



ANNUAL INFORMATION FORM

**For the Fiscal Year Ended
December 31, 2017**

INTRINSYC TECHNOLOGIES CORPORATION

#300 – 885 Dunsmuir Street

Vancouver, British Columbia

V6C 1N5

Dated: March 7, 2018

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SCHEDULE A – AUDIT COMMITTEE CHARTER

ANNUAL INFORMATION FORM

CERTAIN INTERPRETATION MATTERS

Unless the context requires, all references to the “Corporation” or “Intrinsyc” means Intrinsyc Technologies Corporation and its predecessors. Certain terms have the meaning specified in the glossary on page 5. Unless otherwise specified, all references to “\$” or “dollars” refer to U.S. currency.

This Annual Information Form (“AIF”) may refer to registered trademarks, trade names and service marks of companies other than the Corporation, which names and marks belong to their respective owners. Intrinsyc, the Intrinsyc logo, and Destinator are registered trademarks of the Corporation.

This AIF is dated March 7, 2018. Except where otherwise indicated, the information contained in this AIF is stated as of December 31, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Corporation’s future plans, objectives, performance, revenues, growth, profits, operating expenses or the Corporation’s underlying assumptions. The words “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “project”, “estimate” and “believe” or other similar words and phrases may identify forward-looking statements or information. Persons reading this AIF are cautioned that such statements or information are only predictions, and that the Corporation’s actual future results or performance may be materially different. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the need to develop, integrate and deploy software solutions to meet the Corporation’s customers’ requirements; the availability of financing; the possibility of development or deployment difficulties or delays; the dependence on its customers’ satisfaction; the timing of entering into significant contracts; its customers’ continued commitment to the deployment of the Corporation’s solutions; the risks involved in developing integrated software solutions and integrating them with third-party products and services; the performance of the global economy and growth in software industry sales; market acceptance of the Corporation’s products and services; customer and industry analyst perception of the Corporation and its technology vision and future prospects; the success of certain business combinations engaged in by the Corporation or by its competitors; possible disruptive effects of organizational or personnel changes; technological change, new products and standards; risks related to acquisitions and international expansion; reliance on large customers; concentration of sales; international operations and sales; management of growth and expansion; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Corporation’s competition; the Corporation not adequately protecting its intellectual property; risks related to product defects and product liability; currency exchange rate risk; volatility in the market price for the common shares of the Corporation and including, but not limited to, other factors described in the Corporation’s reports filed on SEDAR, including its financial statements and management’s discussion and analysis for the year ended December 31, 2017, and those referred to and incorporated by reference in this AIF under the heading “*Risk Factors*”. In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Corporation takes into account the following material factors and assumptions in addition to the above factors: the Corporation’s ability to execute on its business plan; the acceptance of the Corporation’s products and services by its customers;

the timing of execution of outstanding or potential customer contracts by the Corporation; the sales opportunities available to the Corporation; the Corporation's subjective assessment of the likelihood of success of a sales lead or opportunity; the Corporation's historic ability to generate sales leads or opportunities; and that sales will be completed at or above the Corporation's estimated margins. This list is not exhaustive of the factors that may affect the Corporation's forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this AIF are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Corporation will be realized. The Corporation disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

GLOSSARY

Android.....	Mobile operating system that uses a modified version of Linux, initially developed by Android Inc.
BSP	Board Support Package. A BSP is specific support code in an embedded system for a given board that conforms to a given operating system. It is commonly built with a bootloader that contains the minimal device support to load the operating system and device drivers for all the devices on the board.
Carrier Board.....	Peripheral board that complements a System on Module, providing application specific hardware features such as I/O, sensors, power, and more, to enable a complete computing system.
Embedded device	A microprocessor-based device that is incorporated into a larger device and is dedicated to responding to external events by performing specific tasks. Examples of such devices include antilock brakes, video game systems, fax machines and industrial robots.
FPGA.....	Field Programmable Gate Array.
GPS	Global Positioning System.
ISV.....	Independent Software Vendor.
IoT.....	Internet of Things.
Linux	A freely distributable implementation of UNIX that runs on a number of hardware platforms, including those of Intel and Motorola.
LBS.....	Location Based Services.
M2M.....	Machine to Machine Communications.
ODM	Original Design Manufacturer. An ODM is a company that manufactures a product which ultimately will be branded by another firm for sale.
OEM	Original Equipment Manufacturer. A company that manufactures and sells products based on original designs through a variety of distribution channels for either consumer or industrial consumption.
PND	Personal Navigation Device.
RF Design	Radio Frequency Design
RIL.....	Radio Interface Layer.
SBC.....	Single Board Computer - complete computer built on a single circuit board, board with microprocessor(s), memory, input/output (I/O), and other features required of a functional computer.
SLA.....	Software License Agreement

SOM..... System on Module. A complete computer on a single printed circuit board, including microprocessor, RAM, flash memory, and input / output (I/O) controllers.

UI..... User Interface.

CORPORATE STRUCTURE

The Corporation

The Corporation was incorporated under the laws of Alberta on August 31, 1992 under the name I.T.C. Microcomponents Inc. and continued under the laws of British Columbia on July 19, 1995. The Corporation changed its name to Intrinsyc Software, Inc. on June 16, 1997. Articles of Continuance were filed under the *Canada Business Corporations Act* on May 1, 2003 to continue the Corporation federally and change the name of the Corporation from Intrinsyc Software, Inc. to Intrinsyc Software International, Inc. On June 17, 2014, the Corporation changed its name to Intrinsyc Technologies Corporation. The Corporation's principal business office is Suite 380, 885 Dunsmuir Street, Vancouver, British Columbia, V6C 1N5 and its registered office is Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Corporation's common shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol: ITC.

Intercorporate Relationships

The Corporation has three wholly-owned subsidiaries: Intrinsyc Software (USA), Inc., Intrinsyc Europe Limited (formerly NMI Electronics Limited) and Intrinsyc Technologies Canada (Taiwan) Ltd. Intrinsyc Software (USA), Inc. was incorporated under the laws of Washington State on March 25, 1997. Intrinsyc Europe Limited was incorporated under the laws of the United Kingdom on March 27, 1987. Intrinsyc Technologies Canada (Taiwan) Ltd was incorporated under the laws of Canada on March 2, 2016.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The significant business, operations and management developments of the Corporation in the current financial year and last three completed financial years have been as follows:

Current financial year – recent developments

Since the completion of the Corporation's fiscal year ended December 31, 2017, the Corporation announced the following developments:

- On January 9, 2018, the Corporation announced the availability of two new platforms to support development of Smart Home Hub and other Voice-Controlled products.
- On February 1, 2018, the Corporation and Stream TV Networks, Inc. ("Stream TV"), a Philadelphia-based new media company, announced the maturity date of the US\$1,500,000 secured promissory note between the parties (the "Note") has been extended from February 1, 2018 to April 2, 2018. During this time period, Intrinsyc and Stream TV will negotiate agreements for enhanced work commitments, the potential for alternative forms of investment, and other strategic initiatives in light of recent advancements at Stream TV related to its Ultra-D™ glasses-free 3D display technology.
- On February 5, 2018, the Corporation announced the attainment of a new production client for the Company's Open-Q™ 820 computing module and receipt of orders, last week that are in aggregate valued in excess of US\$500,000. The new client placed an initial order for the Company's Open-Q™ computing modules that is valued at approximately US\$205,000. The Company also signed a product development services agreement with

an existing client that is valued at approximately US\$311,000. Hardware shipments and services are expected to be provided during the first and second quarters of 2018.

Financial year ended December 31, 2017

- On January 16, 2017, the Corporation announced it had signed an agreement with a new client valued in excess of US\$600,000. The agreement is for the Corporation's product development services, including architectural consulting, mechanical design of the product enclosure, electrical design, and software development; including device drivers, remote device update, and power management. The client's platform will be derived from Intrinsyc's Open-Q™ 820 System on Module and is expected to launch in the fourth quarter of 2017.
- On January 26, 2017, the Corporation announced the receipt of orders this month from an existing client, a subsidiary of a Fortune 500 Global company, that are in aggregate valued at US\$708,000. Delivery of the Open-Q™ embedded computing modules is expected to occur in the first and second quarter of 2017. Additional follow-on orders from this client are anticipated in 2017.
- On February 7, 2017, the Corporation announced the receipt of a follow-on order from an existing IoT client valued at US\$572,500 for their custom single board computer ("SBC") from Intrinsyc. The client creates high resolution imaging and analytic products for commercial customers.
- On February 21, 2017, the Corporation announced it had signed five new agreements during the past week, for product development services valued in excess of US\$840,000.
- On February 23, 2016, the Corporation announced the introduction of the Corporation's Open-Q™ 650 IP Camera Reference Design. The Camera Reference Design enables companies to innovate and produce leading-edge camera products faster, more cost effectively and quickly.
- On February 27, 2017, the Corporation and Stream TV announced an amendment to the agreements that will extend their strategic relationship.
- On March 9, 2017, the Corporation announced the Corporation's plans to showcase a lineup of powerful embedded computing solutions during Embedded World 2017. The event takes place in the Exhibition Centre Nuremberg, March 14-16, 2017.
- On March 9, 2017, the Corporation announced the receipt of orders from existing clients, that are in aggregate valued at US\$1,189,000. Orders for the Corporation's Open-Q™ embedded computing modules and related hardware components are valued at US\$992,000 and expected to be delivered in the second quarter of 2017. The Corporation also received an engineering services order from an existing client valued at US\$197,000 for expected delivery in the first and second quarter.
- On March 13, 2017, the Corporation announced the Corporation's Open-Q™ 410 supports Microsoft Windows 10 IoT Core and is Microsoft Azure certified for IoT. Device makers can now leverage these technologies in the creation of innovative embedded and IoT devices.
- On April 3, 2017, the Corporation announced the receipt of orders from two existing clients, that are in aggregate valued at US\$1,579,551. Orders for the Corporation's Open-Q™ embedded

computing modules and related hardware components are valued at US\$629,990. We also signed engineering services agreements from multiple clients valued at US\$949,561. Hardware shipments and services are expected to be provided during the second and third quarter, 2017.

- On April 25, 2017, the Corporation announced the introduction of the Corporation's Open-Q™ 2100 SOM (system on module) and its companion Open-Q™ 2100 Development Kit. Intrinsic's Open-Q™ 2100 SOM is an ultra-small form-factor (15mm x 31.5mm) computing module based on the Qualcomm® Snapdragon™ Wear 2100 platform which will be available in May 2017. Intrinsic's Open-Q 2100 SOM combines critical elements for wearable device innovation and performance: processing capability, size, power efficiency, sensor integration, and connectivity. It is ideally suited for smartwatches, as well as for pet, children, and elderly trackers, sports watches, high-end fitness trackers, connected headsets, smart eyewear, and more.
- On May 11, 2017, the Corporation announced the availability of the Open-Q™ 212 SBC. The SBC is ideal for creating next-generation voice controlled devices, with noise cancellation technology, connected microphone/speakers, and other internet enabled devices.
- On June 1, 2017, the Corporation announced the receipt of an order, from an existing Global 500 client, that is valued at US\$2,990,000. This non-cancellable order is for a last-time purchase of memory components that are reaching end of life. Delivery and title of ownership to the components will transfer to the client with related revenue anticipated to be recognized in three, approximately equal quarterly, installments, beginning in Q4 of 2017. The memory is expected to be consumed for potential future orders of the Corporation's Open-Q™ 805 computing modules.
- On June 5, 2017, the Corporation announced the general availability of a new Hardware Development Kit ("HDK") featuring the Qualcomm® Snapdragon™ 835 Mobile Platform, a product of Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated. The Snapdragon 835 Mobile Platform is the first commercial SoC manufactured using the 10nm FinFET process node, engineered for breakthrough performance and superior power efficiency. The Snapdragon 835 is designed to support next-generation entertainment experiences and connected cloud services for premium-tier consumer and enterprise devices, including smartphones, VR/AR head-mounted displays, IP cameras, tablets, mobile PCs and other devices.
- On June 15, 2017, the Corporation announced that it had expanded its board of directors by one director to a total of seven directors and appointed the Company's President and Chief Executive Officer, Mr. Tracy Rees, as a Director effective immediately.
- On June 26, 2017, the Corporation announced the receipt of orders that are in aggregate valued at US\$928,066. Two orders are from new IoT clients for the Corporation's Open-Q™ 820 System on Modules, in aggregate valued at US\$594,815. The Corporation also received a new design win and product development services order valued at US\$333,851, from an existing Global 500 client for their next generation product. Hardware shipments and services were delivered during the third and fourth quarter, 2017.
- On July 11, 2017, the Corporation announced the receipt of an order, from an existing client, valued at US\$916,000. The non-cancellable order incorporates memory purchased by the client under a previous order valued at US\$100,000, resulting in a net value of US\$816,000.

- On August 1, 2017, the Corporation announced the receipt of orders that are in aggregate valued at US\$623,000. One order is from a medical device company that plans to use a next-generation design of the Company's Open-Q™ embedded computing modules, currently in development; and the second order is for the development of a custom designed embedded computing module. The second order includes a provision for a per-unit royalty fee as the client ships their product.
- On August 30, 2017, the Corporation announced the availability of the Open-Q™ 626 System on Module ("SOM") and Development Kit.
- On September 29, 2017, the Corporation announced that the Toronto Stock Exchange (the "TSX") has accepted the notice filed by the Corporation to establish a normal course issuer bid ("NCIB") program to purchase, for cancellation, up to 500,000 common shares or approximately 2.4% of Intrinsic's issued and outstanding common shares, as at September 21, 2017.
- On October 2, 2017, the Corporation announced the general availability of a new Hardware Development Kit ("HDK") featuring the Qualcomm® Snapdragon™ 660 Mobile Platform.
- On November 9, 2017, the Corporation announced the receipt of orders from new and existing clients, that are in aggregate valued in excess of US\$800,000. Orders for the Corporation's Open-Q™ embedded computing modules and related hardware components are valued at approximately US\$185,000 while engineering services agreements from multiple clients are valued at approximately US\$630,000. Among the engineering services order is an order from an industry leading company in the robotics industry, a Fortune 500 computing company, and an Industrial IoT company that is planning on using the Company's recently launched Open-Q™ 626 system on module ("SOM"). Hardware shipments and services were provided during the fourth quarter, 2017, and first quarter, 2018.
- On November 28, 2017, the Corporation announced it has been named to Deloitte's Technology Fast 500™, ranking 407 on this list of the 500 fastest growing technology, media, telecommunications, life sciences and energy tech companies in North America. Intrinsic achieved this award as a result of its 196 percent revenue growth over a three-year period, from 2013 to 2016.
- On December 14, 2017, the Corporation announced a new production win and the receipt of an initial order valued at US\$470,000. Intrinsic's Open-Q™ 410 System on Module ("SOM") will be used in a camera based IoT product.
- On December 20, 2017, the Corporation announced a new production win for the Company's Open-Q™ 2100 System on Module ("SOM"). The SOM will power an advanced GPS asset tracking product built for government applications by a leading government systems integrator. The initial order received will support a client rollout and field trials with larger production expected beginning in the second quarter of 2018.

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- On January 25, 2016, the Corporation announced that its Chief Executive Officer, Mr. Tracy Rees will be presenting at the Cantech Investment Conference on Tuesday, January 26, 2016.
- On January 28, 2016, the Corporation announced the availability of the Open-Q™ 600 Single

Board Computer. The Open-Q 600 is a powerful embedded computing platform designed to enable the rapid commercial production of intelligent connected products across a variety of embedded computing industries. OEMs looking for excellent power and performance efficiency combined with long-term parts availability in areas such as robotics, medical devices, and industrial applications will benefit from this new embedded computer.

- On February 16, 2016, the Corporation announced the introduction of the Open-Q™ 410 Wearable Camera Reference Design (the “Reference Design”). The Reference Design enables companies to develop a body-worn camera product for law enforcement, fire safety, emergency medical response, security, military, and other applications. Utilizing the Reference Design accelerates time to market, reduces risks and costs, and enables compelling product innovation.
- On February 17, 2016, the Corporation announced the production of embedded and IoT products and announced its participation at the upcoming Embedded World Exhibition and Conference in the Exhibition Centre Nuremberg, Feb. 23-25, 2016.
- On March 14, 2016, the Corporation announced that in response to the Company’s embedded and IoT computing products and turnkey product realization services, it is expanding operations with the recent opening of an engineering center in Boulder, Colorado, and with an additional office planned to open in Taipei, Taiwan in the second quarter of 2016.
- On April 12, 2016, the Corporation announced it had signed two agreements with an existing client that are expected to be valued at \$985,000. The agreements cover the Corporation’s Field Programmable Gate Array (“FPGA”) design and development services.
- On May 2, 2016, the Corporation announced the planned demonstration of advanced embedded computing solutions at several IoT events, including shows specifically targeted at Automotive and Robotics vertical markets.
- On May 31, 2016, the Corporation announced a new client for the Corporation’s Open-Q™ system on modules. The client creates imaging and video products with 360 degree view and 4K resolution for commercial video, machine vision, and virtual reality (“VR”) applications. Delivery of embedded computing modules, expected to be valued at more than \$250,000 occurred in the quarter ending June 30, 2016, with follow-on orders expected.
- On June 28, 2016, the Corporation announced it will continue its strategic relationship with Stream TV. The arrangements provide for an amendment to a previously signed supply agreement that extends the purchase commitment by Stream TV from US\$4.5 million to US\$6.0 million, with products, services, or royalties to be purchased or to be generated on or before December 30, 2016. Stream TV has met its previous obligation of US\$4.5 million in order commitments. In addition, the subordinated, secured promissory note, with a principal amount of US\$1.5 million, has been further amended to extend the maturity date from June 30, 2016 to December 30, 2016.
- On July 26, 2016, the Corporation announced the recent signing of three new product development agreements with an aggregate value in excess of US\$1.1 million.
- Two of the development agreements are extensions of development projects for existing clients, with a combined value at \$372,000 and one of the agreements is for a new client, expected to

be valued at \$765,000. Two projects are expected to produce additional revenue from the sale of the Corporation's Open-Q™ 820 System on Modules, and one project is expected to produce additional revenue from design and software royalties. Production orders from these customers began in the fourth quarter of 2016.

- On August 19, 2016, the Corporation announced that two new product development agreements had been signed. The product development services agreements are extensions of development projects for a long-term existing client. In aggregate, the value of the agreements equals US\$658,080.
- On October 27, 2016, the Corporation announced a development and supply agreement with innovative IoT health provider, Knit Health, Inc. The Knit Health monitor incorporates Intrinsic's Open-Q™ 410 System on Module, powered by the Qualcomm® Snapdragon™ 410 processor, a product of Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated.
- On November 3, 2016, the Corporation announced the receipt of a follow-on order from an existing client expected to be valued at \$572,500. Combined with two previous orders received over the last 60 days, the aggregate value of orders by this client exceeds \$1.2 million.
- On December 20, 2016, the Corporation announced it had received orders from two new clients for Intrinsic's Open-Q™ 410 System on Modules ("SOM") expected to be valued at US\$76,800, and also signed a product development services agreement with a new client expected to be valued at US\$327,525, and an extension of a services agreement with an existing client expected to be valued at US\$374,035 which was delivered in 2017.
- On December 29, 2016, the Corporation announced it would continue its strategic relationship with Stream TV. Both corporations signed amendment to extend the maturity date of the existing \$1.5 million subordinated, secured promissory note from December 30, 2016, to March 30, 2017. In consideration for the extension Intrinsic will receive 30,000 warrants convertible into Class A common shares in Stream TV on a 1 for 1 basis for a period of up to 5 years.
- On December 30, 2016, the Corporation announced it had received an initial order from Intrinsic's distribution partner for a new client for Intrinsic's Open-Q™ 410 System on Modules ("SOM") expected to be valued at US\$66,000. The production order will ship during the first half of 2017. Intrinsic also signed a product development services agreement with an existing client expected to be valued at \$240,000, which were delivered in the first quarter of 2017.
- On December 30, 2016, the Corporation announced the introduction of the Corporation's next generation Open-Q™ 820 μSOM (micro) (system on module) and its companion Open-Q™ 820 μSOM Development Kit. Intrinsic's 820 μSOM is an ultra-small form-factor commercially available SOM based on the 64-bit Qualcomm® Snapdragon™ 820 processor, a product of Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated. It is the Corporation's second offering featuring the Snapdragon 820 processor and utilizes technology in the currently shipping Open-Q™ 820 SOM, while shrinking the form factor from 82mm x 42mm to 50mm x 25mm – a 63% reduction in size. Powerful, miniature, and cost effective, the Open-Q™ 820 μSOM is designed to enable the rapid commercial production of a variety of IoT products, such as robotics, cameras, set-top-boxes, medical devices, augmented and immersive virtual reality, digital signage, and advanced 4K HEVC video conferencing,

Financial year ended December 31, 2015

- On February 24, 2015, the Corporation announced the demonstration of a new development platform and system on module featuring an 8-core 64-bit processor at the Embedded World 2015 Exhibition & Conference, February 24-26, 2015, at the Nuremberg Exhibition Centre in Nuremberg, Germany.
- On March 11, 2015, the Corporation announced the demonstration of powerful embedded computing solutions for digital signage applications at the Digital Signage Expo, March 11-12, 2015, at the Las Vegas Convention Center, Las Vegas, Nevada.
- On April 28, 2015, the Corporation provided an update on progress with customers using Open-Q™ System on Modules for Development of Intelligent Connected Products.
- On May 28, 2015, the Corporation announced the resignation of Chris Ross, Vice President of Manufacturing and Chief Technical Officer (“CTO”).
- On June 18, 2015, the Corporation announced the availability of the Open-Q™ 410 System on Module (“SOM”) and Development Kit. Based on the Qualcomm Snapdragon 410 processor, a product of Qualcomm Technologies, Inc. (“QTI”), a subsidiary of Qualcomm Incorporated, the Open-Q 410 is a powerful, miniature, and cost effective embedded computing platform designed to enable the rapid commercial production of intelligent connected products across a variety of embedded computing and “Internet of Everything” (IoE) industries. Products such as robotics, cameras, set-top-boxes, wearables, medical devices, vending machines, building and home automation, and industrial control are just some of the examples that will benefit from this best in class platform.
- On June 30, 2015, the Corporation announced the achievement of four new design wins for the company’s Open-Q™ embedded computing platforms with accompanying product development services in excess of \$900,000 in aggregate and a product development agreement with a Fortune 500 company in excess of \$450,000.
- On August 6, 2015, the Corporation announced that it is expanding its executive leadership team and is increasing investment in several areas over the next few quarters to support and accelerate growth, including: hiring engineering personnel for delivery of clients’ projects as well as new product development, sales and marketing personnel and programs, facilities expansion, and engineering equipment, to support expected growth. The Corporation announced the following additions to its executive team: Mark Waldenberg as its Vice President of Global Sales; Victor Gonzalez as its Vice President, Engineering and Cliff Morton as its Vice President, Client Solutions.
- On August 7, 2015, the Company announced its agreement to an arrangement for compensation in lieu of hardware commitment with a customer that did not meet its production commitment.
- On August 10, 2015, the Corporation announced that it had received initial purchase orders from customers that are expected to be significant revenue contributors in FY 2016.
- On August 24, 2015, the Corporation announced Arrow’s availability of Intrinsyc’s Open-Q™ 410 System on Module as the result of a new franchise agreement between the two companies.

- On September 22, 2015, the Corporation announced it will manufacture and distribute the Qualcomm® Snapdragon Flight™ board featuring the Qualcomm® Snapdragon™ 801 processor. The Snapdragon Flight is a product of QTI. The 801 processor consists of a quad-core Qualcomm® Krait™ 400 CPU with speeds up to 2.26 GHz, the Qualcomm® Adreno™ 330 GPU, and Qualcomm® Hexagon™ DSP (up to 800MHz).
- On November 4, 2015, the Corporation announced that the Canadian Innovation Exchange (“CIX”) had selected the Corporation as one of 2015’s Top 20 Most Innovative Public Canadian Tech Companies. The CIX’s Public Investors Top 20 is a unique program designed to showcase Canada’s hottest and most innovative public technology companies.
- On November 23, 2015, the Corporation announced the signing of two product design and development agreements and a supply agreement with production order for Intrinsic’s Open-Q 805 SOM, in aggregate the agreements and order exceed \$1 million.
- On December 10, 2015, the Corporation announced it will continue its strategic relationship with Stream TV a Philadelphia-based new media company . The arrangements provide for an amendment to a previously signed supply agreement that extends the purchase commitment by Stream TV from \$3.0 million to \$4.5 million, with products, services, or royalties to be purchased or to be generated on or before March 31, 2016. In addition, the secured convertible promissory note has been amended to remove the conversion feature and to extend the maturity date from December 31, 2015 to June 30, 2016.
- On December 15, 2015, the Corporation announced the general availability of new development platforms featuring the Qualcomm® Snapdragon™ 820 processor, a product of QTI. The Snapdragon 820 has been holistically designed to enrich visual quality and audio clarity, as well as develop new intuitive ways to interact with devices to generate deeply immersive experiences.

NARRATIVE DESCRIPTION OF THE BUSINESS

Summary

The Corporation provides solutions for the development and production of mobile, embedded, and IoT devices, with a legacy software solution for Java/COM enterprise interoperability. The Corporation’s embedded computing products include: embedded development kits, vertical market reference designs and development platforms, mobile application development platforms, and production-ready embedded computers. Embedded development kits include the DragonBoard™ 800, Open-Q™ 805 Development Kit, DragonBoard 810™, and Open-Q™ 820 Development Kit. Vertical market reference designs and development kits include the Snapdragon™ 820 Automotive Development Platform (“ADP”), Snapdragon™ Flight, Open-Q™410 Wearable Computing Reference Design, and Open-Q™ 650 IP Reference Camera. The Corporation designs, develops, and manufactures the Open-Q™ line of embedded computing products, including the Open-Q™ 800, Open-Q™ 805, Open-Q™ 810, Open-Q™ 410, and Open-Q™ 820 System on Modules (“SOM”), and the Open-Q™ 600 Single Board Computer (SBC) as well as the Open-Q™ 626 and Open-Q™ 2100. The Corporation sells these solutions as production-ready computing solutions and also makes custom variants of these products that are tailored specifically to client requirements. In addition, the Corporation frequently designs, develops, and manufactures complementary peripheral boards that add additional functionality to the Open-Q™ System on Module. These products, combined with Intrinsic’s engineering services, help device

makers and silicon vendors deliver mobile and embedded products with faster time-to-market and improved innovation and quality. Additionally, the Corporation has legacy proprietary software that provides a bridge between Java and COM based computing platforms under the brand, J-Integra®.

The Corporation transitioned its business model from a primarily services oriented offering to more complete solutions including manufacturing computing modules which will bring greater value to customers and provide the Corporation with increased repeat product sales and/or royalty revenues. Under this transition, the Corporation shifted its focus to the development of Embedded and IoT Solutions resulting in the revised business segmented orientation of Embedded Solutions, General Engineering Solutions and Other Software Solutions from the prior reported segmented information comprised of Device Development Solutions and Software Solutions.

The Corporation's business segments are described below.

Embedded Computing Hardware

The Embedded Computing Hardware segment includes the sales of the Corporation's proprietary computer modules and development kits. Engineering services related to those modules and kits are included in Services and Software segment.

The Corporation is building an expanding base of customers and prospects for the Open-Q™ family of SOMs. Intrinsyc's customers build a diverse set of embedded device products, including many new and exciting emerging categories such as: smart glasses and other wearable technology, robotics, digital signage, and more. As these customers increase sales of their products, Intrinsyc expects to benefit from repeat sales of its computing modules and/or design royalties. By working with a range of customers, from startups to well established entities, Intrinsyc can take advantage of the growth opportunities in these emerging device sectors, while limiting its exposure to any single new consumer or industrial product. The shared success business model being employed allows Intrinsyc to better align with our customers' business and product initiatives, while enjoying the potential for greater revenue and margin upside. The Corporation's revenue could vary significantly from one quarter to the next due to the timing of customer production requirements.

Intrinsyc's computing modules are manufactured by two strategic manufacturing partners: one is based in North America to support quicker production lead times and smaller volume requirements, and the other is based in China to support higher volume, lower cost, requirements. Computing modules are shipped to Intrinsyc or directly to the customer based on order size and customer requirements. Typically, larger volume orders would be shipped fully manufactured and tested from Intrinsyc's contract manufacturer in China. The Corporation's strategic manufacturing partners allow Intrinsyc to respond quickly to customer requirements and scale revenue without additional investment in facilities or personnel resources. Scaling revenue without a commensurate increase in operating expenses should allow the Corporation to generate greater profit growth.

Services and Software

The Corporation provides device platform hardware and tools, as well as design and development services to silicon vendors, OEMs and ODMs building mobile and embedded devices. The Corporation's capabilities in these areas are a product of over sixteen years of mobile and embedded device development experience. As a result, the Corporation has developed core competencies in the areas of telephony, power management, testing and certification and BSP engineering, all of which are complex and essential elements required to design and develop mobile and embedded devices.

The Corporation has cross platform capabilities on each of the key operating systems currently in

the market for mobile and embedded devices: Microsoft Windows, QNX, Linux and Android operating systems.

Historically, the Corporation has employed both a fixed fee pricing model and a time and materials pricing model for engineering services; however, management has increased the focus on fixed fee pricing models for certain engagements with large customers. This model is attractive to certain customers as it reduces the risk of product development delays which result when the amount of resources or time needed for a specific project has been underestimated. This transition to fixed fee engagements has been enabled by the Corporation's growing competencies in the complex mobile technology fields of telephony and power management and the development of enabling technology that can be reused on multiple projects.

The general engineering service offerings provided by the Corporation are as follows:

- Turnkey design, product test and certification services for OEMs developing mobile devices using Microsoft Windows, Android, Linux, and QNX operating systems, including developing detailed product specifications in conjunction with OEM product development teams and managing in-market product testing;
- Telephony integration services;
- Power management services for OEMs designing small form factor products which are needed to improve battery life while simultaneously increasing applications and features that drive growth in power utilization;
- BSP and driver development;
- Conducting feasibility studies, requirements analyses and architecture designs;
- Providing detailed technical training and support programs to OEMs; and
- Enabling technology and intellectual property for device development.

The Corporation also develops and markets its proprietary software products, including J-Integra, a scalable, high-performance middleware solution for connecting Java directly to .NET, COM, and Exchange objects.

The Corporation markets its products and services on a worldwide basis through experienced sales and business development personnel based in Canada, the United States, and the United Kingdom.

Marketing and Sales Strategy

Events

The Corporation participates in several key industry conferences throughout the year in North America, Asia and Europe. These include events such as Consumer Electronics Show, Embedded World, and other developer conferences where embedded and IoT solutions are presented. The Corporation frequently exhibits at these events as an invited guest of

Qualcomm, due to the Corporation's programmatic relationships and products based on Qualcomm.

Media and Web Presence

The Corporation maintains an active media contact list and disseminates all relevant news to key industry analysts and technical editors. The Corporation regularly conducts press interviews to enhance awareness and maximize coverage at all trade show events. The Corporation's experts regularly deliver technical addresses at industry events.

The corporate website provides a complete overview of the Corporation's products and solutions. The Corporation employs search engine optimization to assist in the ranking and placement of the Corporation and its technologies in key search engines.

Sales

The Corporation has a direct sales team consisting of business development managers responsible for large OEM accounts and large software accounts, and field applications engineers responsible for pre-sales technical support and solution development. The Corporation also has agreements in place with two independent representatives. The Vice President, Global Sales directly manages the sales team and directly manages certain customer and partner relationships. The direct sales team responds to sales leads from several sources, including alliance partners and the Corporation's website, trade shows and telephone inquiries.

The Corporation's direct sales force employs a consultative sales process, working closely with customers and the Corporation's engineering organization and highly qualified field application engineers, to understand and define customer requirements and specifications and develop optimal solutions. These solutions are typically strategic for the customer involving new technologies or product development, and marketing efforts are generally directed to the senior management of a prospective customer. The Corporation's strategy is to form long-term relationships and supply agreements with its customers and generate licensing revenue from ongoing usage of products and solutions developed based on the initial services engagement.

The following table sets out revenues for each category of products and services accounting for percentage of total revenue from sales:

Product or Service	Fiscal 2017	Percentage of total revenue	Fiscal 2016	Percentage of total revenue
Embedded Computing Hardware	\$12,439,511	60%	\$7,055,480	40%
Services and Software	\$8,240,159	40%	\$10,408,862	60%
Total Revenue	\$20,679,670	100%	\$17,464,342	100%

Customers

The Corporation focuses on providing proprietary software, computing and wireless solutions and design and development services to a wide variety of customers through direct channels. An

individual Software Solutions sale typically consists of an SLA wherein the customer may pay an upfront license fee, per unit royalty fees, support and maintenance, and non-recurring engineering services if required. With respect to device development, a services agreement is typically comprised of a fixed fee or time and materials component under one or more statements of work, combined with a license fee of intellectual property where applicable. Computing and wireless solutions are sold on a per device basis.

Industry Alliances

The Corporation has various long-standing business relationships with a number of the major technology vendors in the mobile and embedded wireless device market. Through these relationships, the Corporation gains knowledge and expertise of advanced technology, obtains assistance in the development of new products, and can leverage the marketing and business development resources from these industry leading companies. The Corporation has developed an important relationship with Qualcomm to sell and support development kits and reference designs and secured licensing rights to develop computing modules based on Qualcomm's compelling Snapdragon™ application processor technologies. The Corporation is a member of the Linux Foundation.

Competitive Conditions

Competitors

The markets in which the Corporation participates are competitive and the Corporation expects competition to intensify in the future. The Corporation's current and potential future competitors may include:

1. Embedded Computing vendors such as Digi International, Logic Product Development, Kontron, Cognatec, Inforce, eInfoChips and Advantech;
2. ODMs such as Foxconn, Quanta, Inventec, Qisda and Borqs;
3. Companies that provide systems integration services, such as Adeneo Corporation, Bsquare, Ixonos, Thundersoft and Teleca;
4. Companies with Linux operating system offerings, such as MontaVista, Access Mentor Graphics and Wind River; and
5. Companies with in-house capabilities to build mobile and embedded software solutions.

Some of the Corporation's current and potential competitors, alone or together with their trade associations and partners, have greater financial, technical, marketing, service and other resources, as well as greater name recognition, broader product offerings and longer operating histories.

The Corporation's industry involves rapidly changing technology, frequent new product introductions, and evolving standards and protocols. To maintain or improve the Corporation's competitive position, it must continue to develop and introduce, on a timely and cost-effective basis, new products and services.

The principal competitive factors that affect the market for the Corporation's products are:

1. Product quality, technological innovation, compatibility with standards and protocols, reliability, functionality, ease of use and compatibility;
2. Market and general economic conditions and requirements for new and innovative products;
3. Price of the Corporation's products; and

4. Potential customers' awareness and perception of the Corporation's products as well as engineering services generally.

The Corporation's competitive strength is derived mainly from the expertise and specialized knowledge of its engineering resources, its history with its customers and relationships with industry leading technology companies. The Corporation seeks to maintain its competitive strength through its strategic relationships, research and development programs as well as by capturing leading customers in the mobile and embedded device marketplace.

Barriers to Entry

While potential competitors may have similar products or levels of competence in individual areas, management believes its uniqueness lies in its strategic relationships and skills of its engineering resources and the quality and performance of its products.

Research and Development Activities

The Corporation's research and development team performs two primary functions: (i) the support and enhancement of the Corporation's existing products; and (ii) the development of new products. Research and development activities are undertaken by both employees and subcontractors.

Intellectual Property

The Corporation relies on patent, copyright, trade secret and trade-marks to protect its intellectual property. The Corporation currently holds five patents in various jurisdictions. Once issued, utility patents are valid for a period of 20 years and, depending on the country, design patents are valid for a period of 14 or 16 years. Continued validity is dependent upon paying the requisite government agency fees.

The Corporation attempts to protect its proprietary rights by requiring each employee, prior to commencing employment with the Corporation, to enter into an agreement with the Corporation which provides, among other things, that during employment and (depending on the jurisdiction of the employee) for a period not less than one year subsequent to the termination of employment, the employee is prohibited from competing with the Corporation, and is prohibited from disclosing confidential information to third parties for an indefinite period. These agreements also provide that the employee shall assign to the Corporation all intellectual property rights in any work undertaken by the employee. While the Corporation's competitive position may be affected by its ability to protect its proprietary information, the Corporation believes that because of the rapid pace of technical change in the industry, factors such as the technical expertise, knowledge and innovative skill of the Corporation's management and technical personnel and its ability to rapidly develop, produce, enhance and market its software and hardware products may be more significant than formal intellectual property protection measures in maintaining the Corporation's competitive position. Nonetheless, the Corporation has invested in ongoing patent and trademark protection and continues to review opportunities to protect intellectual property protection on an ongoing basis.

Despite precautions taken by the Corporation, it may be possible for unauthorized third parties to copy aspects of the Corporation's hardware and software solutions, or to obtain and use information that the Corporation regards as proprietary. There can be no assurance that the Corporation's competitors will not independently develop similar or superior solutions.

Cycles

The Corporation does not experience significant annual industry-based economic cycles or seasonality.

Economic Dependence and Changes to Contracts

The Corporation's various major customer engagements are described above under "*Industry Alliances*" and "*Sales*". In the Corporation's fiscal year ended December 31, 2017, two (2) customers accounted for 35% of the Corporation's revenue. See "*Risk Factors*".

Employees

As of the end of its fiscal year ended December 31, 2017, the Corporation employed 78 personnel and contractors. Of these personnel, 54 were engaged in research, development, services engagements and customer support activities, 11 were in sales and marketing and 13 were in administration.

Foreign Operations

As at December 31, 2017, the Corporation had foreign operations in Boulder, CO, USA and Taiwan. Certain of the Corporation's intellectual property was owned, developed and managed out of each of these operations and internal transfer pricing mechanisms was in place to manage the transfer and use of this intellectual property.

Lending

The Corporation had no debt facility in place as of December 31, 2017.

RISK FACTORS

The Corporation's business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. These risks and uncertainties are described in the Corporation's Management Discussion and Analysis for the fiscal year ended December 31, 2017, which can be found on SEDAR at www.sedar.com and is incorporated herein by reference.

DIVIDENDS AND DISTRIBUTIONS

The payment of dividends is at the sole discretion of the Corporation's board of directors and to date, the Corporation has not paid any dividends on its common shares. The Corporation currently intends to retain any future earnings to finance the growth and development of the business and, therefore, the Corporation does not anticipate paying cash dividends for the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized and Issued Share Capital

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at December 31, 2017, the Corporation's issued share capital consisted of 21,060,988 common shares. The Corporation has no issued and outstanding preference shares. In addition, as of December 31, 2017, the Corporation had outstanding stock options to purchase an aggregate of 1,317,229 common shares at prices ranging from

CDN\$0.52 per share to CDN\$2.29 per share granted under the Corporation's Incentive Stock Option Plan. To the extent that outstanding stock options are exercised, dilution to the interests of the Corporation's shareholders will occur.

Share Rights

Common Shares

Each common share entitles the holder thereof to: (i) dividends if, as and when declared by the directors of the Corporation (subject to the rights of the holders of another class or series of shares), (ii) one vote at all meetings of shareholders of the Corporation (except meetings at which only holders of a specified class of shares are entitled to vote), and (iii) participate on a *pro rata* basis, subject to the rights of the holders of another class of shares, in any distribution of the assets of the Corporation upon liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Preference Shares

If the directors of the Corporation create any series of preference shares, such shares shall have the rights determined by the directors, provided that with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, the preference shares rank in priority to the common shares and any other shares of the Corporation ranking junior to the preference shares.

Stock Option Plan

The Corporation has a rolling stock option plan. Under the terms of the Corporation's stock option plan, the board of directors of the Corporation may grant options to directors, officers, employees, and service providers equal to the lesser of: (i) up to 10% of the issued and outstanding common shares of the Corporation from time to time, less one share; and, (ii) 3,750,000 common shares. The plan provides for the granting of options at the closing price of the Corporation's common shares on the day immediately prior to the grant date. Options granted generally vest over a three-year period with the first one-third vesting at the first anniversary date of the grant and the balance vesting in equal amounts at the end of each quarter thereafter. The board of directors determines the term of each option at the time it is granted, with options generally having a five-year term. As of December 31, 2017, the Corporation had a total of 2,106,097 stock options available for issuance and 1,317,229 stock options outstanding, representing options to purchase an aggregate of 1,317,229 stock common shares, at prices ranging from CDN\$0.52 per share to CDN\$2.29 per share, of which 865,078 stock options were exercisable.

Restricted Share Unit Plan

The Corporation implemented a restricted share unit plan effective on May 16, 2017. The aggregate number of shares reserved for issuance pursuant to restricted share units granted under the Plan shall not exceed 500,000 Shares. The purpose of this restricted share unit plan is to provide directors, officers, employees and consultants of the Corporation with restricted share units as incentive compensation in order to allow them to participate in the long-term success of the Corporation and to promote a greater alignment of their interests with the interests of the Corporation's shareholders. A grant of restricted share units shall be subject to vesting over a period of time and/or meeting certain performance criteria. Any vesting requirements applicable to all or any portion of an award shall be set forth in the Award Agreement; provided that any restricted

share units that remain unvested on December 31st of the third calendar year following the year in which the award occurred shall expire and be cancelled. As at December 31, 2017, the Corporation has granted a total of 219,000 restricted share units which remain outstanding.

Shareholder Rights Plan

The Corporation has adopted a shareholder rights plan (the "Rights Plan"). Under the current Rights Plan, one right is issued in respect of: (i) each common share of the Corporation outstanding at the date of the implementation of the Rights Plan, and (ii) each common share of the Corporation issued thereafter, prior to the earlier of the Separation Time and the Expiration Time (as those terms are defined in the Rights Plan). The Rights Plan provides for substantial dilution to an acquirer making a take-over bid for the common shares of the Corporation unless the bid meets the requirements described in the Rights Plan.

The Rights Plan was first implemented pursuant to a shareholder rights plan agreement dated December 6, 2000 between the Corporation and Computershare Investor Services Inc. On December 13, 2006, shareholders approved an amended and restated shareholder rights plan (the "2006 Rights Plan") which was identical to the Rights Plan in all material respects. On June 4, 2009, the 2006 Rights Plan expired and the shareholders of the Corporation approved an amended and restated shareholder rights plan (the "2009 Rights Plan") which was identical to the 2006 Rights Plan in all material respects. On June 28, 2012, shareholders approved an amended and restated shareholder rights plan (the "2012 Rights Plan") which was equivalent to the 2009 Rights Plan in all material respects, other than the rights agent is now Equity Financial Trust Company. On May 12, 2015, shareholders approved a new shareholder rights plan (the "2015 Rights Plan") which was substantially consistent with the 2012 Rights Plan.

Normal Course Issuer Bid ("NCIB")

The Corporation announced that the Toronto Stock Exchange (the "TSX") has accepted the notice filed by the Company to establish a normal course issuer bid ("NCIB") program to purchase, for cancellation, up to 500,000 common shares or approximately 2.4% of Intrinsyc's issued and outstanding common shares, as at September 21, 2017. The Company believes that the market price of the common shares may not from time to time, fully reflect their value and accordingly the purchase of the common shares through the NCIB at appropriate times can protect and enhance shareholder value when opportunities or volatility arise. Therefore, repurchasing its common shares through the NCIB may represent an appropriate use of financial resources, and would be in the best interest of the Company and its shareholders.

The NCIB program commenced on October 4, 2017 and will terminate on October 3, 2018, or on such earlier date as the Company may complete its purchases pursuant to a Notice of Intention filed with the TSX. Under the NCIB program, the Company is authorized to purchase its common shares, at prevailing market rates; effected in the open market through the facilities of the TSX and/or alternative Canadian trading systems. The actual number of common shares that may be purchased and the timing of any such purchases will be determined by Intrinsyc. Any purchases made by Intrinsyc pursuant to the NCIB will be made in accordance with the rules and policies of the TSX. Any common shares purchased by Intrinsyc pursuant to the NCIB will be cancelled.

The average daily trading volume for Intrinsyc's common shares on the TSX for the six months ended August 31, 2017 was 51,322 common shares. Consequently, under the policies of the TSX, Intrinsyc will have the right to repurchase under its NCIB, during any one trading day, a

maximum of 12,830 shares, representing 25% of the average daily trading volume. In addition, Intrinsyc will be allowed to make, once per calendar week, a block purchase of common shares not directly or indirectly owned by insiders of Intrinsyc, in accordance with the TSX rules and policies. Intrinsyc will fund the purchases of common shares through available cash. In the previous 12 months, the Company has not repurchased any of its outstanding common shares.

In connection with the NCIB program, the Company has established an automatic repurchase plan (the “Plan”) with its designated broker to allow for purchases of its common shares during certain pre-determined black-out periods, subject to certain parameters as to price and number of common shares. Outside of these pre-determined black-out periods, common shares will be repurchased in accordance with management’s discretion, subject to applicable law. Intrinsyc may vary, suspend or terminate the Plan only if it does not have material non-public information and the decision to vary, suspend or terminate the Plan is not taken during a pre-determined blackout period. The Plan constitutes an “automatic plan” for purposes of applicable Canadian securities legislation and has been reviewed by the TSX.

MARKET FOR SECURITIES OF THE CORPORATION

Trading Price and Volume

The Corporation’s common shares are listed and posted for trading on the TSX under the symbol “ITC”. The table set forth below lists the average daily trading volume and price for each month of the Corporation’s fiscal year from January 1, 2017 to December 31, 2017.

Months in Fiscal 2017	High Trading Price (CDN\$)	Low Trading Price (CDN\$)	Trading Volume (Average)
December 2017	\$1.68	\$1.25	44,769
November 2017	\$1.55	\$1.26	51,177
October 2017	\$1.90	\$1.55	27,232
September 2017	\$1.65	\$1.40	21,889
August 2017	\$1.88	\$1.35	35,570
July 2017	\$2.08	\$1.72	17,485
June 2017	\$2.25	\$1.83	42,110
May 2017	\$2.66	\$1.88	77,733
April 2017	\$2.76	\$2.36	60,057
March 2017	\$2.84	\$2.14	72,148
February 2017	\$2.88	\$1.98	91,386
January 2017	\$2.30	\$1.94	48,115

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Corporation had no escrowed securities and securities subject to contractual restriction on transfer as at December 31, 2017.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The table set forth below lists the directors and executive officers of the Corporation as at December 31, 2017, indicating their names, province or state of residence, their respective positions and offices held with the Corporation, their principal occupation and their length of service to the Corporation. The additional biographical information following the table sets out each person's principal occupation within the five preceding years.

To the knowledge of the Corporation, the directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 2,597,313 common shares (not including an aggregate 850,533 common shares issuable upon the exercise of stock options and 199,000 restricted share units), representing approximately 12.33% of the issued and outstanding common shares (being 11.50% of the issued and outstanding common shares on a fully-diluted basis).

Name and Residence	Position with the Corporation	Principal Occupation	Director Since⁽¹⁾
Michael W. Bird⁽²⁾ Ontario, Canada	Director	Co-Founder and Principal at Theta Strategies Capital	17 Apr. 2013
Thomas J. Bitove⁽³⁾ Ontario, Canada	Director	Chair and President, PowerBev Inc. and PUR brands Inc.	15 Dec. 2005
George A. Duguay⁽²⁾⁽³⁾ Ontario, Canada	Director & Chairman of the Board of Directors	President of G. Duguay Services Inc.	14 Apr. 2003
Victor Gonzalez British Columbia, Canada	Vice President, Engineering	Vice President, Engineering of the Corporation	Not applicable
Jeffrey MacDonald⁽³⁾ Ontario, Canada	Director	Chief Executive Officer and President of Ecosynthetix Inc.	16 May 2017
Daniel S. Marks Ontario, Canada	Director	President and Principal of Stonehouse Capital	17 Apr. 2013
Cliff Morton British Columbia, Canada	Vice President, Client Solutions	Vice President, Client Solutions of the Corporation	Not applicable
Tracy Rees California, USA	President & Chief Executive Officer and Director	President & Chief Executive Officer of the Corporation	June 15, 2017
George Reznik British Columbia, Canada	Chief Financial Officer & Secretary	Chief Financial Officer of the Corporation	Not applicable

Howard “Skip” Speaks⁽²⁾ California, USA	Director	Corporate Director	11 Aug. 2009
Mark Waldenberg Washington, USA	Vice President, Global Sales	Vice President, Global Sales of the Corporation	Not applicable

Notes:

- (1) Each director is elected at the Corporation’s annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed, unless such director resigns or is removed earlier.
- (2) Member, Audit Committee as of December 31, 2017.
- (3) Member, Compensation and Corporate Governance Committee as of December 31, 2017.

Background of the Directors and Executive Officers

Set forth below is a brief profile of each director and executive officer of the Corporation.

Michael W. Bird has more than 25 years of capital markets experience in Canada. He is currently an investment manager at Next Edge Capital Corp. Next Edge Capital was formed through a management purchase of the Canadian office of Man Group Plc in 2014. Prior to joining Next Edge Mr. Bird was a Vice President at GMP Securities L.P., an independent investment dealer in the Quantitative Strategies Trading Group, served as Vice President, Head of Equity Derivatives at Desjardins Securities from 2002 to 2008 and a Senior Trader and Vice President at RBC Dominion Securities from 1994 to 2002 working in the Equity Derivatives Group.

Thomas J. Bitove has a successful history of leadership in several corporate sectors, including the retail technology, hospitality, foodservices and logistics industries. Currently, Mr. Bitove is the Chairman and CEO of Powerbev Inc., the exclusive distributor of Red Bull Energy Drink in Ontario, Canada and one of the largest Red Bull distributors in North America. Mr. Bitove is also the Chairman and CEO of PUR Brands Inc., British Columbia’s exclusive distributor of Red Bull Energy Drink. He also owns ColdHaus Direct, a logistics solution primarily designed to facilitate the distribution of products for the craft beer industry and the wine industry. Prior to these ventures, between 1989 and 2002, Mr. Bitove was CEO of Lettuce Serview LP, one of Canada’s largest food service companies operating facilities at Toronto’s Lester B. Pearson International Airport, Toronto’s SkyDome, Travel Centers along Ontario’s superhighway system, and one of Canada’s largest offsite catering operations. Mr. Bitove also serves as the Managing Partner of the Wayne Gretzky’s Restaurant located in downtown Toronto. Mr. Bitove has a BA in economics from the University of Western Ontario. Mr. Bitove has also served as the Honorary Lieutenant Colonel of the 7th Toronto Regiment of the Royal Canadian Army and has received the Queen’s Diamond Jubilee Award for service to the community.

George A. Duguay is a senior executive with experience in the technology, financial services and resource industries. Since 1988, he has been the President of G. Duguay Services Inc, a partner of Duguay & Ringler Corporate Services until February 2006, a provider of corporate and financial administrative services to public companies. G. Duguay Services Inc. continues to act as a consultant in this area. In addition, Mr. Duguay was a founder of Equity Financial Trust Company. He is presently Corporate Secretary of two public companies. During the period May 1993 to December 2004, Mr. Duguay served as a Director of Genesis Microchip Inc., the world’s leading supplier of display image processors listed on NASDAQ. Mr. Duguay is a Chartered Professional Accountant, Certified General Accountant (CPA, CGA) and a Fellow of the Institute of Chartered Secretaries (F.C.I.S.). He is also a director of two other companies; one listed on the TSX and the other listed on the TSX-V.

Jeffrey MacDonald is the Chief Executive Officer of EcoSynthetix Inc. effective May 1, 2015 and was the Interim Chief Executive Officer of EcoSynthetix since February 2015. Mr. MacDonald was elected as a director on May 8, 2015. Mr. MacDonald joined EcoSynthetix in 2014 as Chief Operating Officer. Mr. MacDonald has more than 15 years of executive leadership experience in a variety of roles, including operations, business development, and marketing. He spent the majority of his career at Husky Injection Molding Systems Ltd. (“Husky”), a leading manufacturer of equipment and services for the plastics industry, with more than \$1 billion in annual sales. At Husky, Mr. MacDonald led the establishment of new businesses, introduced a number of new products to market and led key initiatives that had a transformational impact on overall business performance. Mr. MacDonald holds a Master of Business Administration degree from McMaster University and a Bachelor of Science degree from the University of Western Ontario.

Daniel S. Marks is the President and Principal of Stonehouse Capital, a portfolio management firm specializing in active investments in Canadian microcap companies. Mr. Marks has also been the Chief Executive Officer and a director of Kure Technologies, Inc (formerly Unique Broadband Systems, Inc.) since May, 2015. From June 2010 to May 2012, Mr. Marks was a director of Pacific Safety Products Inc., Canada’s leading soft body armour company, where he also served as Executive Chairman from September 2010 to May 2012. In that role, he oversaw a strategic turnaround in the company, through a process that involved the introduction of a new board and management team and ultimately a merger with Zuni Holdings Inc. From June 2009 to December 2010, Mr. Marks was a director of MTI Global Inc. (renamed Zuni Holdings Inc. in June 2010), a company involved in the design, development and manufacturing of products used primarily in the aerospace industry. Mr. Marks also served as President, Chief Executive Officer and Interim Chief Financial Officer of Zuni Holdings Inc. from June 2010 to December 2010. Mr. Marks has over twenty years of investment management experience, including positions with Polar Securities Inc., Citibank, Republic National Bank of New York and TD Securities. Mr. Marks holds a Chartered Financial Analyst (CFA) designation and an MBA from McMaster University.

Cliff Morton is Vice President, Client Solutions at Intrinsyc and has been with Intrinsyc for over 15 years. He is focused on growing Intrinsyc’s business with strategic partners through the creation and delivery of innovative technologies and solutions. With more than 25 years of experience at the management level in engineering and business development, he has played a leading role in bringing advanced solutions and successful products to market in the aerospace, navigation, and the mobile and embedded systems markets. Prior to joining Intrinsyc, Mr. Morton worked for MacDonald Dettwiler and Associates (MDA) for over a decade as a Senior System Engineer. Mr. Morton holds a Bachelor of Electronics & Communications from Leeds Metropolitan University.

Tracy Rees was appointed Chief Executive Officer in June 2009 and served as Interim Chief Executive Officer from November 2008 to June 2009. Mr. Rees joined Intrinsyc in 2007 as acting General Manager for APAC. He also previously served as Chief Operating Officer of the Corporation. Mr. Rees brings more than twenty five years of experience in the high technology industry with deep expertise in mobility software and embedded technology. His experience includes positions with mobile software and services companies; including, CEO of Annasoft Systems; Executive VP Sales, Marketing and International Operations at BSQUARE; and General Manager and VP of Sales at CalAmp.

George Reznik is the Chief Financial Officer and Corporate Secretary of the Corporation. Mr. Reznik has more than twenty years of experience in senior and executive financial roles, with the last ten years spent at rapidly growing public companies in the software and wireless industries. He has broad expertise in international corporate finance, strategic business planning, mergers and acquisitions, investor relations, and operational management. Prior to joining Intrinsyc, Mr. Reznik was CFO of DDS Wireless Inc. Previously, Mr. Reznik served as CFO and COO of Infowave Software and before that, was Vice President, Finance with Pivotal Corporation,

where he played a leadership role through its IPO on the NASDAQ and TSX. Prior to 1998, Mr. Reznik held a number of senior management leadership positions with Deloitte in Canada and the U.K. Mr. Reznik is a Chartered Professional Accountant, Chartered Accountant (CPA, CA), holds a Bachelor of Commerce degree from the University of Manitoba and is a Chartered Business Valuator.

Howard “Skip” Speaks has over twenty six years of telecommunications experience in the network operator and the wireless equipment manufacturing and vendor business. He most recently served as CEO of Rosum Corporation, a positioning and timing technology company. Until 2003, he served as a member of the board and CEO for Kyocera Wireless Corp, a San Diego-based wireless handset manufacturer. Mr. Speaks also served on the Triton Network Systems Board of Directors. He was CEO of this start-up broadband microwave equipment manufacturer and with the management team took the company public in 2000. Prior to Triton, Mr. Speaks worked thirteen years at Ericsson, and most recently served as Executive Vice President and General Manager for Ericsson’s Wireless Division. As Executive Vice President and General Manager, Mr. Speaks was responsible for sales and deployment of Ericsson’s wireless communications infrastructure in the United States and helped navigate the company through a significant restructuring to better address the impact of the convergence of data and voice over wireless networks. Mr. Speaks earned a Bachelor of Science degree for Civil Engineering from West Virginia University Institute of Technology and is a retired, registered professional engineer.

Mark Waldenberg has been working in sales and business development roles in product realization for over 18 years. Mark started with Intrinsyc in April of 2008 when he joined the company as a Regional Sales Manager selling to OEMs and technology companies on the West Coast focusing much of his time in Silicon Valley. In 2010, Mark was promoted to Director of Business Development followed by Director of Worldwide Sales in October 2014. He now leads a very senior sales team in the pursuit of OEM design wins that encompass Intrinsyc’s product realization capabilities from platform architecture through production. Prior to Intrinsyc, Mark was a Strategic Account Executive at Airbiquity in Seattle, WA, selling into automotive OEMs and Tier 1 suppliers in Japan and Korea. Previous to this, he was the Director of Business Development for Calamp and a Regional Account Manager for Bsquare Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed elsewhere in this AIF:

- (a) none of the directors or executive officers of the Corporation is, at the date of this AIF, or was, within 10 years before the date of this AIF, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Corporation) that:
 - (i) while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days, or
 - (ii) was subject to an event which occurred while that person was acting in that capacity and that resulted, after that person ceased to act in that capacity, in the relevant company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days.

- (b) none of the directors or executive officers of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the

Corporation:

- (i) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
 - (ii) has within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.
- (c) none of the directors or executive officers of the Corporation or, to the knowledge of the Corporation, any shareholder holding a sufficient number of shares of the Corporation to materially affect the control of the Corporation, has been subject to:
- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

In the event conflicts of interest arise at a meeting of the board of directors, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Corporation will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be “independent” within the meaning of National Instrument 52-110 – *Audit Committees*) to review a matter in which one or more directors, or management, may have a conflict.

Except as disclosed in this AIF, to the best of the Corporation’s knowledge, there are no known or existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except that certain of the directors of the Corporation serve as directors and officers of other companies and it is therefore possible that a conflict may arise between their duties as director or officer of the Corporation and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

PROMOTERS

The Corporation has not engaged a promoter during the past two financial years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management of the Corporation currently believes that resolving claims against the Corporation, individually or in the aggregate, will not have a material adverse impact on the Corporation’s financial position, results of operations, or cash flows,

these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or any person that is the direct or indirect beneficial owner of, or who exercises control or direction over 10% of any class of the Corporation's securities, or any associate or affiliate of any of the aforementioned persons, has any material interest, direct or indirect, in any material transaction within the Corporation's three most recently completed financial years or in its current financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The Corporation's Registrar and Transfer Agent is TSX Trust Company located at 650 West Georgia Street, Suite 2700, Vancouver, British Columbia, V6B 4N9.

MATERIAL CONTRACTS

Other than as set out below and contracts entered into in the ordinary course of business, no material contracts were entered into by the Corporation during the fiscal year ended December 31, 2017 or entered into before the fiscal year ended December 31, 2017 but the following material contracts are still in effect:

- the Rights Plan; and
- agreement with Stream TV dated October 1, 2014, as amended December 10, 2015, June 26, 2016, December 29, 2016, February 27, 2017, and February 1, 2018.

INTERESTS OF EXPERTS

The Corporation's consolidated financial statements have been audited by Ernst & Young LLP, Chartered Accountants, of Vancouver, Canada. The auditors, which were appointed by the shareholders, examined the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express an independent opinion on the consolidated financial statements. As at March 8, 2017, Ernst & Young LLP and its partners did not directly hold any registered or beneficial interests, directly or indirectly, in the securities of the Corporation or its associates or its affiliates.

ADDITIONAL INFORMATION

Audit Committee Charter

The text of the Audit Committee's Charter is attached as Schedule "A" hereto.

Composition of the Audit Committee

The Corporation's Audit Committee is comprised of Daniel Marks (Chairman), Howard "Skip" Speaks and George Duguay, each of whom is a financially-literate and independent director of the Corporation. Daniel Marks is designated as a financial expert on the Audit Committee.

Relevant Education and Experience

The following education and experience of each Audit Committee member is relevant to the
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performance of his responsibilities as an Audit Committee member. The table below outlines the financial literacy of each of the Audit Committee members.

Name and Position	Business Experience and Professional Qualifications of Audit Committee Members
Michael Bird Audit Committee Chairman	Mr. Bird has more than 25 years of capital markets experience in Canada. He is currently an investment manager at Next Edge Capital Corp (Next Edge Capital"). Next Edge Capital was formed through a management purchase of the Canadian office of Man Group Plc in 2014. Prior to joining Next Edge Mr. Bird was a Vice President at GMP Securities L.P., an independent investment dealer in the Quantitative Strategies Trading Group, served as Vice President, Head of Equity Derivatives at Desjardins Securities from 2002 to 2008 and a Senior Trader and Vice President at RBC Dominion Securities from 1994 to 2002 working in the Equity Derivatives Group.
Howard "Skip" Speaks Audit Committee Member	Mr. Speaks has gained CEO and financial reporting experience in his role as CEO for Kyocera Wireless Corporation and of Triton Network Systems in addition to his role as Executive Vice President and General Manager for Ericsson's Wireless Division.
George A. Duguay Audit Committee Member	Mr. Duguay is a member of the Certified General Accountants Association (C.G.A.), a Fellow of the Institute of Chartered Secretaries (F.C.I.S.) and a Professional Administrator (P. Admin). In addition Mr. Duguay also completed the Canadian Securities Course. Mr. Duguay is an officer of other public companies, in addition to having been a director and member of the audit committee of another public company.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Corporation's external auditor for audit services in each of the last two financial years are as follows (all amounts are expressed in Canadian dollars):

Fiscal 2017	Fiscal 2016
\$95,200	\$92,500

The services comprising these fees did not include quarterly review engagements.

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the Corporation's external auditor that are related to the performance of the audit or review of the Corporation's financial statements and are not reported above under *Audit Fees* as follows:

Fiscal 2017	Fiscal 2016
\$ 3,500	\$ 5,000

Tax Fees

The aggregate fees billed in each of the last two financial years for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning are as follows:

Fiscal 2017	Fiscal 2016
\$34,100	\$21,500

All Other Fees

The aggregate fees billed in each of the last two financial years for general accounting services provided by the Corporation's external auditor, other than the services reported above under *Audit Fees*, *Audit-Related Fees*, and *Tax Fees* are as follows:

Fiscal 2017	Fiscal 2016
\$ nil	\$ nil

SEDAR

Additional information concerning the Corporation may be found on SEDAR at www.sedar.com and on the Corporation's website at www.intrinsyc.com. Additional information, including directors' and officers' remuneration and indebtedness to the Corporation, principal holders of the securities of the Corporation, options to purchase securities and interests of insiders in material transactions, is contained in the Corporation's Management Information Circular and filed on SEDAR. Additional financial information is provided in the Corporation's audited consolidated financial statements for the fiscal year ended December 31, 2017 (the "Audited Consolidated Financial Statements"). The Audited Consolidated Financial Statements and MD&A were filed on SEDAR on March 7, 2018.

SCHEDULE A AUDIT COMMITTEE CHARTER

1. Purpose

The purpose of the Audit Committee is to:

- (a) assist the Board in its oversight of:
 - (i) the effectiveness of the overall process of identifying and addressing principal business risk and the adequacy of the related disclosure;
 - (ii) the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance;
 - (iii) the independence and performance of the Corporation's independent auditors;
- (b) provide an avenue of communications among the independent auditors, management and the Board of Directors;
- (c) encourage adherence to, and continuous improvement of, the Corporation's policies, procedures and practices at all levels; and
- (d) establish and maintain a framework of the management of complaints and whistle-blowing.

2. Composition

- (a) the Audit Committee shall consist of a minimum of three directors of the Corporation; and
- (b) all members of the Audit Committee shall be independent directors (as defined in Section 4 of the Governance Manual of the Corporation).

3. Qualifications and Experience

At the time of appointment or within a reasonable period of time following appointment, each member of the Committee must be financially literate, having the ability to read and understand a set of financial statements that present the breadth and level of complexity or accounting issues that are generally comparable to the breadth and complexity of the issues that can be reasonably be expected to be raised by the Corporation's financial statements.

- (a) At least one member (the "financial expert") of the Committee must have:
 - (i) an understanding of financial statements and accounting principles used by the Corporation to prepare its financial statements;
 - (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
 - (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;
 - (iv) an understanding of internal controls and procedures for financial reporting; and

- (v) an understanding of audit committee functions.
- (b) The financial expert must have acquired the foregoing attributes through one or more of the following:
 - (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
 - (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
 - (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
 - (iv) other relevant experience.

4. Member Appointment and Removal

- (a) the Audit Committee members are appointed by the Board on the recommendation of the Governance and Nominating Committee in consultation with the Chairman and Lead Independent Director (if any) and with consideration of the desires of individual Board members;
- (b) consideration will be given to rotating the Audit Committee members periodically;
- (c) the Audit Committee Chairman is selected by the Board on the recommendation of the Governance and Nominating Committee; and
- (d) the Board may at any time remove a member from the Audit Committee.

5. Mandate and Responsibilities

The Audit Committee shall:

- (a) review the Corporation's annual and quarterly audited financial statements, management's discussion and analysis of financial conditions and results of operations, and earnings press releases prior to releasing the quarter end or year-end earnings, filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments and include any communications that the independent auditor are required to present to the Committee. The Committee will specifically address:
 - (i) review of major issues regarding accounting, including any significant changes in the Corporation's selection or application of accounting principles;
 - (ii) review of major issues as to the adequacy of the Corporation's internal control over financial reporting and any specific remedial actions adopted in light of significant deficiencies or material weaknesses;
 - (iii) discussions with management and the independent auditor regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments, including analyses of the effects of alternative GAAP methods on the financial statements;

- (iv) consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
 - (v) consideration of the clarity of the disclosures in the financial statements;
 - (vi) review and approval of all related party transactions and discuss with management the business rationale for the transactions and whether appropriate disclosures have been made;
 - (vii) review any accounting adjustments that were noted or proposed by the independent auditor but were “passed” (as immaterial or otherwise);
 - (viii) review any communications between the audit team and the audit firm’s national office respecting auditing or accounting issues or internal control-related issues presented by the engagement;
 - (ix) review any “management” or “internal control” letter issued, or proposed to be issued, by the audit firm to the Corporation that is in addition to their audit report on the effectiveness of internal control over financial reporting, if applicable;
 - (x) receive and review a report from the independent auditor, prior to the filing of the Corporation’s Annual Report, on all critical accounting policies and practices of the Corporation; all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and management.
- (b) consider the judgment of both management and the independent auditor about the quality, not just the acceptability of accounting principles;
 - (c) in consultation with management and the independent auditors, consider the integrity of the Corporation’s financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management’s responses;
 - (d) review and approve procedures for disclosures of financial information;
 - (e) establish procedures for receipt, retention and treatment of complaints about accounting, internal controls or auditing matters and for whistle-blowing structure;
 - (f) have such other duties, powers and authorities, consistent with the provisions of the CBCA, as the Board may, by resolution, delegate to the Audit Committee from time to time;
 - (g) report regularly to the Board of Directors with respect to its activities;
 - (h) review with management the Corporation’s overall anti-fraud programs and controls;
 - (i) review the Corporation’s code of conduct and programs that management has established to monitor compliance with such code;
 - (j) perform an evaluation of its performance at least annually to determine whether it is functioning effectively. The Committee also shall discuss with the independent auditor, their observations related to the effectiveness of the Committee; and

- (k) review and reassess the charter at least annually and obtain the approval of the Board of Directors.

With respect to the Independent Auditors, the Committee shall:

- (a) review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant;
- (b) approve the fees and other significant compensation to be paid to the independent auditors;
- (c) pre-approve all non-audit services provided by the external auditors;
- (d) on an annual basis, review and discuss with the independent auditors all significant relationships they have with the Corporation that could impair the auditor's independence;
- (e) review the independent auditors audit plan and engagement letter;
- (f) prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors;
- (g) consider the independent auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- (h) be responsible for the resolution of disagreements between management and the auditor regarding financial reporting and internal control-related matters; and
- (i) set clear policies for hiring employees who were formerly employees of the external auditor or their partners to comply with regulatory requirements.

With respect to legal compliance the Audit Committee shall:

- (a) on at least an annual basis, review with the Corporation's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies;
- (b) receive any corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty by the Corporation; and
- (c) annually prepare a report to shareholders to be included in the Corporation's annual information circular.

6. Authority

The Audit Committee shall have the authority:

- (a) for the purpose of performing its duties, to inspect all of the books and records of the Corporation and its affiliates and to discuss such accounts and records and any matters relating to the financial position or condition of the Corporation with the officers and internal (if any) and external auditors of the Corporation and its affiliates;
- (b) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) to set and pay the compensation for any advisors employed by the Audit Committee, including without limitation compensation to any public accounting firm engaged for the

purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;

- (d) to set and pay the ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties; and
- (e) to communicate directly with the internal (if any) and external auditors.

7. Proceedings

The following shall apply to the proceedings of the Audit Committee.

- (a) the business of the Audit Committee shall be transacted either at meetings thereof or by conference telephone or other communications facilities that permit all persons participating in the meeting to hear each other, or by resolution in writing. All questions at a meeting shall be decided in accordance with the vote of a majority of those present and the Chairman of the meeting shall not have a second or casting vote;
- (b) a resolution in writing signed by all members of the Audit Committee entitled to vote on that resolution at a meeting of the Audit Committee shall be as valid as if it had been passed at a duly called and constituted meeting. Such resolutions in writing may be in one or more counterparts, all of which, when taken together, shall be deemed to constitute one resolution;
- (c) the Audit Committee Chairman shall periodically report to the Board of Directors on the activities of the Audit Committee;
- (d) the external auditor of the Corporation shall, at the expense of the Corporation, be entitled to attend and be heard at or may be invited to any meeting of the Audit Committee;
- (e) the external auditor and senior management shall have the opportunity or may be invited to meet separately with the Audit Committee;
- (f) the minutes of the proceedings of the Audit Committee and any resolutions in writing shall be kept in a book provided for that purpose which shall always be open for inspection by any director of the Corporation; and
- (g) a quorum for the transaction of business at all meetings of the Audit Committee shall be a majority of members.

8. Reporting

- (a) The Audit Committee has a duty to report to the Board all matters that it considers to be important for Board consideration.

All minutes of the Audit Committee should be attached to the Board minutes and forwarded to each member of the Board by the Secretary in a timely manner.