
Tom Stefan ⁽⁴⁾⁽¹⁴⁾ Chief Financial Officer	2016 2015	\$211,590 \$108,034 ⁽⁵⁾	Nil Nil	\$66,949 \$161,943	Nil Nil	\$278,539 \$269,977
Lawrence Siegel ⁽⁶⁾ Former Chief Executive Officer	2016 2015	\$202,000 ⁽⁷⁾ \$224,113	\$42,148 ⁽⁸⁾ \$470,884 ⁽¹⁰⁾	Nil \$215,924	\$9,485 ⁽⁹⁾ \$1,110	\$253,633 \$912,031
Steve Lawson ⁽¹¹⁾ Chief Technology Officer, TMS USA	2016 2015	\$180,000 \$110,157	Nil Nil	\$66,949 \$129,554	Nil \$9,450	\$246,949 \$249,161
Jan Kindler ⁽¹²⁾⁽¹⁵⁾ Chief Operating Officer	2016 2015	\$141,060 \$69,744	Nil \$12,466 ⁽¹³⁾	\$66,949 \$127,858	Nil Nil	\$208,009 \$210,068

Notes:

- (1) The Black-Scholes option valuation model has been used to determine the fair value on the date of grant. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the share price, any expected dividend yield and risk free interest rate. The Black-Scholes pricing model was used to estimate the fair value of options as TMS believes it is a commonly used methodology. The weighted average inputs used by TMS in the Black-Scholes pricing model for 2015 were (i) a risk free interest rate of 0.90%, (ii) an expected life of 5 years and (iii) annualized volatility of 137%. The amounts represented are the United States dollar equivalents translated on May 21, 2015, based on the Bank of Canada's nominal closing exchange rate for such date, as published at www.bankofcanada.ca, being \$0.8191 to each Canadian dollar. The weighted average inputs used by TMS in the Black-Scholes pricing model for 2016 were (i) a risk free interest rate of 0.53%, (ii) an expected life of 5 years and (iii) annualized volatility of 147%. The amounts represented are the United States dollar equivalents translated on June 8, 2016, based on the Bank of Canada's noon exchange rate for such date, as published at www.bankofcanada.ca, being \$0.7876 to each Canadian dollar. The options vest evenly over four quarters for the Chief Executive Officer and evenly over eight quarters for the remaining NEOs.
- (2) Dr. Young became interim Chief Executive Officer on June 30, 2016 and was appointed full-time Chief Executive Officer on November 29, 2016.
- (3) TMS entered into an employment agreement with Dr. Young on January 1, 2017, providing for an annual salary of \$1. Pursuant to the Young Agreement, Dr. Young is entitled to receive Shares valued at \$20,833 for his service as chief executive officer (a "**Monthly Stock Award**"). The number of Shares Dr. Young is to receive each month will be determined by reference to the volume-weighted average trading price for the Shares on the TSX Venture Exchange (the "**TSXV**") for the five trading days prior to the applicable award date. The first Monthly Stock Award payable on

January 1, 2017 represents the Monthly Stock Award for the period from November 29, 2016 to December 31, 2016 (valued at \$22,222). As at June 30, 2017, the Monthly Stock Award has remained unpaid.

- (4) Mr. Stefan was appointed chief financial officer of TMS effective April 10, 2015.
- (5) Mr. Stefan's annual base salary in 2015 was C\$216,000. The amount reported represents the United States dollar equivalent translated at the average Bank of Canada nominal noon exchange rate for the period ended December 31, 2015, as published at www.bankofcanada.ca, being \$0.7665 to each Canadian dollar. On February 1, 2016, Mr. Stefan's employment agreement was amended, pursuant to which his annual base salary was amended to \$216,000 (payable in US dollars).
- (6) Mr. Siegel was appointed chief executive officer of TMS effective April 10, 2015. Mr. Siegel retired from this position effective June 30, 2016.
- (7) Includes salary to June 30, 2016 and payments of \$1,000 per month, pursuant to an agreement with the NEO for the period of July 1, 2016 to December 31, 2016. See "Consulting Agreements" section for further details.
- (8) Represents the 166,666 RSUs granted to Mr. Siegel on September 8, 2016, in lieu of the June 30, 2016 cancellation of 500,000 PSUs, originally granted on May 21, 2015. At December 31, 2016 no RSUs had vested. Calculated based on the closing price of the Shares on the TSXV as at December 31, 2016, being C\$0.335 per Share, converted to United States dollars using the quoted Noon Rate as published by the Bank of Canada for December 30, 2016, being \$0.7549 to each Canadian dollar.
- (9) Represents the director fees paid to Mr. Siegel during the period for which he was no longer an "inside" director of TMS. Please see the Director Compensation Table below for more information.
- (10) Represents the award to Mr. Siegel of 600,000 Shares during the period ended December 31, 2015, in settlement of a bonus award, with an accounting value of C\$0.75 per Share, and 500,000 PSUs on May 21, 2015. The Monte Carlo simulation model has been used to determine the fair value of the PSUs on the date of grant. The inputs used by TMS in the Monte Carlo simulation model were (i) a risk free interest rate of 1%, (ii) an expected life of 18 months and (iii) annualized volatility of 166%. The amount represents the United States dollar equivalent translated on May 21, 2015, based on the Bank of Canada's nominal closing exchange rate for such date, as published at www.bankofcanada.ca, being \$0.8191 to each Canadian dollar. Please see "Incentive Plan Awards – Outstanding Share-based Awards and Option-based Awards" below for further information.
- (11) Mr. Lawson was appointed Vice-President, Research and Development of Targeted Microwave Solutions USA Inc. ("TMS USA") effective May 21, 2015. On October 6, 2016, Mr. Lawson was appointed Chief Technology Officer of TMS.
- (12) Mr. Kindler was appointed Vice-President of Business Development and Corporate Secretary of TMS effective May 21, 2015. On October 6, 2016, Mr. Kindler was appointed Chief Operating Officer of TMS. On February 1, 2016, Mr. Kindler's employment agreement was amended, pursuant to which his annual base salary was amended to become payable in US dollars.
- (13) Represents the award to Mr. Kindler of 60,000 Shares during the period ended December 31, 2015, in settlement of a bonus award, with an accounting value of C\$0.75 per share on May 21, 2015, translated at the rate of \$0.8191 to each Canadian dollar, based on the Bank of Canada's nominal closing exchange rate for May 21, 2015.
- (14) Mr. Stefan resigned as Chief Financial Officer effective June 30, 2017.
- (15) Mr. Kindler resigned as Chief Operating Officer effective June 27, 2017.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table states the name of each NEO, the number of options available for exercise which are outstanding at the end of the fiscal year ended December 31, 2016, the exercise price and the expiration date for each option, as well as the number of share-based awards granted in the fiscal year that have not vested and the market value of share-based awards that have not vested, as at December 31, 2016:

	Option-based awards			Share-based awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
James Young ⁽¹⁾	350,000 ⁽²⁾ 700,000 ⁽⁷⁾	C\$0.56 C\$0.75	June 8, 2021 May 21, 2020	Nil	Nil	N/A
Tom Stefan ⁽³⁾	175,000 ⁽⁴⁾⁽⁵⁾ 300,000	C\$0.56 C\$0.75	June 8, 2021 May 21, 2020	Nil	Nil	N/A
Lawrence Siegel ⁽⁶⁾	400,000 ⁽⁷⁾	C\$0.75	May 21, 2020	Nil	166,666 ⁽⁸⁾	\$42,148 ⁽⁸⁾
Steve Lawson ⁽⁹⁾	175,000 ⁽⁵⁾ 240,000 ⁽¹²⁾	C\$0.56 C\$0.75	June 8, 2021 May 21, 2020	Nil	Nil	N/A
Jan Kindler ⁽¹⁰⁾	175,000 ^(5,11) 240,000 ^(11,12)	C\$0.56 C\$0.75	June 8, 2021 May 21, 2020	Nil	Nil	N/A

Notes:

- (1) Dr. Young was appointed interim Chief Executive Officer of TMS effective June 30, 2016 and became full-time Chief Executive Officer November 29, 2016.
- (2) Dr. Young's stock options shall vest and are exercisable as follows: (i) 25% on June 8, 2016; (ii) 25% on September 8, 2016; (iii) 25% on December 8, 2016; (iv) 25% on March 8, 2017.
- (3) Mr. Stefan was appointed chief financial officer of TMS effective April 10, 2015 and resigned effective June 30, 2017.
- (4) The reported stock options are registered in the name of Jemi Ventures Inc. ("**Jemi**"), a private British Columbia company owned and controlled by Mr. Stefan.
- (5) The reported stock options shall vest and are exercisable as follows: (i) 12.5% on June 8, 2016; (ii) 12.5% on September 8, 2016; (iii) 12.5% on December 8, 2016; (iv) 12.5% on March 8, 2017; (v) 12.5% on June 8, 2017; (vi) 12.5% on September 8, 2017; (vii) 12.5% on December 8, 2017; and (viii) 12.5% on March 8, 2018.
- (6) Mr. Siegel retired from his Chief Executive Officer position on June 30, 2016.
- (7) The reported stock options shall vest and are exercisable as follows: (i) 25% on June 30, 2015; (ii) 25% on September 30, 2015; (iii) 25% on December 31, 2015; (iv) 25% on March 31, 2016. For clarity, these options have also been included in the Director Outstanding Share-Based Awards and Option-Based Awards Table below.
- (8) On September 8, 2016, Mr. Siegel was granted 166,666 RSUs in lieu of the July 30, 2016 cancellation of 500,000 PSUs, originally granted on May 21, 2015. At December 31, 2016, no RSUs had vested. For clarity, these RSUs have been included in the NEO Summary Compensation Table above and in the Director Outstanding Share-Based Awards and Option-Based Awards Table below.
- (9) Mr. Lawson was appointed Vice-President, Research and Development of TMS USA effective May 21, 2015 and Chief Technology Officer on October 6, 2016
- (10) Mr. Kindler was appointed Vice-President, Business Development effective May 21, 2015, and Chief Operating Officer on October 6, 2016. Mr. Kindler resigned as Chief Operating Officer effective June 27, 2017.
- (11) The reported stock options are registered in the name of 1000768 BC Ltd. a private British Columbia company owned and controlled by Mr. Kindler.
- (12) The reported stock options shall vest and are exercisable as follows: (i) 12.5% on June 30, 2015; (ii) 12.5% on September 30, 2015; (iii) 12.5% on December 31, 2015; (iv) 12.5% on March 31, 2016; (v) 12.5% on June 30, 2016; (vi) 12.5% on September 30, 2016; (vii) 12.5% on December 31, 2016; and (viii) 12.5% on March 31, 2017.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses the name of each NEO, the aggregate dollar value that would have been realized by each NEO if his options under option-based awards had been exercised on the vesting-date and the aggregate dollar value realized by each NEO upon vesting of share-based awards:

Name	Option-based awards – Value vested during the year ⁽¹⁾	Share-based awards – Value vested during the year (\$)
James Young ⁽²⁾	Nil	Nil
Tom Stefan ⁽³⁾	Nil	Nil
Lawrence Siegel ⁽⁴⁾	Nil	Nil
Steve Lawson ⁽⁵⁾	Nil	Nil
Jan Kindler ⁽⁶⁾	Nil	Nil

Notes:

- (1) The amount represents the aggregate dollar value that would have been realized on each vesting date if the options had been exercised on such vesting date, based on the difference between the closing price of the Shares on the TSXV on such dates and the exercise price of such vested stock options, translated to United States dollars at the Bank of Canada's nominal noon exchange rate on such dates, as published at www.bankofcanada.ca. Such values were as follows for each applicable vesting date: (i) for options vested on March 31, 2016, the Share price was C\$0.63; (ii) for options vested on June 30, 2016, the Share price was C\$0.48; (iii) for options vested on September 30, 2016, the Share price was C\$0.34; (iv) for options vested on December 31, 2016, the share price was C\$0.34.
- (2) Dr. Young became interim Chief Executive Officer on June 30, 2016 and was appointed full-time Chief Executive Officer on November 29, 2016.
- (3) Mr. Stefan was appointed chief financial officer of TMS effective April 10, 2015 and resigned as chief financial officer effective June 30, 2017.
- (4) Mr. Siegel was appointed chief executive officer of TMS effective April 10, 2015. Mr. Siegel retired from the Chief Executive Officer position on June 30, 2016.
- (5) Mr. Lawson was appointed Vice-President, Research and Development of TMS USA effective May 21, 2015 and Chief Technology Officer on October 6, 2016.
- (6) Mr. Kindler was appointed Vice-President, Business Development effective May 21, 2015, and Chief Operating Officer on October 6, 2016. Mr. Kindler resigned as Chief Operating Officer effective June 27, 2017.

Pension Plan Benefits

As at December 31, 2016, TMS did not maintain any defined benefit plans, defined contribution plans or deferred compensation plans.

Employment/Consulting Agreements

James Young, Chief Executive Officer

TMS entered into an employment agreement with Dr. Young on January 1, 2017 in connection with his engagement as chief executive officer of TMS. Pursuant to the employment agreement, Dr. Young is entitled to an annual base salary of \$1. In addition to his annual base salary, for each month of Dr. Young's service as chief executive officer, Dr. Young will be entitled to receive Shares valued at \$20,833.33 (a "**Monthly Stock Award**"), payable on the first day of the month following the month in respect of which the Monthly Stock Award is due. The first Monthly Stock Award payable to Dr. Young, valued at \$22,222 represented the period Dr. Young served as chief executive officer from November 29, 2016 to December 31, 2016. Shares issued pursuant to the Monthly Stock Award will be fully vested when issued. Dr. Young is also entitled to participate in the LTIP Plan and to receive certain benefits and perquisites consistent with the practices of TMS and commensurate with his position.

Dr. Young's employment agreement does not include any termination or change of control provisions.

Tom Stefan, Chief Financial Officer

TMS entered into a consulting agreement with Mr. Stefan in May 2015, as amended and restated on February 1, 2016, following which his salary was payable in U.S. dollars, in connection with his engagement as chief financial officer of TMS. Pursuant to the consulting agreement, Mr. Stefan is entitled to an annual base salary of \$216,000, and is eligible to receive, in respect of each fiscal year, additional variable cash compensation in an amount, if any, determined by the Board in its sole discretion. Mr. Stefan is also entitled to participate in the LTIP Plan, and to receive certain benefits and perquisites consistent with the practices of TMS and commensurate with his position.

If Mr. Stefan's engagement is terminated due to his death or in the event that he is unable to perform his material duties because of a disability, Mr. Stefan, or his estate, will be entitled to 90 days' severance, payable in accordance with TMS's normal payroll practices, plus any accrued benefits. If Mr. Stefan's engagement is terminated by TMS other than for just cause, he will be entitled to 60 days' severance, payable in a single lump sum, plus any accrued benefits. All stock awards then held by Mr. Stefan will expire 60 days following such termination. In the event that Mr. Stefan terminates his engagement with good reason, all stock awards then held by Mr. Stefan will expire 30 days following such termination. Mr. Stefan's consulting agreement does not contain any change of control provisions. Assuming Mr. Stefan's engagement was terminated by TMS without cause or for good reason by Mr. Stefan, effective December 31, 2016, TMS would have been required to make a payment to Mr. Stefan in the aggregate amount of \$36,000 pursuant to the terms of his consulting agreement. Assuming Mr. Stefan's engagement was terminated by TMS because of his death or a disability, effective December 31, 2016, TMS would have been required to make a payment to Mr. Stefan in the aggregate amount of \$54,000 pursuant to the terms of his consulting agreement.

Mr. Stefan resigned as Chief Financial Officer of TMS effective June 30, 2017.

Lawrence Siegel, former Chief Executive Officer

In May 2015, TMS entered into a consulting agreement with Mr. Siegel in connection with his engagement as Chief Executive Officer of TMS. Pursuant to the consulting agreement, Mr. Siegel was entitled to an annual base salary of \$360,000, and was eligible to receive, in respect of each fiscal year, additional variable cash compensation in an amount, if any, determined by the Board in its sole discretion. Mr. Siegel was also entitled to participate in the LTIP Plan, and to receive certain benefits and perquisites consistent with the practices of TMS and commensurate with his position. The consulting agreement was terminated on June 8, 2016 with Mr. Siegel's resignation as Chief Executive Officer of TMS. In connection with his resignation, no severance or other amounts were paid to Mr. Siegel. Mr. Siegel's 500,000 performance share units outstanding at the time of his resignation were terminated effective July 30, 2016, provided on September 8, 2016, Mr. Siegel was granted 166,666 restricted share units.

Pursuant to a Tail Services Agreement dated May 22, 2015 (the "**Tail Services Agreement**"), upon any termination of Mr. Siegel without cause by TMS or for good reason by Mr. Siegel, Mr. Siegel has agreed to provide certain consulting services to TMS related to his former role as chief executive officer, for a period of 24 months following the termination of his consulting agreement. Pursuant to this arrangement, Mr. Siegel is entitled to a salary of \$1,000 per month for such consultation services from July 1, 2016 to June 30, 2018. Any outstanding stock awards held by Mr. Siegel on termination of his consulting agreement will continue in full effect during the period Mr. Siegel provides his consulting services.

Steve Lawson, Chief Technology Officer and Jan Kindler, Chief Operating Officer

TMS entered into consulting agreements with each of Steve Lawson, and Jan Kindler in May 2015. Mr. Kindler's consulting agreement was amended and restated on February 1, 2016, following which his salary was payable in U.S. dollars. Each of these consulting agreements contains substantially the same provisions relating to compensation and termination and change of control benefits as Mr. Stefan's consulting agreement with TMS, except that (i) neither Mr. Lawson nor Mr. Kindler are entitled to benefits or perquisites consistent with the practices of TMS, (ii) Mr. Lawson is entitled to an annual base salary of \$180,000, (iii) Mr. Kindler was entitled to an annual base salary of \$144,000. Effective January 1, 2017 Mr. Kindler's annual base salary was increased to \$162,000.

Assuming that any of Messrs. Lawson or Kindler's engagement was terminated by TMS without cause or for good reason by such consultant, effective December 31, 2016, pursuant to the terms of his consulting agreement, TMS would have been required to make a payment to such consultant in the aggregate amount of (i) \$30,000, in the case of Mr. Lawson, and (ii) \$24,000, in the case of Mr. Kindler.

Assuming that any of Messrs. Lawson or Kindler's engagement was terminated by TMS because of his death or a disability, effective December 31, 2016, pursuant to the terms of his consulting or employment agreement, TMS would have been required to make a payment to such employee or consultant in the aggregate amount of (i) \$45,000, in the case of Mr. Lawson, (ii) \$36,000, in the case of Mr. Kindler. Mr. Kindler resigned as Chief Operating Officer of TMS effective June 27, 2017.

Director Compensation

TMS implemented a directors' compensation policy effective May 22, 2015, pursuant to which directors are compensated by TMS for their services in their capacity as directors, for committee participation and involvement in special assignments and for services as consultants or experts. The directors are also reimbursed for reasonable expenses incurred in connection with their services as directors and are eligible for the grant of stock awards under the LTIP Plan. Pursuant to the directors' compensation policy, the Chairman of the Board is entitled to an annual retainer of C\$48,000 and TMS's "outside" directors are entitled to an annual retainer of C\$36,000. Members of the Audit Committee and the CCGC also receive an annual fee of C\$3,600 for each committee on which they serve and the chair of each such committee is entitled to an additional annual fee of C\$1,400. During the quarter ended September 30, 2016 the Directors elected to implement a cash conservation measure, and discontinue the payment of Board and Committee fees.

Director Compensation Table

The following table provides a summary of compensation, paid to the directors by TMS during the period ended December 31, 2016:

Name	Fees earned ⁽¹⁾	Share-based awards	Option-based awards ⁽²⁾	Total
Dr. James Young	\$78,369	\$167,068 ⁽³⁾	\$133,898	\$379,335
Dr. Rajiv I. Modi ⁽⁴⁾	Nil	Nil	Nil	Nil
Dr. Stephen D. Crocker	\$33,772	Nil	\$19,128	\$52,900
Ian Hume	\$29,986	Nil	\$19,128	\$49,114
Lawrence Siegel ⁽⁵⁾	\$9,485 ⁽⁶⁾	Nil	Nil	\$9,485
William Hudson ⁽⁷⁾	\$22,439	Nil	Nil	\$22,439

Notes:

- (1) The amounts reported represent the United States dollar equivalents of fees paid to each director, translated at the Bank of Canada nominal noon exchange rate for each payment date.
- (2) The inputs used by TMS in the Black-Scholes pricing model for 2016 were (i) a risk free interest rate of 0.53%, (ii) an expected life of 5 years and (iii) annualized volatility of 147%. The amounts represented are the United States dollar equivalents translated on June 8, 2016, based on the Bank of Canada's noon exchange rate for such date, as published at www.bankofcanada.ca, being \$0.7877 to each Canadian dollar. The options vest evenly over 4 quarters for the Chief Executive Officer
- (3) Represents the award to Dr. Young of 508,333 RSUs, of a total of 800,000 RSUs, reflected as director compensation during the period ended December 31, 2016. The amount reported is based on a vesting date average share value of C\$0.44 per Share and the Bank of Canada's nominal closing exchange rate for such date, as published at www.bankofcanada.ca, being \$0.7492 to each Canadian dollar. The underlying shares have not been issued to Dr. Young.
- (4) Dr. Modi is a SOHL representative to the Board and did not collect any fees in respect of his services as a director or committee member for the period ended December 31, 2016.
- (5) Mr. Siegel was appointed a Director on June 8, 2016.
- (6) Fees paid to Mr. Siegel were in respect of director fees payable to Mr. Siegel for the period where he was no longer an "inside" director, and have been included in the NEO Summary Compensation Table above.
- (7) Mr. Hudson ceased to be a Director on June 8, 2016.

Outstanding Share-based Awards and Option-based Awards

The following table states the name of each director, the number of options available for exercise, the option exercise price and the expiration date for each option, as well as the number of shares-based awards that have not vested and the market value of share-based awards that have not vested, as at December 31, 2016:

Name ⁽¹⁾	Option-based awards				Share-based awards	
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
Dr. Rajiv I. Modi	Nil	N/A	N/A	N/A	Nil	N/A
Dr. Stephen D. Crocker	50,000 ⁽²⁾ 175,000 ⁽³⁾	C\$0.56 C\$0.75	June 8, 2021 May 21, 2020	Nil	Nil	N/A
Ian Hume	50,000 ⁽²⁾ 135,000 ⁽³⁾	C\$0.56 C\$0.75	June 8, 2021 May 21, 2020	Nil	Nil	N/A
Lawrence Siegel ⁽⁴⁾	400,000 ⁽⁵⁾	C\$0.75	May 21, 2020	Nil	166,666	\$42,148 ⁽⁶⁾
William Hudson ⁽⁷⁾	135,000 ⁽³⁾	C\$0.75	May 21, 2020	Nil	Nil	N/A

Notes:

- (1) Relevant disclosure for Dr. Young is included in the NEO – Outstanding Share Based Awards and Option-Based Awards Table above.
- (2) The reported stock options shall vest and are exercisable as follows: (i) 12.5% on June 8, 2016; (ii) 12.5% on September 8, 2016; (iii) 12.5% on December 8, 2016; (iv) 12.5% on March 8, 2017; (v) 12.5% on June 8, 2017; (vi) 12.5% on September 8, 2017; (vii) 12.5% on December 8, 2017; and (viii) 12.5% on March 8, 2018.
- (3) The reported stock options shall vest and are exercisable as follows: (i) 12.5% on June 30, 2015; (ii) 12.5% on September 30, 2015; (iii) 12.5% on December 31, 2015; (iv) 12.5% on March 31, 2016; (v) 12.5% on June 30, 2016; (vi) 12.5% on September 30, 2016; (vii) 12.5% on December 31, 2016; and (viii) 12.5% on March 31, 2017.
- (4) Mr. Siegel was appointed a Director on June 8 2016.

- (5) The reported stock options shall vest and are exercisable as follows: (i) 25% on June 30, 2015; (ii) 25% on September 30, 2015; (iii) 25% on December 31, 2015; (iv) 25% on March 31, 2016. For clarity, these stock options have also been disclosed in the NEO Outstanding Share-Based Awards and Option-Based Awards Table above.
- (6) On September 8, 2016, Mr. Siegel was granted 166,666 RSUs in lieu of the June 30, 2016 cancellation of 500,000 PSUs, originally granted on May 21, 2015. At December 31, 2016 no RSUs had vested. Calculated based on the closing price of the Shares on the TSXV as at December 31, 2016, being C\$0.335 per Share, converted to United States dollars using the quoted Noon Rate as published by the Bank of Canada for December 30, 2016, being \$0.7549 to each Canadian dollar. For clarity, these stock options have also been disclosed in the NEO Outstanding Share-Based Awards and Option-Based Awards Table above, and have been included in the total compensation for Mr. Siegel in the Summary Compensation Table above.
- (7) Mr. Hudson ceased to be a Director on June 8 2016.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below discloses the aggregate dollar value that would have been realized by each director if his options under option-based awards had been exercised on the vesting-date as well as the aggregate dollar value realized by each director upon vesting of share-based awards.

Name	Option-based awards – Value vested during the year⁽¹⁾	Share-based awards – Value vested during the year (\$)
Dr. James Young	Nil	\$167,068 ⁽¹⁾
Dr. Rajiv I. Modi	N/A	N/A
Dr. Stephen D. Crocker	Nil	N/A
Ian Hume	Nil	N/A
William Hudson	Nil	N/A

Note:

(1) Represents the award to Dr. Young, as a director, of 508,333 RSUs, of a total of 800,000 RSUs, reflected as director compensation during the period ended December 31, 2016. The amount reported is based on a vesting date average share value of C\$0.44 per Share and the Bank of Canada's nominal closing exchange rate for such date, as published at www.bankofcanada.ca, being \$0.7492 to each Canadian dollar. The shares have not been issued to Dr. Young.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information relating to the LTIP Plan as at December 31, 2016:

Plan Category	Plan Name	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	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	Long-Term Performance Incentive Plan	5,340,000 Stock Options 966,666 RSUs 700,000 PSUs	C\$0.64 N/A N/A	2,357,336

The LTIP Plan

Effective May 21, 2015, the Shareholders approved and adopted the LTIP Plan. The LTIP Plan is available to directors, key employees and consultants of TMS, as determined by the Board. The LTIP Plan is a fixed number option plan and, as of the date hereof, 9,364,002 Shares are reserved for issuance on the exercise of stock awards pursuant to the LTIP Plan, of which 7,006,666 stock awards are outstanding.

The Board may at any time, in its sole and absolute discretion and without the approval of Shareholders, amend, suspend, terminate or discontinue the LTIP Plan and may amend the terms and conditions of any grants thereunder, subject to (a) any required approval of any applicable regulatory authority or any exchange upon which the Shares are then listed for trading (the "Exchange") and (b) approval of the Shareholders as required by the rules of the Exchange or applicable law, provided that Shareholder approval will not be required for the following amendments and the Board may make changes which may

include but are not limited to: (i) amendments of a "housekeeping nature"; (ii) any amendment for the purpose of curing any ambiguity, error or omission in the LTIP Plan or to correct or supplement any provision of the LTIP Plan that is inconsistent with any other provision of the LTIP Plan; (iii) an amendment which is necessary to comply with applicable law or Exchange requirements; (iv) amendments respecting administration and eligibility for participation under the LTIP Plan; (v) changes to terms and conditions on which awards may be or have been granted pursuant to the LTIP Plan, including changes to the vesting provisions and terms of any awards; (vi) amendments which alter, extend or accelerate the terms of vesting applicable to any award; and (vii) changes to the termination provisions of an award or the LTIP Plan which do not entail an extension beyond the original fixed term. If the LTIP Plan is terminated, prior awards will remain outstanding and in effect in accordance with their applicable terms and conditions. The Board may waive any conditions or rights under, or amend any terms of, any awards, provided that no such amendment or alteration will be made which would impair the rights of any participant, without such participant's consent, unless the Board determines that such amendment or alteration either: (i) is required or advisable in order to conform to any law, regulation or accounting standard; or (ii) is not reasonably likely to diminish the benefits provided under such award.

Restricted Share Units. The LTIP Plan provides that the Board may, from time to time, in its sole discretion, grant awards of RSUs to directors and key employees. Each RSU will represent one Share. RSUs will be subject to such restrictions as the Board may establish in the applicable award agreement. All RSUs will vest and become payable by the issuance of Shares at the end of the applicable restriction period if all applicable restrictions have lapsed. Restrictions on any RSUs will lapse immediately and become fully vested in the participant upon a change of control. Upon the death of a participant, subject to the applicable award agreement, any RSUs that have not vested will be immediately forfeited and cancelled without payment, provided that any RSUs granted to such participant that had vested prior to the participant's death will accrue to the participant's estate in accordance with the LTIP Plan. If a participant's employment is terminated for cause, any RSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, is voluntarily terminated by the participant or termination is due to the participant's retirement or disability, any RSUs granted to the participant will, subject to the applicable award agreement, immediately terminate without payment and be cancelled as of the termination date; provided, however, that any RSUs granted to such participant that had vested prior to the participant's termination without cause, voluntary termination, retirement or disability will accrue to the participant in accordance with the LTIP Plan. No RSUs may be redeemed by a participant at any time during a leave of absence. In the case of directors, if a participant ceases to be a director for any reason, RSUs granted to such participant will immediately terminate without payment and be cancelled; provided, however, that any RSUs granted to such participant that had vested prior to the participant ceasing to be a director will accrue to the participant in accordance with the LTIP Plan.

Performance Share Units. The LTIP Plan provides that the Board may, from time to time, in its sole discretion, grant awards of PSUs to key employees. Each PSU will, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one Share. The performance criteria will be established by the Board which, without limitation, may include criteria based on the participant's individual performance and/or financial performance of TMS and its subsidiaries, which will determine vesting of the PSUs. The Board may, in its sole discretion, revise the performance criteria during a performance cycle or after it has ended, if unforeseen events occur, including, without limitation, changes in capitalization, equity restructuring, acquisitions or divestitures, if such events have a substantial effect on the financial results of TMS and make the application of the performance criteria unfair absent a revision.

All PSUs will vest and become payable to the extent that the performance criteria are satisfied in the sole determination of the Board. PSUs granted to a participant will become fully vested and payable to such participant within 95 days after the last day of the performance cycle or upon a change of control. Upon the death of a participant, subject to the applicable award agreement, all PSUs granted to the participant which, prior to the participant's death, had not vested, will immediately be forfeited and cancelled without payment; provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. If a participant's employment is terminated for cause, any PSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, by voluntary termination, or if the participant's employment terminates due to retirement or disability, all PSUs granted to the participant which, prior to such termination without cause, voluntary termination, retirement or disability, had not vested, will immediately be forfeited and cancelled without payment; provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. No PSUs may be redeemed by a participant at any time during a leave of absence.

Deferred Share Units. The LTIP Plan provides that the Board may, from time to time, in its sole discretion, grant awards of deferred share units ("**DSUs**") to directors in lieu of director fees. A director becomes a participant effective as of the date he or she is first appointed or elected as a director and ceases to be a participant at the time he or she ceases to be a director for any reason. The number of DSUs to be granted to a participant will be calculated by dividing the amount of fees selected by the director by the market price on the grant date. The market price is defined in the LTIP Plan as the volume weighted average trading price of a Share for the five trading days on which trading in the Shares took place prior to the grant date.

Each participant will be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason, either: (i) that number of Shares equal to the number of DSUs granted to such participant; or (ii) a cash payment in an amount equal to the market price of the DSUs granted to such participant on the trading day following the day that the participant ceases to be a director, net of applicable withholdings, and subject to adjustments if the value of a DSU is determined during applicable black-out periods. Upon the death of a participant, such participant's estate will be entitled to receive, within 120 days, a cash payment or Shares that would otherwise have been payable upon such participant ceasing to be a director.

As of the date hereof, no DSUs are issued and outstanding.

Stock Options. The LTIP Plan provides that the Board may, from time to time, in its discretion, grant awards of stock options to directors, key employees and consultants. The number of stock options to be granted, the exercise price and the time(s) at which stock options may be exercised will be determined by the Board in its sole discretion, provided that the exercise price of stock options will not be lower than the exercise price permitted by the Exchange, and further provided that the term of any stock option will not exceed ten years.

In the event of a change of control, each outstanding stock option will automatically become fully and immediately vested and exercisable, subject to the policies of the Exchange. Upon the death of an optionee, any stock option held by such optionee will be exercisable by the person(s) to whom the rights of the optionee under the stock option will pass by will or the laws of descent and distribution for a period of 120 days or prior to the expiration of the option period in respect of the stock option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the stock option at the date of death of such optionee. If an optionee will cease to be an eligible person for cause, no stock option held will be exercisable following the date on which such optionee ceases to be an eligible person. If an optionee ceases to be an eligible person by reason of termination without cause, by voluntary termination or in the case of retirement, subject to the applicable award agreement, any stock option held will remain exercisable in full for a period of 60 days after the date on which the optionee's employment is terminated without cause, voluntarily or due to retirement or prior to the expiration of the option period in respect of the stock option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the stock option at such time. If an optionee becomes afflicted by a disability, all stock options granted to the optionee will continue to vest in accordance with the terms of such stock options. Where a participant's employment is terminated due to disability, subject to the applicable award agreement, any stock option held by such optionee will remain exercisable for a period of 120 days after the date of termination due to disability of the optionee or prior the expiration of the option period in respect of the stock option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the stock option at the date of termination.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the last completed financial period, no director, executive officer, Nominee or associate or affiliate of any such individual has been indebted to TMS or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by TMS or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, in the last completed financial period, no "informed person", any proposed director of TMS, or an associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect TMS or any of its subsidiaries. "Informed Person" means: (a) a director or executive officer of TMS; (b) a director or officer of a person or company that is itself an informed person or subsidiary of TMS; or (c) any person or company who beneficially owns, or

controls or directs, directly or indirectly, voting securities of TMS carrying more than 10% of the voting rights attached to all outstanding voting securities of TMS.

In March 2016, TMS entered into loan agreements with Dr. James Young, Chairman and Chief Executive Officer, and SOHL, in the aggregate principal amount of \$2 million. The loans mature in March 2018 and accrue interest at a rate of 3% per annum, calculated semi-annually. TMS may prepay the loans in whole or in part at any time without additional penalties, fees or charges.

In May of 2017, TMS entered into an amended loan agreement with SOHL (the "**Amended Loan Agreement**") that amended the existing loan agreement with SOHL from March 2016. The Amended Loan Agreement increases the aggregate principal amount under the loan from \$1 million to \$1.35 million (the "**Loan**"). The Loan matures on December 31, 2017 and accrues interest at a rate of 8% per annum from the date of advance of the initial loan, calculated semi-annually. TMS may prepay the Loan in whole or in part without additional penalties, fees or charges.

AUDIT COMMITTEE DISCLOSURE

The Board appoints the Audit Committee to assist in monitoring: (i) the integrity of TMS's financial statements; (ii) TMS's compliance with legal and regulatory requirements; and (iii) the qualifications, appointment, independence and performance of TMS's external auditors and senior financial executives. The Audit Committee's authority and responsibilities include meeting with TMS's auditor and reviewing TMS's annual financial statements and making recommendations for the approval of such financial statements to the Board. Material issues related to the audit of TMS's internal accounting controls and information systems are discussed with the Audit Committee as such issues arise. The Audit Committee has direct access to TMS's auditors.

Audit Committee Charter

The Audit Committee Charter sets out the responsibilities and duties, qualifications for membership, procedures for committee member appointment and reporting to the Board. A copy of the Audit Committee Charter is attached hereto as Schedule "A".

Composition of Audit Committee

The Audit Committee is currently comprised of three members, being Messrs. Crocker (Chair), Young and Hume. Each current member of the Audit Committee is "financially literate" within the meaning of NI 52-110, and "independent" within the meaning of NI 52-110, with the exception of Dr. Young, who is currently the Chief Executive Officer and interim Chief Financial Officer of TMS.

Relevant Education and Experience

Set out below is a description of the education and experience of each current member of the Audit Committee relevant to the performance of his responsibilities as a member of the Audit Committee:

Dr. James Young. Dr. Young has served as chairman of the board of directors of Novavax, Inc. (NASDAQ: NVAX), a clinical-stage vaccine company, since 2011 and has served on the board of directors of 3-V Biosciences, Inc., a private drug company, since April 2010. Dr. Young was head of research and development for MedImmune from 1989 to 2008, following its \$15.6 billion sale to AstraZeneca PLC in 2007. During his tenure, Dr. Young managed approximately 1,500 people and controlled an annual budget in excess of \$700 million. Dr. Young has also served on the board of directors of Xencor, Inc., Iomai, Inc. and Arriva Pharmaceuticals, Inc.

Dr. Stephen D. Crocker. Dr. Crocker has held senior executive and director positions with several public and private companies, including as chair of the ICANN board of directors, chief executive officer of Shinkuro, Inc. and vice-president of Trusted Information Systems, and is familiar with the reporting requirements of public companies. Dr. Crocker earned his Bachelor of Arts in Mathematics and a Ph.D. in computer science at UCLA, and studied artificial intelligence at the Massachusetts Institute of Technology. Dr. Crocker has an honorary doctorate from the University of San Martin des Porres and was selected in the initial group of members of the Internet Society's Internet Hall of Fame Pioneers.

Ian Hume. Mr. Hume joined the World Bank in 1969 as an economist. Mr. Hume's career at the World Bank included

macroeconomic work, project assignments and management positions, including as Division Chief, Assistant Director of Energy, Resident Representative and Country Director in Poland. Since 1994, Mr. Hume has worked on a range of private energy ventures in electric power and coal industries, including technical advisor to EUROGAZ Gas Pipeline, from 1995 to 1996, and coordinator of a consortium for an LNG Feasibility Study in Poland in 2007. From 2007 to 2012, Mr. Hume undertook several internal consulting studies for the World Bank, including for its Independent Evaluation Group in the fields of internal controls, procurement policy and anti-corruption. He was also part of a private consulting team, headed by the firm ICF International, of Fairfax, Virginia, that, in 2012 and 2013, wrote the Gas Master Plan for Mozambique under contract to the Ministry of Energy and Natural Resources, which was financed by the World Bank. Mr. Hume has been a self-employed consultant since 1996.

Pre-Approval Policies and Procedures

The Audit Committee Charter includes responsibilities regarding the provision of non-audit services by TMS's external auditors. The Audit Committee Charter states that the Audit Committee will: (i) pre-approve the retention of the independent auditor for all audit and non-audit services, including tax services, and the fees for such non-audit services which are provided to TMS and its subsidiaries; (ii) consider whether the provision of non-audit services is compatible with maintaining the auditor's independence; and (iii) if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.

Audit Committee Oversight

At no time since incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Audit Fees

The aggregate fees billed by TMS's external auditor for audit fees were C\$66,456 for the period ended December 31, 2016.

Audit-Related Fees

The aggregate fees billed for assurance and related services by TMS's external auditor that were reasonably related to the performance of the audit or review of TMS's financial statements were \$nil for the period ended December 31, 2016.

Tax Fees

The aggregate fees billed for professional services rendered by TMS's external auditor for tax compliance, tax advice and tax planning were C\$35,087 for the period ended December 31, 2016.

All Other Fees

The aggregate fees billed for products and services provided by TMS's external auditor, other than for the services reported above, were \$nil for the period ended December 31, 2016.

Reliance on Certain Exemptions

At no time since the commencement of the period ended December 31, 2016 has TMS relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The directors are responsible for managing and supervising the management of TMS's business and affairs. Each year, the Board must review the relationship that each director has with TMS in order to satisfy themselves that the relevant independence criteria have been met.

Other than interests arising from shareholdings in TMS, two of the current directors of TMS are "independent" within the meaning of NI 52-110. Dr. James Young, who is the Chief Executive Officer and interim Chief Financial Officer of TMS, Lawrence Siegel, who is the former Chief Executive Officer of TMS and Dr. Modi, who is a SOHL representative to the Board and is also a director of SOHL are not "independent" within the meaning of NI 52-110.

In order to facilitate its exercise of independent judgment in carrying out its responsibilities, the Board may establish informal committees on an as needed basis consisting solely of independent directors to consider certain matters to be considered by the Board. The Board, or any committee, may also seek advice from outside advisors. The Board also follows a practice whereby any director who has an interest in a matter that the Board is considering will either abstain from voting on the matter or exit the Board meeting. The independent directors, as necessary, may hold meetings at which non-independent directors and members of management are not in attendance. However, in order to facilitate open and candid discussion among independent directors, communication among the independent directors also occurs on an informal and ongoing basis as such need arises.

Directorships

The following director(s) of TMS currently hold directorship(s) in other reporting issuer(s) as set out below:

Name of Director	Name of Other Reporting Issuer(s)
Dr. James Young	Novavax, Inc.
Dr. Rajiv I. Modi	Novavax, Inc.

Committees of the Board

The Audit Committee and the CCGC are the only standing committees of the Board. The Audit Committee is appointed by the Board to assist in monitoring: (i) the integrity of TMS's financial statements; (ii) TMS's compliance with legal and regulatory requirements; and (iii) the qualifications, appointment, independence and performance of TMS's external auditors and senior financial executives. The CCGC is appointed by the Board to, among other things, assess the performance of the chief executive officer, evaluate the chief executive officer's contribution to the overall success of TMS and recommend to the Board the chief executive officer's level of compensation. The CCGC, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the Board in respect of compensation paid to TMS's directors and officers, including salary, incentive and other compensation levels.

The Audit Committee is currently comprised of Messrs. Crocker (Chair), Young and Hume. The CCGC is currently comprised of Messrs. Young (Chair), Modi, Crocker and Hume.

Special committees may be formed by the Board from time to time as required to review particular matters or transactions.

Orientation and Continuing Education

The Board does not have formal procedures to orient new directors or a formal policy of providing continuing education for directors. When a new director is appointed, he or she has the opportunity to meet other directors, executives, management and employees of TMS with orientation tailored to his or her needs and experience, as well as overall needs of the Board. New directors are also provided with information respecting TMS and its business and operations.

TMS relies upon the advice of its professional advisors to update the knowledge of its directors in respect of changes in relevant policies and regulations. Some of TMS's directors are also directors of other publicly traded companies and benefit from exposure to boards of directors of such companies. New directors are generally selected on the basis of their breadth of experience with respect to TMS's business, having regard to the requirements for appropriate skill sets required by TMS.

Directors are also encouraged to communicate with executives, management, auditors and technical consultants to keep themselves current with the business and affairs of TMS. Directors have access to TMS's records at all times.

Ethical Business Conduct

The Board relies upon the selection of directors, officers, employees and consultants whom it considers as meeting the highest ethical standards to promote a culture of ethical business conduct.

The Board itself must comply with the conflict of interest provisions of applicable corporate and securities laws and regulations, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. To this end, the Board has adopted a Code of Business Conduct and Ethics, an Anti-Bribery and Corruption Policy, a Securities Law Compliance Policy and a Whistleblower Policy.

Nomination and Assessment

The CCGC is responsible for making recommendations to the Board in respect of filling of vacancies on the Board and as to nominees for the Board. On an annual basis, the Board reviews its strategies to determine the composition of the Board and the appropriate candidates to be put forth for election as directors at annual general meetings. The review takes into account the desirability of maintaining a balance of skills, experience and background, required for the discharge of the Board's fiduciary duty to TMS.

Compensation

The CCGC is responsible for assisting the Board in discharging its responsibilities relating to compensation of TMS's directors and officers. This committee, in consultation with TMS's executive officers, periodically reviews and makes recommendations to the Board in respect of compensation paid to TMS's directors and officers. See "Statement of Executive Compensation – Compensation Discussion and Analysis" for more information.

Assessments

The Board is responsible for keeping management informed of its evaluation of the performance of TMS and its executive officers in achieving and carrying out the Board's established goals and policies, and is also responsible for advising management of any remedial action or changes which it may consider necessary. Additionally, directors are expected to devote the time and attention to TMS's business and affairs as necessary to discharge their duties as directors effectively.

The Board does not have a formal process to monitor the effectiveness of the Board, its committee(s) and individual members, but rather relies on an informal review process. In order to gauge performance, the Board considers the following:

- (a) input from directors, where appropriate;
- (b) attendance of directors at meetings of the Board and any committee;
- (c) the charter(s) of committee(s); and
- (d) the competencies and skills each individual director is expected to bring to the Board and any committee.

APPOINTMENT AND REMUNERATION OF AUDITORS

At the Meeting, Shareholders will be asked to approve the appointment of BDO Canada LLP, Chartered Professional Accountants, as the auditors of TMS for the fiscal year ending December 31, 2017, and to authorize the Board to fix the auditors' remuneration.

MANAGEMENT RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE APPOINTMENT OF BDO CANADA LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITORS OF TMS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017 AND TO AUTHORIZE THE BOARD TO FIX THE AUDITORS' REMUNERATION.

MANAGEMENT CONTRACTS

The management functions of TMS are performed by its directors and executive officers, and TMS has no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers of TMS.

ADDITIONAL INFORMATION

Additional information relating to TMS is on SEDAR at www.sedar.com. Financial information is provided in TMS's financial statements and management's discussion and analysis ("**MD&A**") for the period ended December 31, 2016.

TMS will provide to any Shareholder, upon request, copies of TMS's financial statements and MD&A for the period ended December 31, 2016. Please direct such requests to TMS at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2.

BOARD APPROVAL

The Board has approved the contents and the delivery of this Circular to the Shareholders.

DATED at Vancouver, British Columbia, this 8th day of August, 2017.

TARGETED MICROWAVE SOLUTIONS INC.

Per: "*James Young*"

Dr. James Young
Chairman and Chief Executive Officer

Schedule "A"

Audit Committee Charter

(see attached)

TARGETED MICROWAVE SOLUTIONS INC.
(the "Company")

AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee is appointed by the Board to assist the Board in monitoring: (i) the integrity of the financial statements of the Company; (ii) the compliance by the Company with legal and regulatory requirements; and (iii) the qualifications, appointment, independence and performance of the Company's external auditor and senior finance executives.

2. COMPOSITION

The Audit Committee shall consist of at least three (3) directors, as determined by the Board. The members of the Audit Committee shall meet the independence, education and experience requirements prescribed by all applicable securities laws and any exchange or quotation system upon which the Company's securities are listed or quoted. In particular, every member of the Audit Committee must be financially literate within the meaning of, and in accordance with, applicable securities laws. The members of the Audit Committee shall be appointed by the Board.

3. MEETINGS

The Audit Committee may request any officer or employee of the Company and its subsidiaries or the Company's outside counsel or independent auditor to attend meetings of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

4. EXPENSES

The Company shall provide funding to compensate: (i) any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and (ii) any independent legal, accounting or other consultants employed by the Audit Committee. The Company shall also provide funding for the Audit Committee's ordinary administrative expenses that are necessary or appropriate in carrying out its duties.

5. RESPONSIBILITIES AND DUTIES

The Audit Committee shall have the following authority and responsibilities:

Financial Disclosure, Risk Management and Internal Controls

1. To review, prior to public disclosure thereof, the annual audited financial statements and management's discussion and analysis with management and the Company's independent auditor, including: (i) matters required to be reviewed under applicable legal and regulatory requirements; (ii) major issues regarding accounting and auditing principles and practices; and (iii) the adequacy of internal controls that could significantly affect the Company's financial statements.
2. To review major changes to the Company's auditing and accounting principles and practices, as suggested by the Company's independent auditor, internal accounting or financial personnel or management.
3. To review an analysis prepared by management and the Company's independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative GAAP methods on the Company's financial statements.

4. To review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and variable interest entities on the Company's financial statements.
5. To review with the Company's independent auditor any problems or difficulties the auditor may have encountered and any disagreements between the auditor and management of the Company and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
 - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management;
 - (b) the internal accounting and financial responsibilities; and
 - (c) the investigation and implementation of the resolution of any disagreement between the auditor and management.

The Audit Committee shall be directly responsible for the resolution of disagreements between management and the Company's independent auditor regarding financial reports.

6. To review and discuss with management and the Company's independent auditor, as appropriate, the Company's quarterly financial statements, including the results of the auditor's review of the quarterly financial statements and earnings press releases, and submit to the board for approval all quarterly financial statements, earnings press releases and financial information provided to rating agencies before public disclosure thereof.
7. To confirm that all annual and interim financial statement filings are certified by the chief executive officer and the chief financial officer if and as required by applicable law.
8. To review and approve the disclosures required by applicable securities laws to be included in the Company's management information circular (or other prescribed securities document) relating to the Audit Committee and audit and non-audit services and fees.
9. To meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
10. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
11. To review the significant reports to management prepared by the internal accounting and financial personnel and management's responses to such reports.

Independent Auditor

12. Recommend to the Board the nomination and appointment of the Company's independent auditor for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company. Each independent auditor or registered public accounting firm engaged for the Company or the Audit Committee shall report directly to the Audit Committee.
13. To review and discuss with the Company's independent auditor the scope of the annual audit and the results of the annual audit examination by the auditor.
14. The sole authority to approve all audit engagement terms and fees to be paid to the Company's independent auditor for audit services.

15. Overseeing the work of the Company's independent auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services.
16. To review the experience and qualifications of the senior members of the Company's independent auditor team, the quality control procedures of the Company's independent auditor and the rotation of the lead partner and reviewing partner of the Company's independent auditor.
17. To evaluate the performance of the Company's independent auditor and whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis. If so determined by the Audit Committee, to recommend that the Board replace the Company's independent auditor.
18. To receive periodic reports from the Company's independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.
19. To meet at least quarterly with the chief financial officer and the Company's independent auditor in separate executive sessions.

Non-Audit Services

20. The authority to engage independent counsel and other advisors as it deems necessary to carry out the duties and responsibilities of the Audit Committee.
21. To pre-approve the retention of the Company's independent auditor for all audit and non-audit services to be provided to the Company or its subsidiaries by any independent public accountants, including tax services, and the fees for such non-audit services.

Internal Control

22. To review with management and the Company's independent auditor the adequacy and effectiveness of the Company's internal controls over annual and interim financial reporting, as required by applicable securities laws and exchange rules, including information technology security and control and controls related to the prevention and detection of fraud and improper or illegal transactions or payments and the status of the remediation of any identified control deficiencies, and to elicit recommendations for improvements.
23. To understand the scope of the independent auditor's review of internal control over financial reporting, and obtain and review reports on significant findings and recommendations, including respecting the Company's accounting principles or changes to such principles or their application and the treatment of financial information discussed with management, together with management's responses.

Compliance

24. To obtain reports/confirmation from management, the Company's senior accounting and financial personnel and the Company's independent auditor that the Company's subsidiaries are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics, including disclosures of insider and affiliated party transactions.
25. To review and consider compliance with statutes relating to areas for which the Audit Committee has responsibility.
26. To review with management and the Company's independent auditor any correspondence with regulators or governmental agencies and any employee or anonymous complaints or published

reports which raise material issues regarding the Company's financial statements or accounting policies.

27. To advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and the Company's Code of Business Conduct and Ethics.

General

28. To report regularly to the Board on Audit Committee activities, issues and related recommendations.
29. To review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
30. To review and assess the Company's Whistleblower Policy and all reports thereunder as scheduled and otherwise as required.
31. To review and assess the Company's Anti-Bribery and Corruption Policy and all reports thereunder as scheduled and otherwise as required.
32. To establish procedures for: (i) the receipt, retention, processing, treatment and resolution of complaints regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by the Company's employees of concerns regarding auditing or accounting matters.
33. To review and investigate any matters pertaining to the integrity of management, including conflicts of interest or adherence to standards of business conduct as required in the policies of the Company.
34. To review and pre-approve the hiring policies of the Company regarding partners, employees and former partners and employees of the Company's independent auditor who were engaged on the Company's account.
35. To review the appointment and replacement of the Company's senior accounting and financial executives.
36. To review with management material matters relating to tax and insurance.
37. To review and consider transactions with related parties and/or affiliated transactions.
38. In its discretion, to review and approve or ratify, on at least an annual basis, summary expense reports and reimbursements of the Chief Executive Officer and Chief Financial Officer.
39. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Company's independent auditor. It is not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the Company's independent auditor (other than as set out herein) or to ensure compliance with laws and regulations and the Company's Code of Conduct.

6. ACCOUNTABILITY

The minutes of all meetings of the Audit Committee will be made available for review by any member of the Board on request to the Chair of the Audit Committee.

INDICATIVE SCHEDULE FOR AUDIT COMMITTEE MATTERS

<i>Agenda Items</i>	J	F	M	A	M	J	J	A	S	O	N	D
Financial Disclosure, Risk Management and Internal Controls												
(i) Review the Company's annual audited financial statements and adequacy and effectiveness of the Company's internal controls with management and the Company's independent auditor and related CEO and CFO certifications		•										
(ii) Review analysis prepared by management and the Company's independent auditor of significant financial reporting issues and judgments			•			•			•			•
(iii) Review with management and the Company's independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and variable interest entities			•			•			•			•
(iv) Review with the Company's independent auditor any problems and difficulties the auditor may have encountered and any disagreements with management			•			•			•			•
(v) Review with management and the Company's independent auditor the Company's quarterly financials, the adequacy and effectiveness of the Company's internal controls and related CEO and CFO certifications			•			•			•			•
(vi) Review the report required for the Company's management information circular or other document prescribed by applicable securities laws			•									
(vii) Meet with management and review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures					•							
(viii) Review the significant reports to management prepared by the internal accounting and financial personnel			•			•			•			•
External Auditor												
(i) Review and discuss with the Company's independent auditor the scope of the annual audit and results												•
(ii) Review qualifications of the senior members of the Company's independent auditor's team, quality					•						•	

Agenda Items	J	F	M	A	M	J	J	A	S	O	N	D
control procedures and the rotation of partners												
(iii) Pre-approve the retention of independent public accountants for all audit and permitted non-audit services					•							
Compliance												
(i) Obtain confirmation from management and the Company's independent auditor re: compliance with legal requirements and the Company's Code of Business Conduct and Ethics			•			•			•			•
(ii) Review and consider compliance with statutes relating to areas for which the Audit Committee has responsibility			•			•			•			•
(iii) Review with management and the Company's independent auditor any correspondence with regulators or governmental agencies and any employee or anonymous complaints which raise material issues regarding the Company's financials and accounting policies			•			•			•			•
General Duties												
(i) Review and reassess the adequacy of the Audit Committee Charter					•							
(ii) Review the Company's Whistleblower Policy and all reports thereunder as scheduled and otherwise as required					•							
(iii) Review the Company's Anti-Bribery and Corruption Policy and all reports thereunder as scheduled and otherwise as required					•							
(iv) Review and investigate any matters pertaining to the integrity of management (as needed)			•			•			•			•
(v) Review and pre-approve any hiring by the Company of employees of the Company's independent auditor (as needed)			•			•			•			•
(vi) Review the appointment and replacement of the senior accounting and financial executives (as needed)					•							
(vii) Review with management material matters relating to tax and insurance			•			•			•			•
(viii) Review and consider transactions with related parties as scheduled and otherwise as required			•			•			•			•
(ix) Review summary expense reports and reimbursement of the Chair and senior officers			•			•			•			•