



**FAX CAPITAL CORP.**  
100 Wellington St. W.  
Suite 2110, PO Box 151  
Toronto, ON  
M5K 1H1

## **MANAGEMENT INFORMATION CIRCULAR**

This management information circular (the “**Circular**”) is furnished in connection with the annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of subordinate voting shares (the “**Subordinate Voting Shares**”) and multiple voting shares (the “**Multiple Voting Shares**” and, collectively with the Subordinate Voting Shares, the “**Shares**”) of FAX Capital Corp. (the “**Company**”) to be held on June 25, 2020 at 2:00 p.m. (Toronto time) in person at the offices of Norton Rose Fulbright Canada LLP located at 222 Bay Street, Suite 3000, Toronto, Ontario, M5K 1E7 and online at <https://web.lumiagm.com/219260886> (password: “fax2020”), and any continuation thereof after an adjournment or postponement.

The information contained herein is given as of May 14, 2020, except as otherwise stated.

### **SECTION I – VOTING INFORMATION**

#### **Solicitation of Proxies**

The enclosed proxy is being solicited by or on behalf of the management of the Company. The mailing to Shareholders of this Circular will be on or about May 29, 2020. The cost of soliciting proxies will be borne by the Company. While most proxies will be solicited by mail only, directors, officers and employees of the Company may also solicit proxies by telephone or in person. Such directors, officers and employees will receive no additional compensation for these services other than their regular salaries, but will be reimbursed by the Company for their reasonable expenses.

#### **Record Date**

The board of directors of the Company (the “**Board**”) has fixed May 21, 2020 as the record date (the “**Meeting Record Date**”) for the purpose of determining Shareholders entitled to receive the notice of meeting (the “**Notice of Meeting**”).

The Company will prepare, no later than ten (10) days following the Meeting Record Date, a list of Shareholders entitled to vote as of the Meeting Record Date, showing the number and class of Shares held by each such Shareholder. See “*Voting Shares*” below for a description of the voting rights attached to the Subordinate Voting Shares and Multiple Voting Shares.

#### **Registered Shareholders**

“**Registered Shareholders**” are Shareholders whose Shares are held in their own name and who will have received a proxy form in their own name. Only Registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting (whether in person or online).

## **Non-Registered/Beneficial Shareholders**

**“Beneficial Shareholders”** are Shareholders who do not hold their Shares in their own name, but rather in the name of an intermediary or nominee (an **“Intermediary”**), which can include, among other things, a bank, a trust company, a securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, registered retirement income fund, registered education savings plan or similar plan.

If you hold your Shares through an Intermediary, there are two (2) ways you can vote your Shares. Your Intermediary is required to seek voting instructions from you in advance of the Meeting in accordance with securities laws, and so you will receive, or will have already received from your Intermediary, a “Request for Voting Instructions” or a proxy form for the number of Shares you hold. Every Intermediary has its own mailing procedures and provides its own signing and return instructions. Therefore, please follow them in order to make sure that your Shares are voted.

Alternatively, if you wish to vote in person at the Meeting, please insert your own name in the space provided on the “Request for Voting Instructions” or proxy form to appoint yourself as proxyholder and follow the signing and return instructions of your Intermediary. Beneficial Shareholders who appoint themselves as proxyholders should, at the Meeting, present themselves to a representative of Computershare Investor Services Inc. (**“Computershare”**), the Company’s registrar, transfer agent and the scrutineer of the Meeting. Beneficial Shareholders may also vote at the Meeting online by appointing a proxyholder in accordance with the steps set out below under *“Appointment of Proxy Holders”*.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company will have distributed copies of this Circular and form of proxy (including any “Request for Voting Instructions” made by an Intermediary) to Intermediaries for onward distribution to Beneficial Shareholders.

Under applicable Canadian securities laws, Beneficial Shareholders are either: (i) “objecting beneficial owners” or “OBOs”, who object to the disclosure of information about their ownership in the Company by Intermediaries; or (ii) “non-objecting beneficial owners” or “NOBOs”, who do not object to such disclosure.

Management of the Company, or its agent, will send this Circular and form of proxy (including any “Request for Voting Instructions” made by an Intermediary) directly to both Registered Shareholders and to NOBOs. If you are a NOBO, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the form of proxy or “Request for Voting Instructions”.

Management of the Company does not intend to send this Circular and form of proxy (including any “Request for Voting Instructions” made by an Intermediary) directly to OBOs and does not intend to pay for Intermediaries to send such materials to OBOs. Accordingly, OBOs will not receive the Circular and form of proxy unless the Intermediary assumes the costs of delivery.

## **Appointment of Proxy Holders**

The persons named in the enclosed form of proxy are officers of the Company. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder), other than the persons whose names appear in such form of proxy, to attend and to act for and on behalf of such Shareholder at the Meeting and at any adjournment or postponement thereof.** To exercise this right, the Shareholder must either insert the name of the desired person in the blank space provided in the proxy and strike out the other names or submit another proper form of proxy and, in either case, deliver

the completed proxy by post or other form of delivery to the transfer agent for the Shares, Computershare at:

Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario  
Canada  
M5J 2Y1

to be received not later than 2:00 p.m. (Toronto time) on June 23, 2020 or, in the event the Meeting is adjourned or postponed, not less than 48 hours prior to the time of such adjourned or postponed meeting. The proxy voting cut-off may be waived or extended by the Chair of the Meeting (the “Chair”) at his discretion without notice.

The Shares represented by an appropriate form of proxy will be voted on any ballot that may be conducted at the Meeting, or at any adjournment or postponement thereof, in accordance with the instructions contained on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted on, the Shares will be voted accordingly. **In the absence of instructions, such Shares will be voted FOR each of the matters described in the Notice of Meeting.**

**If you have appointed a person who was designated by the Company to vote on your behalf as provided in the enclosed form of proxy and you do not provide any instructions concerning any matter identified in the Notice of Meeting, the Shares represented by such proxy will be voted:**

1. **FOR** the election of the persons nominated for election as directors of the Company;
2. **FOR** the re-appointment of Deloitte LLP (“Deloitte”) as auditors of the Company and to authorize the Board to fix the remuneration of the auditors; and
3. **FOR** the Amended Voluntary Measures By-Law Resolution (as defined herein).

The enclosed form of proxy, when properly signed, confers discretionary authority on the person or persons named to vote on any amendment to matters identified in the Notice of Meeting and on any other matter properly coming before the Meeting, or any adjournment or postponement thereof. Management is not aware of any such matter; however, if such matter properly comes before the Meeting, or any adjournment or postponement thereof, the proxies will be voted at the discretion of the person or persons named therein.

Shareholders who wish to appoint a third-party proxyholder to represent them at the online meeting **must submit their form of proxy or “Request for Voting Instructions” (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting.** To register a proxyholder, Shareholders **MUST** visit <http://www.computershare.com/FaxCapital> by 2:00 p.m. on June 23, 2020 and provide Computershare with their proxyholder’s contact information, so that Computershare may provide the proxyholder with a username via email. If a third-party proxyholder is attending the Meeting in person, you **DO NOT** need to register the appointment.

If a Shareholder who has submitted a proxy attends the Meeting online and has accepted the terms and conditions when entering the Meeting, any votes cast by such Shareholder on a ballot will be counted and the submitted proxy will be disregarded. **Without a username, proxyholders will not be able to participate online at the Meeting.**

## How to Attend the Meeting

Registered Shareholders and duly appointed proxyholders can attend the Meeting in person at the offices of Norton Rose Fulbright Canada LLP located at 222 Bay Street, Suite 3000, Toronto, Ontario, M5K 1E7 or online by going to <https://web.lumiagm.com/219260886> and using the password: "fax2020".

If attending online:

- Registered Shareholders and duly appointed proxyholders can participate in the Meeting by clicking "**I have a login**" and entering a username and password before the start of the Meeting.
  - Registered Shareholders – The 15-digit control number located on the form of proxy or in the email notification you received is the username and the password is "fax2020".
  - Duly appointed proxyholders – Computershare will provide the proxyholder with a username after the voting deadline has passed. The password to the Meeting is "fax2020".
- Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders. Beneficial Shareholders who have not appointed themselves, or those who are not either Shareholders or Shareholders of record, may attend the Meeting by clicking "**I am a guest**" and completing the online form.

## Participating and Voting at the Meeting

The Meeting will be hosted in person and online by way of a live audiocast. A summary of the information Shareholders will need to attend the online Meeting is provided below. The Meeting will begin at 2:00 p.m. (Toronto time) on June 25, 2020 at the offices of Norton Rose Fulbright Canada LLP.

- Registered Shareholders that have a 15-digit control number, along with duly appointed proxyholders who were assigned a username by Computershare, will be able to vote and submit questions during the Meeting.
- Beneficial Shareholders who have not appointed themselves, or those who are not either Shareholders or Shareholders of record, will only be able attend as a guest which allows them to listen to the Meeting, however they will not be able to vote or submit questions. Please see the information under the heading "*Non-Registered/Beneficial Shareholders*" for an explanation of why certain Shareholders may not have received a form of proxy.
- United States Beneficial Shareholders: To attend and vote at the Meeting virtually, you must first obtain a valid legal proxy from your Intermediary and then register in advance to attend the Meeting. Follow the instructions from your Intermediary included with these proxy materials, or contact your Intermediary to request a legal proxy form. After first obtaining a valid legal proxy from your Intermediary, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to:

Computershare Investor Services Inc.  
100 University Avenue, 8th Floor  
Toronto, Ontario  
Canada  
M5J 2Y1

OR

Email at [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com)

Requests for registration must be labeled as “Legal Proxy” and be received no later than June 23, 2020 by 2:00 p.m. (Toronto time). You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Meeting and vote your Shares at <https://web.lumiagm.com/219260886> during the Meeting. Please note that you are required to register your appointment at <http://www.computershare.com/FaxCapital>.

- If you are eligible to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

### **Voting at the Meeting**

A Registered Shareholder or a Beneficial Shareholder who has appointed themselves or a third-party proxyholder to represent them at the Meeting, will appear on a list of Shareholders prepared by Computershare.

### **Revocability of Proxies**

A Shareholder executing the enclosed form of proxy has the right to revoke it at any time before it is exercised pursuant to the terms set out below. Relevant provisions of the *Canada Business Corporations Act* (the “**CBCA**”) provide that a Shareholder may revoke a proxy by depositing an instrument in writing, executed by the Shareholder or by an attorney authorized in writing, at, or by transmitting, by telephonic or electronic means or any other manner permitted by law, a revocation to, the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, or by depositing such instrument with the Chair on the day of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law. The Chair may waive or extend the proxy cut-off without notice.

If you are using a 15-digit control number or a username assigned by Computershare to login to the online Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you **DO NOT** wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the online Meeting as a guest.

### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company at any time since the beginning of the Company’s last financial year, any proposed nominee for election as director of the Company or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting.

### **Voting Shares**

The authorized capital of the Company currently consists of an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. As of May 14, 2020, there were 16,059,671 Subordinate Voting Shares and 26,971,411 Multiple Voting Shares issued and outstanding.

The following summary of the voting rights attached to the Subordinate Voting Shares and Multiple Voting Shares is qualified in its entirety by reference to the full text of the rights, privileges, restrictions and conditions of the Subordinate Voting Shares and Multiple Voting Shares contained in the Company’s Articles of Amendment dated November 20, 2019 (the “**Articles**”) and available on the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com) or the

Company's website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com). Upon request, the Company will promptly provide a copy of the Articles free of charge to any Shareholder.

Holders of Subordinate Voting Shares are entitled to one (1) vote per Subordinate Voting Share and holders of Multiple Voting Shares are entitled to ten (10) votes per Multiple Voting Share on all matters upon which Shareholders are entitled to vote. As set out below, holders of Subordinate Voting Shares and the holders of Multiple Voting Shares will vote together as a single class, except as otherwise expressly provided in the Articles or as provided by law. **Except for the Amended Voluntary Measures By-Law Resolution, holders of Subordinate Voting Shares and holders of Multiple Voting Shares will vote together on all matters set forth in the Notice of Meeting as if there were one (1) class of shares.**

Except as required by the CBCA, applicable securities laws or the Articles, holders of Subordinate Voting Shares and Multiple Voting Shares will vote together on all matters subject to a vote of holders of both classes of shares as if they were one class of shares. Under the CBCA, certain types of amendments to the Articles are subject to approval by a "special resolution", as such term is defined under the CBCA, of the holders of the Company's classes of shares voting separately as a class, including amendments to:

- change the rights, privileges, restrictions or conditions attached to the shares of that class;
- increase the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of that class; and
- make any class of shares having rights or privileges inferior to the shares of such class equal or superior to the shares of that class.

Without limiting other rights at law of any holders of Subordinate Voting Shares or Multiple Voting Shares to vote separately as a class, neither the holders of the Subordinate Voting Shares nor the holders of the Multiple Voting Shares are entitled to vote separately as a class upon a proposal to amend the Articles in the case of an amendment to: (a) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class; or (b) create a new class of shares equal or superior to the shares of such class, which rights are otherwise provided for in paragraphs (a) and (e) of subsection 176(1) of the CBCA. Pursuant to the Articles, neither holders of Subordinate Voting Shares nor holders of Multiple Voting Shares will be entitled to vote separately as a class on a proposal to amend the Articles to effect an exchange, reclassification or cancellation of all or part of the shares of such class pursuant to subsection 176(1)(b) of the CBCA unless such exchange, reclassification or cancellation: (a) affects only the holders of that class; or (b) affects the holders of Subordinate Voting Shares and Multiple Voting Shares differently, on a per share basis, and such holders are not already otherwise entitled to vote separately as a class under applicable law or the Articles in respect of such exchange, reclassification or cancellation.

Pursuant to the Articles, holders of Subordinate Voting Shares and Multiple Voting Shares are treated equally and identically, on a per share basis, in certain change of control transactions that require approval of shareholders under the CBCA, unless different treatment of the shares of each such class is approved by a majority of the votes cast by the holders of Subordinate Voting Shares and Multiple Voting Shares, each voting separately as a class at a meeting of the holders of that class called and held for such purpose.

## Principal Shareholders

To the knowledge of the directors and executive officers of the Company, as of May 14, 2020, the only persons or companies that beneficially owned, directly or indirectly, or exercised control or direction over, ten percent (10%) or more of the voting rights of the Subordinate Voting Shares or the Multiple Voting Shares are as follows:

Name of Shareholder	Number and Class of Securities Owned, Controlled or Directed	Percentage of Class of Outstanding Securities
Fax Investments Inc.	299,247 Subordinate Voting Shares <sup>(1)</sup>	1.86%
	26,971,411 Multiple Voting Shares	100%

Note:

- (1) Prior to the exercise of the Founder Warrants, as defined below, in the capital of the Company. On a fully diluted basis, Fax Investments Inc. ("FII") held 0.95% of the outstanding Subordinate Voting Shares.

The votes attaching to the Subordinate Voting Shares and the Multiple Voting Shares owned and controlled by FII constitute approximately 94.5% of the total votes attaching to all of the Shares that may be voted at the Meeting.

## Restricted Security Disclosure and Coattail Agreement

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable securities laws in Canada. The terms and conditions of the Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the voting rights attached to the Multiple Voting Shares, as described above, and the conversion rights, as described below. As at the date hereof, the issued and outstanding Subordinate Voting Shares represent approximately 5.6% of the voting rights attached to all of the Company's outstanding voting securities.

As of May 14, 2020, the Multiple Voting Shares and Subordinate Voting Shares held by FII collectively represent approximately 94.5% of the voting rights attached to all of the Company's outstanding voting securities and 63.4% of the equity of the Company, prior to the exercise of the Subordinate Voting Share purchase warrants (the "**Founder Warrants**").

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares.

In accordance with the policies of Canadian stock exchanges, designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares are entitled to participate on an equal footing with holders of Multiple Voting Shares, on December 17, 2018, FII, as the owner of all the outstanding Multiple Voting Shares, entered into a coattail agreement (the "**Coattail Agreement**") with the Company and Computershare Trust Company of Canada, acting as trustee (the "**Trustee**") for the benefit of the holders of Subordinate Voting Shares.

The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under the take-over bid provisions of applicable Canadian securities legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale of Multiple Voting Shares by a holder of Multiple Voting Shares who is a party to the Coattail Agreement if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share paid or required to be paid pursuant to the take-over bid for the Multiple Voting Shares;

- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of Subordinate Voting Shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of outstanding Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and
- is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, subject to the provisions of the Articles, the Coattail Agreement does not prevent the sale of Multiple Voting Shares by a holder thereof to a Permitted Holder (as such term is defined in the Articles), provided such sale does not or would not constitute a take-over bid or, if so, is exempt, or would be exempt, from the formal bid requirements (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares will not, in and of itself, constitute a sale of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares who is a party to the Coattail Agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Articles.

The Coattail Agreement contains provisions for authorizing action by the Trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the Trustee to take such action is conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the Trustee may require. No holder of Subordinate Voting Shares has the right, other than through the Trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the Trustee fails to act on a request authorized by holders of not less than ten percent (10%) of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the Trustee.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) any necessary consent of the Toronto Stock Exchange (“**TSX**”) (or other stock exchange on which the Subordinate Voting Shares are then listed for trading) and any other applicable securities regulatory authority in Canada; and (b) the approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Subordinate Voting Shares held directly or indirectly by holders of Multiple Voting Shares, their affiliates and related parties and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale for the purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares under applicable law.

#### **Auditor**

Deloitte was appointed as the auditor of the Company effective July 19, 2018, replacing the Company’s former auditor, DNTW Toronto LLP (“**DNTW**”), that resigned effective July 19, 2018, at the request of the Company.



## SECTION II – BUSINESS TO BE TRANSACTED AT THE MEETING

The following items of business will be transacted at the Meeting:

- A. receiving and considering the audited consolidated financial statements for the fiscal year ended December 31, 2019, together with a report of the auditors thereon, as more particularly described below under “*Business to be Transacted at the Meeting – A. Presentation of Annual Financial Statements and Auditor’s Report*”;
- B. the election of directors for the Company for the ensuing year, as more particularly described below under “*Business to be Transacted at the Meeting – B. Election of Directors*”;
- C. the re-appointment of the auditors, Deloitte, and authorizing the Board to set their remuneration, as more particularly described below under “*Business to be Transacted at the Meeting – C. Appointment of Auditor*”;
- D. the confirmation of the Amended Voluntary Measures By-Law of the Company, being Amended and Restated By-Law No. 2019-3, as more particularly described below under “*Business to be Transacted at the Meeting – D. Amended Voluntary Measures By-Law Resolution*” (the “**Amended Voluntary Measures By-Law Resolution**”); and
- E. such other matters as may properly come before the Meeting, or any adjournment or postponement thereof.

### **A. Presentation of Annual Financial Statements and Auditor’s Report**

The management’s discussion and analysis (“**MD&A**”), including the audited consolidated financial statements of the Company for the twelve months ended December 31, 2019 and the auditor’s report on those financial statements, previously mailed to those Shareholders who requested to receive them, will be presented to Shareholders at the Meeting. No vote will be taken with respect to the audited annual consolidated financial statements and receipt of the audited annual consolidated financial statements will not constitute approval or disapproval of any matters referred to therein. These documents are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), the Company’s website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com), and copies may be obtained from the Company upon request.

### **B. Election of Directors**

The Articles of the Company provide that the Board shall consist of a minimum of three (3) and a maximum of eleven (11) directors. The Board has set the number of directors to be elected at the Meeting at five (5).

The nominees for election as directors of the Company are listed below. The persons proposed for election are, in the opinion of the Board and management, well qualified to act as directors for the forthcoming year.

Such nominees, if elected, will serve until the next annual meeting of Shareholders or until a successor is duly elected or appointed. Management has been informed that each nominee is willing to serve as a director, if elected. Management recommends a vote for all nominees for election as directors of the Company.

### **Director Nominees**

The following table sets out the names of the five (5) nominees and the year from which each has continually served as a director of the Company. The table also sets out, as at the date of this Circular, the number of Shares and Founder Warrants owned by each of them or over which control or direction is exercised by each of them.

<u>Name, Province or State and Country of Residence</u>	<u>Position/Title</u>	<u>Independent</u>	<u>Date Elected or Appointed</u>	<u>Number of Securities Beneficially Owned, Controlled or Directed</u>
John F. Driscoll Ontario, Canada	Director and Chairman of the Board	No <sup>(4)</sup>	January 17, 2019	Nil
Frank Potter <sup>(1)</sup> Ontario, Canada	Lead Director	Yes	May 30, 2018	20,000 Subordinate Voting Shares 10,000 Founder Warrants
Blair Driscoll Ontario, Canada	Director and Chief Executive Officer	No <sup>(5)</sup>	May 30, 2018	609,247 Subordinate Voting Shares <sup>(6)</sup> 26,971,411 Multiple Voting Shares <sup>(7)</sup> 310,000 Founder Warrants
Edward Jackson <sup>(2)</sup> Ontario, Canada	Director	Yes	November 23, 2018	30,000 Subordinate Voting Shares 30,000 Founder Warrants
Paul Gibbons <sup>(3)</sup> Ontario, Canada	Director	Yes	December 17, 2018	55,556 Subordinate Voting Shares 55,556 Founder Warrants

**Notes:**

- (1) Member of the Audit Committee and Governance, Compensation and Nominating Committee.
- (2) Chairman of the Governance, Compensation and Nominating Committee and a member of the Audit Committee.
- (3) Chairman of the Audit Committee and a member of the Governance, Compensation and Nominating Committee.
- (4) John F. Driscoll is the father of Blair Driscoll, the Chief Executive Officer of the Company.
- (5) Blair Driscoll is the President and Chief Executive Officer of FII.
- (6) Comprised of 310,000 Subordinate Voting Shares held directly by Blair Driscoll and 299,247 Subordinate Voting Shares held by FII, of which Blair Driscoll is the President and Chief Executive Officer.
- (7) Held by FII, of which Blair Driscoll is the President and Chief Executive Officer.

As of May 14, 2020 and excluding the Multiple Voting Shares and Subordinate Voting Shares held by FII, to the Company's knowledge, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, approximately 415,556 Subordinate Voting Shares (representing 2.59% of the outstanding Subordinate Voting Shares) and no Multiple Voting Shares.

Profiles of each of the directors of the Company (including details with regard to their principal occupations for the last five (5) years) are set forth below:

**John F. Driscoll**, director and chairman of the Board, age 78, was the founding chair and a director of Sentry Investments Inc. ("**Sentry**"), a leading independent Canadian investment firm which grew in assets under management to approximately \$19 billion from 1997 to 2017. In 2017, Sentry was sold to CI Financial Corp. for \$780 million. He also founded and was the chairman of NCE Resources Group from 1984 to 2007, a company which focussed on drilling and development of oil and gas properties and resource investing. He was the founder and chairman of Petrofund Energy Trust, an oil and gas acquisition entity, from 1988 to 2006. In 2006, Petrofund Energy Trust was sold to PennWest Energy Trust for \$3.7 billion, creating the largest energy trust in North America at the time with an enterprise value of approximately \$11 billion. He was the chairman of InterPipeline Limited ("**InterPipeline**") from 2002 through to 2013 when he retired from the board of directors. InterPipeline is a major petroleum transportation, natural gas liquids extraction and bulk liquid storage business based in Calgary with operations in Western Canada and Europe. Mr. Driscoll indirectly acquired control of InterPipeline when its enterprise value was approximately \$700 million. By 2013, under his leadership and guidance, the company had grown to an enterprise value of approximately \$10 billion. Mr. Driscoll

was the founder of both Allied Oil & Gas Corp. and Endeavor Energy Inc., holding the position of chair from 1999 to 2001 and from 2002 to 2008, respectively. After building both companies, Allied Oil & Gas Corp. was sold to the City of Medicine Hat and Endeavor Energy Inc. was sold to PennWest Energy Trust. He was the founder and chairman of C.A. Bancorp Inc., a private equity company focused on the acquisition of mid-cap industrials, from 2005 to 2011. He was the founder and chairman of Charter Real Estate Investment Trust, which specialized in the acquisition of shopping centres, from 2007 to 2010. He also has founded numerous public limited partnerships as well as public and private energy and investment-related companies. During his career, Mr. Driscoll has raised over \$30 billion in Canadian capital markets for enterprises he controlled. Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. He is a member of the CFA Institute and also attained the professional manager designation with the Canadian Institute of Management.

**Frank Potter**, Lead director, age 83, is retired and has been an independent director for a number of public, private and not-for-profit corporations. Mr. Potter has a background in international banking in Europe, the Middle East and the United States. He managed the international business of one of Canada's principal banks before being appointed to the executive board of the World Bank Group (a financial services institution) in Washington where he served for nine (9) years, including as lead director and chair of the bank's Steering Committee. Mr. Potter subsequently served as a Senior Advisor at the Department of Finance for the Canadian government. He is formerly the chair of Emerging Markets Advisors, Inc. (a Toronto based consultancy that assisted corporations in making and managing direct investments internationally). Mr. Potter served on a number of boards, including Canadian Tire Corporation, Limited (a retail company), Canadian Tire Bank (2008 to 2014), Obsidian Energy Petroleum Ltd. (formerly known as Penn West Petroleum Ltd.) and the Royal Ontario Museum (a museum in Toronto), where he is a former chairman of the board of governors. Mr. Potter obtained a Military Degree in April 1958 from the Royal Military College of Science in the United Kingdom.

**Blair Driscoll**, director and Chief Executive Officer, age 38, has been a director and the Chief Executive Officer of the Company since May 30, 2018. Mr. Driscoll is the Chief Executive Officer and President of FII and has been a director and the Co-Chief Executive Officer and Vice-President of Federated Capital Corp., since October 2017. Mr. Driscoll served as a director of Sentry from February 2016 to October 2, 2017, the date CI Financial Corp. acquired Sentry. Mr. Driscoll served as the Vice President, Investment Operations, of Sentry from May 2017 to October 2, 2017, and as an Associate Portfolio Manager of Sentry from September 2012 to May 2017. Prior to that, Mr. Driscoll worked at CIBC World Markets Inc. in the Equity Research Department supporting coverage in the Canadian telecom and media sectors. Mr. Driscoll holds an MBA from the Rotman School of Management, University of Toronto.

**Edward Jackson**, director, age 63, is a well-respected industry leader with over thirty (30) years of experience in the financial services industry. He most recently served as Managing Director, Head - Investment Funds Group, with RBC Capital Markets, a position he held until his retirement in December 2015. Prior to that, from 1992 to 1998, Mr. Jackson held several senior management positions within the Royal Bank of Canada covering some of Canada's largest financial institutions. Mr. Jackson currently serves as an advisory board member for EnerTech Capital, a private investment firm focused on innovation in the energy and power industries within North America, and as an independent review committee member for Brookfield Investment Management (Canada) Inc., a wholly-owned subsidiary of Brookfield Asset Management Inc., and for Middlefield Group, a private Canadian asset manager with approximately \$4 billion in assets under management. He also currently serves as a hearing committee member for the Investment Industry Regulatory Organization of Canada, and as a hearing council member for the Mutual Fund Dealers Association. From February 2011 to December 2015, Mr. Jackson also served as the President, Chief Executive Officer and Trustee of Advantage Preferred Share Trust, a TSX listed closed-end fund. Mr. Jackson holds an Honours Bachelor of Business Administration from Wilfrid Laurier University.

**Paul Gibbons**, director, age 62, has over thirty-five (35) years of accounting and audit experience and prior to his retirement, was a partner at Deloitte from 1997 to 2018. Mr. Gibbons' professional designations include being certified as a Chartered Professional Accountant (CPA) and

Chartered Accountant (CA). He is also a member of the Institute of Chartered Accountants of Ontario. Mr. Gibbons has extensive experience with IFRS, SOX compliance and reporting requirements and CEO/CFO certification requirements for internal financial reporting controls. Mr. Gibbons has acted as chair for several audit committees in the not-for-profit sector. He holds an MBA from the Schulich School of Business at York University.

### **Corporate Cease Trade Orders or Bankruptcies**

None of the proposed directors is, as at the date of this Circular, or has been within the ten (10) years before the date of this Circular, (a) a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than thirty (30) consecutive days.

### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Individual Bankruptcies**

None of the proposed directors has, within the ten (10) years before to the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that proposed director.

**Unless the Shareholder has specified in the enclosed form of proxy that the Shares represented by that proxy are to be withheld from voting with regard to the election of a director, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the five (5) nominees whose names are set out in the table above.**

### **C. Appointment of Auditor**

Deloitte was appointed as the auditor of the Company effective July 19, 2018, replacing the Company's former auditor, DNTW, that resigned effective July 19, 2018, at the request of the Company. The Company's determination to change the auditor was not as a result of any "reportable event" as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"). The resignation of DNTW and appointment of Deloitte was considered and, upon recommendation of the Audit Committee, approved by the Board.

In connection with this change in auditor, the change of auditor "reporting package", as such term is defined in NI 51-102, was filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Management proposes that Deloitte be re-appointed as auditors for the Company for the ensuing year and that the Board be authorized to fix their remuneration. Please refer to the section entitled “*External Auditor Service Fees*” at page 40 of the Company’s Annual Information Form dated March 26, 2020 which is available on SEDAR at [www.sedar.com](http://www.sedar.com), or the Company’s website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com), for information on the external auditor fees incurred by the Company for the financial year ended December 31, 2019.

**Unless the Shareholder has specified in the enclosed form of proxy that the Shares represented by that proxy are to be withheld from voting on the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the re-appointment of Deloitte, as auditors of the Company to hold office until the Company’s next annual meeting of Shareholders, and to authorize the Board to fix the remuneration of the auditors. In order to be passed, this resolution must be approved by a vote of not less than fifty percent (50%) of the votes cast by Shareholders at the Meeting, present in person or by proxy.**

#### **D. Amended Voluntary Measures By-Law Resolution**

##### *Overview*

The current general by-law (the “**General By-Law**”) governing the Company’s business and affairs, such as the establishment of a quorum for meetings of directors and Shareholders, was enacted on July 17, 2018 and was confirmed by Shareholders at the Company’s special meeting of Shareholders held on November 23, 2018.

As part of its public offering, which closed on November 21, 2019 (the “**Offering**”), the Company and FII adopted a number of measures (the “**Voluntary Measures**”) that define its business and the scope of its operations and the acquisition and subsequent disposition of the Multiple Voting Shares held by FII. These Voluntary Measures, among other things, set out the business objective of the Company, set limits on the Company’s investment concentration and minimum number of investments and requires the Company to use a qualified custodian to hold certain investments and other assets.

Certain Voluntary Measures have been expressly included in the Company’s by-laws. On August 28, 2019, the Board determined that it was in the best interests of the Company to enact By-Law No. 2019-3 which contains certain of the Voluntary Measures (the “**Voluntary Measures By-Law**”). Shareholders confirmed the Voluntary Measures By-Law at a special meeting of Shareholders held on September 25, 2019. Following the confirmation of the Voluntary Measures By-Law, the Voluntary Measures were amended, as described in the Company’s final prospectus dated October 18, 2019 (the “**Prospectus**”).

On November 20, 2019, the Board determined that it was in the best interests of the Company to amend and restate By-Law No. 2019-3 (the “**A&R Voluntary Measures By-Law**”) in order to better reflect the Voluntary Measures to be included in the Company’s by-laws as described in the Prospectus and to make certain administrative amendments to the Voluntary Measures By-Law.

The confirmation by Shareholders of the A&R Voluntary Measures By-Law does not affect the General By-Law and the provisions of the General By-Law will remain in full force and effect. The complete text of the A&R Voluntary Measures By-Law is set out in Appendix “A” to this Circular.

##### *Summary of the A&R Voluntary Measures By-Law*

Other than certain administrative amendments to the Voluntary Measures By-Law, the only substantive amendment was to the former section of the Voluntary Measures By-Law titled “Minimum Number of Investments” which was amended to be identical to Voluntary Measure (a) as set out in the Prospectus under the heading “About this Prospectus”, which requires that the Company invest the “Net Proceeds of the Offerings” (as defined in the Prospectus) in a minimum of six (6) different investments. This removes the requirement that was included in the Voluntary Measures By-Law for the Company to make a

minimum of six (6) different investments before a specified date; however, the Company is still obligated to invest at least seventy-five percent (75%) of the Net Proceeds of the Offerings on or before November 21, 2022 (the third anniversary of the closing of the Offering), except where the Board determines, acting reasonably and in good faith, that satisfying such commitment would result in a breach of the Board's fiduciary duties under applicable corporate law as set out in the Prospectus. However, if the Amended Voluntary Measures By-Law Resolution is approved by Shareholders, the deadline to complete a minimum of six (6) different investments will no longer be contained in the by-laws of the Company (but the Company will still be obligated to invest at least seventy-five (75%) of the Net Proceeds of the Offerings on or before November 21, 2022).

### *Shareholder Approval*

Pursuant to the provisions of the CBCA, Shareholders may confirm, reject or amend the A&R Voluntary Measures By-Law at the Meeting. If Shareholders do not approve the ordinary resolution confirming the adoption of the A&R Voluntary Measures By-Law, it will no longer be valid.

Pursuant to the Voluntary Measures By-Law, the prior approval by an ordinary resolution (as such term is defined in the CBCA) of the holders of the Multiple Voting Shares and the Subordinate Voting Shares, each voting separately as a class, is required for the proposed amendments contained in the A&R Voluntary Measures By-Law.

Accordingly, at the Meeting, holders of Multiple Voting Shares and holders of Subordinate Voting Shares will be asked to consider and, if deemed appropriate, pass the Amended Voluntary Measures By-Law Resolution in the form set forth in Schedule "A", subject to amendments, variations or additions as may be approved at the Meeting, confirming the adoption of the A&R Voluntary Measures By-Law. No Shareholders are excluded from voting in respect of the Amended Voluntary Measures By-Law Resolution. The Amended Voluntary Measures By-Law Resolution must be passed by:

- (i) a majority of the votes cast by the holders of the Multiple Voting Shares present in person, or represented by proxy, at the Meeting; and
- (ii) a majority of the votes cast by the holders of the Subordinate Voting Shares present in person, or represented by proxy, at the Meeting.

**The Board recommends that Shareholders vote FOR the Amended Voluntary Measures By-Law Resolution.**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE AMENDED VOLUNTARY MEASURES BY-LAW RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE VOTED AGAINST THE AMENDED VOLUNTARY MEASURES BY-LAW RESOLUTION.**

## **SECTION III – EXECUTIVE COMPENSATION AND OTHER INFORMATION**

### **Named Executive Officers**

The purpose of this section is to describe the significant elements of the compensation for the named executive officers (each a "NEO") and directors of the Company. In the financial year ended December 31, 2019, the NEOs were: Blair Driscoll, Chief Executive Officer and Edward Merchand, Chief Financial Officer.

### **Compensation Discussion and Analysis**

The Governance, Compensation and Nominating Committee is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations

to the Board with respect to the compensation of the Company's executive officers. The Governance, Compensation and Nominating Committee ensures that total compensation paid to all NEOs is fair and reasonable and is consistent with the Company's compensation philosophy.

An investment holding company is distinctly different from an operational company. It has limited day-to-day operations and its primary focus is to make and help grow investments that will produce long-term value creation for its shareholders. The compensation philosophy for such an investment holding company, therefore, needs to be conducive to driving long-term decision-making to achieve its business's objectives.

This long-term focus is reflected in the Company's compensation philosophy and policies.

### ***Compensation Philosophy***

The Company's compensation policy is aligned with its approach of rewarding all employees fairly, responsibly and competitively, according to their capabilities, skills, duties and level of performance.

Key compensation principles embedded in the compensation policy are designed to:

- establish a compensation structure that is consistent with the Company's overall business strategy, objective and values;
- ensure a compensation design that encourages long-term decision-making and supports the interests of Shareholders;
- ensure a compensation design which supports the retention and attraction of highly qualified and motivated executives and supports succession planning;
- reward consistent performance over the long-term in line with a performance-based culture;
- foster an environment of teamwork and co-operation;
- create a mechanism for ensuring that executive compensation is fair and responsible in the context of overall Company compensation; and
- report compensation practices in a transparent manner.

The compensation of NEOs includes three (3) principal elements: (i) base salary; (ii) annual cash incentive; and (iii) long-term equity-based compensation awards granted under the Company's amended and restated Long-Term Incentive Plan (the "LTIP").

The Governance, Compensation and Nominating Committee reviews, from time to time and at least once annually, the risks, if any, associated with the Company's compensation program at such time. As at the date hereof, the Governance, Compensation and Nominating Committee has not identified any risks associated with the Company's compensation program that would be reasonably likely to have a material adverse effect on the Company.

### ***Base Salary***

Base salary levels of the Company's executive officers are set at amounts believed to be sufficient to attract and retain highly qualified executives when considered with other components of the Company's compensation structure. Base salaries deliver the only form of fixed compensation and are not, over the long-term, intended to be the most significant component of an executive's compensation. Base salaries for senior and other executives are reviewed annually to reflect, among other things, level of experience, contribution of each executive, and the Company's operating performance.

### ***Annual Cash Incentive***

Annual cash incentives provide a pay-for-performance component of executive officer compensation, which is intended to motivate and reward individuals for achieving annual business objectives and for

making decisions and taking actions which are consistent with the Company's long-term focus. Annual cash incentives are discretionary and are based on a percentage of the annual base salary.

As an investment holding company with a long-term value creation objective, the impact of decision-making is difficult to assess in the short-term because the success of an investment is most often only determinable years later. Therefore, the Company believes that its ability to exercise discretion in granting annual cash incentives is vital to ensuring that the annual cash incentives granted reflect the assessment of risk in the decisions and actions taken by management, and that such decisions and actions are aligned with the implementation of the Company's long-term business strategy. Discretion affords the Company the flexibility to consider unexpected circumstances or events that may have occurred during the year, and to assess whether or not annual objectives were not met because management made decisions in the best long-term interest of the Company or due to factors outside of management's control.

Commencing in the 2020 compensation year, the Governance, Compensation and Nominating Committee will determine the annual cash incentive portion of compensation for the executive officers of the Company, including the NEOs. Accordingly, the Governance, Compensation and Nominating Committee will begin with a review of the management team's collective performance in meeting the Company's broader business plan objectives. These objectives include both short-term operational goals and objectives related to the implementation of the Company's long-term business strategy. Given the emphasis on long-term value creation, it is expected that some of the objectives set at the beginning of the year may change during the year.

Each year, the Governance, Compensation and Nominating Committee will review:

- the accomplishments during the year;
- why certain objectives were not met or certain actions were not undertaken; and
- additional initiatives undertaken by management, which were not contemplated in the initial objectives.

Accordingly, annual cash incentive awards will be determined based on the Governance, Compensation and Nominating Committee's:

- assessment of management's decisions and actions and how those decisions and actions align with the Company's long-term strategy of value creation and how management considered the risks associated with such decisions; and
- determination of whether any objectives were not met because management made decisions in the best long-term interests of the Company or due to factors outside of management's control.

The personal performance of Blair Driscoll, Chief Executive Officer, as well as the performance of the other executive officers, will be reviewed each year and compared with the Company's operational results and the achievement of the strategic objectives set out at the beginning of the year. The determination of annual cash incentive awards is not formulaic but instead is entirely based on the Governance, Compensation and Nominating Committee's assessment of the specific actions taken during the year by the team to implement the Company's strategic plans and any amendments to the plans, all in the context of long-term value creation, and other actions taken in response to unforeseen developments during the year.

### ***Long Term Compensation***

#### **Long-Term Incentive Plan Awards**

On January 17, 2019, the Board adopted the Company's LTIP, the purpose of which is to attract, retain and motivate directors and employees of the Company and its subsidiaries. The LTIP is designed to: (i) encourage Share ownership; (ii) align eligible participants' interests in the performance of the Company;



(iii) encourage the retention of key employees within the Company; and (iv) attract highly qualified employees by remaining competitive in terms of total compensation arrangements. The granting of long-term equity-based compensation awards is intended to be a significant component of executive compensation. The Governance, Compensation and Nominating Committee may take previous grants of Awards into account when making a recommendation to the Board in respect of a current proposed grant of Awards.

The LTIP authorizes the granting of equity-based compensation in the form of options (“**Options**”), restricted share units (“**RSUs**”), deferred share units (“**DSUs**”) and performance share units (“**PSUs**”, and collectively with the Options, RSUs and DSUs, the “**Awards**”, and each of them, an “**Award**”).

Subject to adjustment under the LTIP, the aggregate number of Subordinate Voting Shares to be reserved and set aside for issuance upon the exercise or redemption and settlement of all Awards granted under the LTIP, together with all other established security-based compensation arrangements of the Company shall not exceed ten percent (10%) of the issued and outstanding Subordinate Voting Shares outstanding at the time of the granting of the Award (on a non-diluted basis).

As at December 31, 2019, no Awards had been granted under the LTIP and 16,059,171 Subordinate Voting Shares were issued and outstanding. Accordingly, there were 1,605,917 Subordinate Voting Shares unallocated and available for future grants of Awards that are settled in Subordinate Voting Shares as at December 31, 2019. The material terms of the LTIP are set out below under the heading “*Section IV – Long-Term Incentive Plan*”.

### Equity Compensation Plan Information

The following table sets forth the Company’s compensation plans under which equity securities are authorized for issuance as at the financial year ended December 31, 2019.

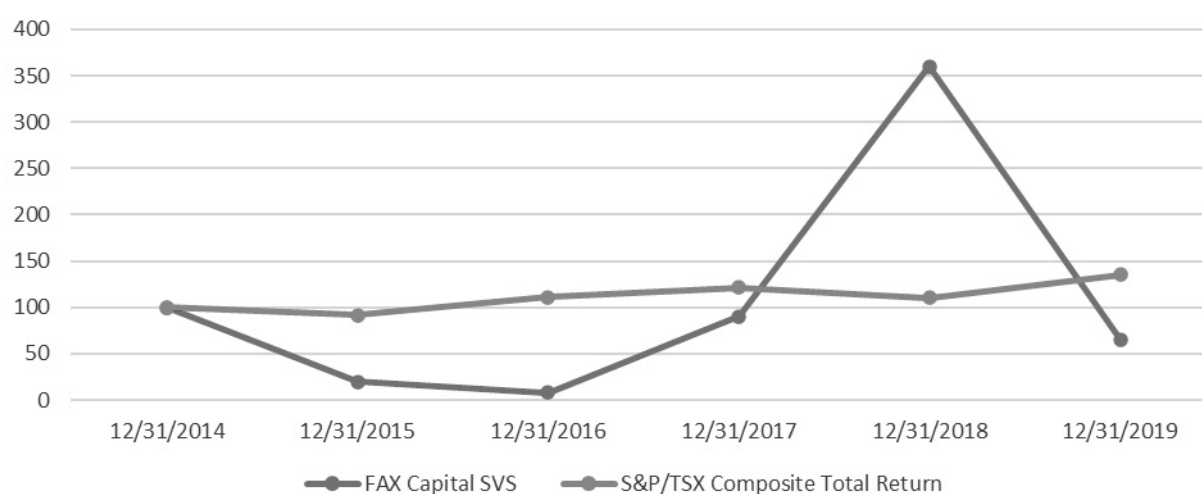
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and RSUs (a)	Weighted Average Exercise Price of Outstanding Options, and RSUs (b)	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	Nil Options Nil RSUs	N/A	1,605,917
Equity compensation plans not approved by security holders	N/A	N/A	Nil
Total	Nil	N/A	1,605,917

### Performance Graph

The performance graph below relates to the cumulative total Shareholder return from January 1, 2015 to December 31, 2019 as compared with the total cumulative return of the S&P/TSX Composite Index for the same period. The Company completed a change of business transaction in December 2018 pursuant to which it changed from a mineral resource exploration company to an investment holding company. On November 21, 2019, the Company completed the Offering and its Subordinate Voting Shares, which were formerly listed on the Canadian Securities Exchange, were listed on the TSX. Accordingly, the Company, at the end of its most recent fiscal year, being December 31, 2019, had only been operating its current business for approximately one (1) month and therefore it is difficult to provide a thorough discussion of

how the trend shown by the below performance graph compares to the Company's compensation of executive officers over the same period.

	January 1, 2015	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
<b>FAX Capital Corp. Subordinate Voting Shares</b>	\$100	\$20	\$8	\$90	\$360 <sup>(1)</sup>	\$65.12
<b>S&amp;P/TSX Composite Index Total Return</b>	\$100	\$91.68	\$111.01	\$121.11	\$110.34	\$135.59



**Notes:**

- (1) Effective December 17, 2018, the Company's articles were amended to change the classification of the common shares into Subordinate Voting Shares.

**Summary Compensation Table**

NI 51-102 provides that information is to be disclosed setting forth all compensation paid to the NEOs of the Company during the twelve (12) months ended December 31, 2019, 2018 and 2017.

Name and Principal Position	Year	Salary Earned in Year (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Blair Driscoll Director and Chief Executive Officer	2019	\$Nil	—	—	—	—	—	— <sup>(2)</sup>	\$Nil
	2018	\$Nil	—	—	—	—	—	—	\$Nil
	2017	—	—	—	—	—	—	—	\$Nil

Name and Principal Position	Year	Salary Earned in Year	Share-based awards	Option-based awards	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
Edward Merchand Chief Financial Officer	2019	\$66,667	—	—	\$23,700	—	—	—	\$90,367
	2018	\$Nil	—	—	—	—	—	—	\$Nil
	2017	—	—	—	—	—	—	—	\$Nil

**Notes:**

- (1) Effective May 1, 2019, both Blair Driscoll and Edward Merchand entered into employment agreements with the Company entitling them to an annual base salary of \$200,000 and \$100,000, respectively. Until further notice to the Company, Blair Driscoll has chosen to forego receiving his base salary in an effort to reduce operating expenses on account of the Company's early stage of development. If and when Blair Driscoll decides to begin receiving his base salary, he will not be entitled to recover any salary foregone to that point. Neither Blair Driscoll nor Edward Merchand received any compensation from the Company in respect of fiscal 2018.
- (2) Blair Driscoll received \$Nil for his role as a director of the Company.

**Outstanding LTIP Awards**

As at December 31, 2019, there had been no Awards granted to NEOs under the LTIP.

**Employment Contracts, Termination and Change of Control Benefits**

Effective May 1, 2019, the Company entered into employment agreements with each of Blair Driscoll, director and Chief Executive Officer and Edward Merchand, Chief Financial Officer. Mr. Driscoll's annual base salary is \$200,000, which until further notice to the Company, he has chosen to forgo receiving in an effort to reduce operating expenses on account of the Company's early stage of development. Mr. Merchand's annual base salary is \$100,000. The employment agreements entered into by the Company with each of Blair Driscoll and Edward Merchand provide that in the event the executive officer is terminated without cause, the executive officer shall receive six (6) months' notice or pay in lieu thereof, plus one (1) month's notice or pay in lieu thereof for each completed year of service after the first anniversary of the commencement of the executive officer's employment and to any and all entitlements under applicable employment standards legislation (including applicable employment standards legislation notice or termination pay, benefits and severance pay, if applicable), up to a maximum of twelve (12) months. Further, where the executive officer is terminated without cause, the executive officer is also entitled to any unpaid base salary as at the termination date, plus a pro-rated incentive payment for the stub period (the "**Stub Period**"), which is the period commencing on the first day of the fiscal year in which the termination date falls and ending on the termination date, pro-rated based on the number of days in the Stub Period and divided by 365, less any incentive payments already paid to the executive officer in respect of that period.

The following table indicates the estimated termination payment entitlements for applicable NEOs in the event of a termination on December 31, 2019.

Name	Estimated Payment in Respect of Termination Without Cause
Blair Driscoll	\$150,000
Edward Merchand	\$80,000

Except as set forth above, the Company has not entered into any agreements that trigger payments to a NEO upon termination, resignation, retirement, a change in control of the Company or a change in the executive officer's responsibilities. See "*Circumstances Involving Cessation of Entitlement to Participate*" for the treatment of outstanding Awards under the LTIP upon the termination without cause of a NEO.

## Director Compensation

The table below includes all amounts of compensation provided to directors of the Company during the Company's financial year ended December 31, 2019.

Name <sup>(1)(2)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
Frank Potter (Lead Director)	\$110,000	--	--	--	--	--	\$110,000
Edward Jackson	\$90,833	--	--	--	--	--	\$90,833
Paul Gibbons	\$100,000	--	--	--	--	--	\$100,000
John F. Driscoll	\$Nil	--	--	--	--	--	\$Nil

### Notes:

- (1) The compensation of Blair Driscoll, a director, has been included in the summary compensation table above.  
(2) John F. Driscoll, the current chairman of the Board, was appointed on January 17, 2019.

There were no outstanding Awards issued to the directors under the LTIP as of December 31, 2019.

The Company's current director compensation program is designed to attract and retain the most qualified individuals to serve on the Board. The Board, through the recommendations of the Governance, Compensation and Nominating Committee, will be responsible for reviewing and approving any changes to the directors' compensation arrangements. In consideration for serving on the Board, each director that is not an employee of the Company or an affiliate will be compensated as indicated below:

Type of Fee	Amount
Lead Director Annual Retainer	\$110,000/year
Director Annual Retainer	\$90,000/year

The chairman of the Audit Committee and the chairman of the Governance, Compensation and Nominating Committee each receive an additional \$10,000 per year to reflect the additional time and effort associated with overseeing those respective committees. Paul Gibbons is the current chairman of the Audit Committee and Edward Jackson is the current chairman of the Governance, Compensation and Nominating Committee.

Other than as described above, the directors of the Company do not currently receive any fees in their capacities as directors, but are reimbursed for travel and other reasonable out-of-pocket expenses incurred in attending directors' and Shareholders' meetings. Directors of the Company receive no fee for attending meetings of the Board or any committee of the Board.

### **Restrictions on Purchase of Financial Instruments**

Directors, officers and employees of the Company are prohibited from the practice of selling “short” securities of the Company and the practice of buying or selling a “call” or “put” or any other derivative security or financial instrument in respect of any securities of the Company.

### **Blackout Periods**

The Company recognizes that for good corporate governance reasons many public issuers have internal policies prohibiting certain employees from buying or selling the Company’s securities or exercising stock options during specific periods. The time periods in which these employees are not permitted to trade in an issuer’s securities are often called “blackout periods.” Trading restriction policies are not only a component of good corporate governance, they also assist in fostering compliance with legal requirements that prohibit people from trading in a public issuer’s securities when they have material information about the issuer that has not been released to the public. A blackout period is designed to prevent a person from trading on material information that is not yet available to other security holders. For example, a blackout period occurs during a specified period before and after the day that an issuer announces its quarterly or annual earnings. A blackout period might also arise during the time that an issuer has material undisclosed information about an important potential transaction it might be considering, such as a significant merger or acquisition. The Company has adopted an Insider Trading, Reporting and Blackout Policy to foster a culture of compliance with Company blackout periods.

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

No current or former directors, employees or executive officers of the Company or any associate of any such persons were indebted to the Company as at December 31, 2019.

None of the current or former directors, employees or executive officers of the Company or any of its subsidiaries and none of the associates of such persons is or has been indebted to the Company or any subsidiary thereof at any time since the beginning of the Company’s most recently completed fiscal year. Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary thereof.

## **SECTION IV – LONG TERM INCENTIVE PLAN**

### *Recent Amendments to the LTIP*

In 2019, the LTIP was amended by the Board to remove consultants to the Company or its subsidiaries as Eligible Persons (as defined below) to participate in the LTIP. On May 14, 2020, the Board added an explicit provision to the LTIP providing that if the Grant Date (as defined below) of an Award as approved by the Board would fall on a day that is during a Blackout Period (as defined in the LTIP), or within ten (10) trading days following the end of a Blackout Period, the Grant Date shall be deemed to be the tenth (10<sup>th</sup>) trading day following the end of the Blackout Period. The amendments made to the LTIP as described above do not require Shareholder approval pursuant to the LTIP or the requirements of the TSX.

### *Material Terms of the LTIP*

The material terms of the LTIP are as follows:

1. **Grant of Awards:** Awards may be granted to any director or employee of the Company or any of its subsidiaries (collectively an “**Eligible Person**”, and subsequent to being selected by the Governance, Compensation and Nominating Committee to participate in the LTIP, in accordance with the LTIP, a “**Participant**”). Awards granted pursuant to the LTIP may not be assigned, transferred, charged, pledged

or otherwise alienated. The value of any Award on any particular date, including the Grant Date, shall be equal to the volume-weighted average trading price of the Subordinate Voting Shares for the ten (10) trading days immediately preceding such date as reported on the stock exchange on which the Subordinate Voting Shares are listed for trading or quoted (the “**Market Price**”).

**2. Number of Shares subject to Awards:** Subject to adjustment under the LTIP, the aggregate number of Subordinate Voting Shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all Awards granted under the LTIP, together with all other established security-based compensation arrangements of the Company shall not exceed ten percent (10%) of the issued and outstanding Subordinate Voting Shares outstanding at the time of the granting of the Award (on a non-diluted basis). The LTIP is an “evergreen” plan. Accordingly, if the Company issues additional Subordinate Voting Shares in the future, the number of Subordinate Voting Shares issuable under the LTIP will be increased accordingly. Any Subordinate Voting Shares subject to an Award which for any reason expires without having been exercised or is forfeited or terminated shall again be available for future Awards under the LTIP and any Subordinate Voting Shares subject to an Award that is settled in cash and not Shares shall again be available for future Awards under the LTIP.

**3. LTIP Participation Limits:** The LTIP, when combined with all of the Company’s other security-based compensation arrangements, shall not result at any time in:

- (a) a number of Subordinate Voting Shares reserved for issuance under Awards granted to Insiders (as defined in the *Securities Act* (Ontario)) exceeding ten percent (10%) of the issued Subordinate Voting Shares (except with Shareholder approval, if so permitted in accordance with applicable regulatory requirements);
- (b) a number of Subordinate Voting Shares reserved for issuance under Awards granted to any one Participant exceeding five percent (5%) of the issued Subordinate Voting Shares (except with Shareholder approval, if so permitted in accordance with applicable regulatory requirements);
- (c) the number of Subordinate Voting Shares issued to Insiders (as defined in the *Securities Act* (Ontario)) within a 12-month period pursuant to the exercise of Awards exceeding ten percent (10%) of the issued Subordinate Voting Shares (except with Shareholder approval, if so permitted in accordance with applicable regulatory requirements);
- (d) the issuance to any one Participant, within a 12-month period (calculated from the date of grant of the Award (the “**Grant Date**”), of a number of Awards exceeding five percent (5%) of the issued Subordinate Voting Shares (except with Shareholder approval, if so permitted in accordance with applicable regulatory requirements); or
- (e) the issuance to any employees conducting Investor Relations Activities (as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*), within a 12-month period (calculated from the Grant Date), of a number of Subordinate Voting Shares exceeding an aggregate of two percent (2%) of the issued Subordinate Voting Shares.

**4. Term of Awards:** Subject to any blackout periods, in no circumstances shall the term of an Award exceed ten (10) years from the Grant Date.

**5. Adjustments:** The number and kind of Subordinate Voting Shares to which an Award pertains and, with respect to Options, the exercise price of such options, shall be adjusted in the event of a reorganization, recapitalization, stock split or redivision, reduction, combination or consolidation, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Company, in such manner, if any, and at such time, as the Board, in its sole discretion, may determine to be equitable in the circumstances. Failure of the Board to provide for

an adjustment shall be conclusive evidence that the Board has determined that it is equitable to make no adjustment in the circumstances.

**6. Administration of the LTIP:** The LTIP is administered by the Governance, Compensation and Nominating Committee. Awards are granted to Eligible Persons by the Board on the basis of the recommendations from the Governance, Compensation and Nominating Committee, from time to time, including the number, term and vesting criteria of such Awards. The Governance, Compensation and Nominating Committee has the power to establish policies and rules related to the LTIP and to interpret the LTIP.

**7. Amendment, Suspension or Termination of LTIP or Awards:** The Governance, Compensation and Nominating Committee may amend, suspend or discontinue the LTIP or Awards at any time at its discretion, in good faith, acting reasonably, without obtaining the approval of the Shareholders or Participants, provided, however, that no amendment, suspension or discontinuance of the LTIP or of any Award may: (i) materially and adversely affect any Award previously granted under the LTIP without the consent of the Participant; or (ii) contravene the requirements (if any) of the stock exchange or any securities commission or regulatory body to which the LTIP or the Company is subject to. Termination of the LTIP shall not affect the ability of the Governance, Compensation and Nominating Committee to exercise the powers granted to it under the LTIP with respect to Awards granted under the LTIP prior to the date of such termination.

**8. Change in Control and Acceleration:** In the event of a change in control (as defined in the LTIP), the Governance, Compensation and Nominating Committee shall have the right, but not the obligation, to permit each Participant to exercise all of its outstanding Options and to settle all of the Participant's outstanding RSUs, PSUs and DSUs (to the extent then vested, including by reason of acceleration) but subject to and conditional upon the completion of the change in control. In the event of a change in control, the Governance, Compensation and Nominating Committee may, in its discretion, accelerate the dates upon which any or all outstanding Awards shall vest and be exercisable or settled, without regard to whether such Awards have otherwise vested in accordance with their terms, subject to and conditional upon completion of the change in control event.

**9. Blackout:** If the expiry date or vesting date of an Award falls (i) during a blackout period, or (ii) within ten (10) trading days following the end of a blackout period, the expiry date or vesting date, as applicable, will be automatically extended for a period of ten (10) trading days following the end of the blackout period. In the case of a RSU, PSU or DSU granted to a Canadian taxpayer, any settlement that is effected during a blackout period shall be in the form of a cash payment. If the Grant Date of an Award falls (i) during a blackout period, or (ii) within ten (10) trading days following the end of a blackout period, the Grant Date shall be presumed to be the tenth (10<sup>th</sup>) trading day following the end of the blackout period.

#### *Material Terms of the LTIP – Types of Awards*

##### Options

Options are granted to Eligible Persons (excluding non-executive directors) as determined by the Board pursuant to recommendations of the Governance, Compensation and Nominating Committee from time to time. The exercise price per Subordinate Voting Share subject to each Option shall not be lower than Market Price. The expiry date for Options shall not exceed ten (10) years from the Grant Date.

Subject to the terms and conditions set out in the LTIP, each Option shall generally vest and become exercisable in approximately equal tranches of twenty-five percent (25%) of the total Award on the first anniversary of the Grant Date and each of the next three (3) anniversaries of the Grant Date. Once vested, Options may be exercised in cash or, if permitted by the Governance, Compensation and Nominating Committee, by a “cashless exercise” arrangement. The Company does not provide any financial assistance to Participants in connection with the LTIP.

## RSUs

RSUs are granted to Eligible Persons as determined by the Board pursuant to the recommendations of the Governance, Compensation and Nominating Committee from time to time (“**Discretionary RSU**”) and the Board may also permit officers and employees of the Company or any subsidiary to elect to receive all or a portion of his or her annual cash incentive payable by the Company (or any subsidiary) as an Award of RSUs equal to the greatest whole number which may be obtained by dividing (i) the amount of such annual cash incentive, by (ii) the Market Price of one Subordinate Voting Share on the date of payment of such deferred annual cash incentive (“**Elective RSU**”).

Subject to the terms and conditions set out in the LTIP, each RSU shall vest and be settled on the date when all applicable restrictions have lapsed and:

- (a) each Discretionary RSU will vest and be settled not later than December 31 of the calendar year which is, at the sole discretion of the Board, no earlier than three (3) years and no later than five (5) years after the calendar year in which the Discretionary RSU was granted; and
- (b) each Elective RSU will vest immediately and be settled not later than December 31 of the calendar year which is three (3) years after the calendar year in which the Elective RSU was granted.

Unless otherwise determined by the Governance, Compensation and Nominating Committee in accordance with the provisions of the LTIP, the Company shall: (i) deliver to the Participant a cash payment equal to the Market Price of one Subordinate Voting Share for each vested Elective RSU being settled; and (ii) deliver to the Participant one Subordinate Voting Share for each vested Discretionary RSU being settled.

## DSUs

DSUs are granted to Eligible Persons as determined by the Board pursuant to the recommendations of the Governance, Compensation and Nominating Committee from time to time (“**Discretionary DSU**”) and the Board may also permit members of the Board who are not also employees of the Company to receive all or a portion of his or her annual board retainer payable by the Company (or any subsidiary) as an Award of DSUs equal to the greatest whole number which may be obtained by dividing (i) the amount of such annual board retainer, by (ii) the Market Price of one Subordinate Voting Share on the date of payment of such annual board retainer (“**Elective DSU**”).

Subject to the terms and conditions set out in the LTIP:

- (a) each Discretionary DSU shall vest as determined by the Board; and
- (b) each Elective DSU shall vest immediately at the time it is credited to each Participant's DSU account.

Settlement of DSUs granted to a Participant who is a Canadian taxpayer shall take place by no later than December 31 of the first calendar year that commences after the date that the Participant ceases to be a director or employee of the Company. Unless otherwise determined by the Governance, Compensation and Nominating Committee in accordance with the provisions of the LTIP, the Company shall deliver to the Participant a cash payment equal to the Market Price of one Subordinate Voting Share as of the settlement date for each vested DSU.



## PSUs

PSUs are granted to Eligible Persons as determined by the Board pursuant to the recommendations of the Governance, Compensation and Nominating Committee from time to time.

The performance cycle applicable to each PSU shall generally be the period of time between the Grant Date and the date on which the specific performance criteria attributed to the PSU is satisfied, which for Canadian taxpayers, shall not be later than December 31 of the calendar year which is three (3) years after year in which the Grant Date occurs.

The Board shall determine the performance criteria to be used to determine the vesting of the PSUs, which may include (without limitation) criteria based upon the achievement of Company-wide, divisional or individual goals.

Unless otherwise determined by the Governance, Compensation and Nominating Committee in accordance with the provisions in the LTIP, each PSU shall (i) vest on the date that is the end of the performance cycle, subject to the specific performance criteria having been satisfied, which, for Canadian taxpayers, shall not be later than December 31 of the calendar year which is three (3) years after the year in which the Grant Date occurs; and (ii) be settled for a cash payment equal to the Market Price of one Subordinate Voting Share as of such settlement date.

### *Circumstances Involving Cessation of Entitlement to Participate*

Unless otherwise determined by the Board, or otherwise provided in the Participant's Award agreement, if a Participant's employment, service or engagement terminates in any of the following circumstances, subject to the change in control provisions of the LTIP, Awards shall be treated in the manner set forth below.

<b>Reason for Termination</b>	<b>Treatment of Awards</b>
Death of the Participant	<p><i>Options</i></p> <p>Outstanding Options that were vested on or before the date of death may be exercised until the earlier of (i) the scheduled expiry date of the Option, and (ii) 5:00 p.m. (Toronto time) on the first anniversary following the date of death, after which time the Options shall terminate.</p> <p>Subject to the foregoing, outstanding Options that were unvested on or before the date of death shall in all respects terminate on the date of death.</p> <p><i>RSUs, DSUs and PSUs</i></p> <p>Outstanding RSUs, DSUs and PSUs that were vested on or before the date of death shall be settled in accordance with the terms of the LTIP, after which time such RSUs, DSUs and PSUs shall terminate.</p> <p>Outstanding RSUs and DSUs that would have vested on the next vesting date following the date of death shall be settled in accordance with the terms of the LTIP. Outstanding PSUs that were not vested on or before the date of death shall vest and be settled in accordance with the terms of the LTIP on the date of death, prorated to reflect the actual period between the commencement of the performance cycle and the date of death, based on the Participant's performance for the applicable performance period(s) up to the date of death.</p>

Reason for Termination	Treatment of Awards
	<p>Subject to the foregoing, any remaining RSUs, DSUs and PSUs shall terminate on the date of death.</p>
<p>Retirement of the Participant</p>	<p><i>Options</i></p> <p>Outstanding Options that were vested on or before the retirement date may be exercised until the earlier of (i) the scheduled expiry date of the Option, and (ii) 5:00 p.m. (Toronto time) on the thirtieth (30<sup>th</sup>) day following the retirement date, after which time the Option shall terminate.</p> <p>Subject to the foregoing, outstanding Options that were unvested on or before the retirement date shall terminate on such date.</p> <p><i>RSUs, DSUs and PSUs</i></p> <p>Outstanding RSUs, DSUs and PSUs that were vested on or before the retirement date shall be settled in accordance with the terms of the LTIP, after which time such RSUs, DSUs and PSUs shall terminate.</p> <p>Outstanding RSUs and DSUs that would have vested on the next vesting date following the retirement date shall be settled in accordance with the terms of the LTIP. Outstanding PSUs that would have vested on the next vesting date following the retirement date shall vest and be settled in accordance with the terms of the LTIP as of the termination date and shall be prorated to reflect the actual period between the commencement of the performance cycle and the retirement date, based on the Participant's performance for the applicable performance period(s) up to such date.</p> <p>Subject to the foregoing, any remaining RSUs, DSUs and PSUs shall in all respects terminate on the termination date.</p>
<p>Incapacity of the Participant</p>	<p><i>Options</i></p> <p>Outstanding Options that were vested on or before the date on which notice of termination by reason of incapacity is given by the Company to the Participant may be exercised until the earlier of (i) the scheduled expiry date of the Option, and (ii) 5:00 p.m. (Toronto time) on the thirtieth (30<sup>th</sup>) day following the date on which notice of termination by reason of incapacity is given by the Company to the Participant, after which time the Option shall terminate.</p> <p>Subject to the foregoing, outstanding Options that were unvested on or before the date on which notice of termination by reason of incapacity is given by the Company shall terminate on such date.</p> <p><i>RSUs, DSUs and PSUs</i></p> <p>Outstanding RSUs, DSUs and PSUs that were vested on or before the date on which notice of termination by reason of incapacity is given by the Company to the Participant shall be settled in accordance with the terms of the LTIP, after which time such RSUs shall terminate.</p>

Reason for Termination	Treatment of Awards
	<p>Outstanding RSUs and DSUs that would have vested on the next vesting date following the date on which notice of termination by reason of incapacity is given by the Company to the Participant shall be settled in accordance with the terms of the LTIP. Outstanding PSUs that would have vested on the next vesting date following the date on which notice of termination by reason of incapacity is given by the Company to the Participant shall be settled in accordance with the terms of the LTIP as of such date and shall be prorated to reflect the actual period between the commencement of the performance cycle and such date, based on the Participant's performance for the applicable performance period(s) up to such date.</p> <p>Subject to the foregoing, any remaining RSUs, DSUs and PSUs shall terminate on the date on which notice of termination by reason of incapacity is given by the Company to the Participant.</p>
Resignation of the Participant	<p><i>Options</i></p> <p>Outstanding Options that were vested on or before the resignation date may be exercised until the earlier of (i) the scheduled expiry date of the Option, and (ii) 5:00 p.m. (Toronto time) on the thirtieth (30<sup>th</sup>) day following such date, after which time the Option shall terminate.</p> <p>Outstanding Options that were unvested on or before the resignation date shall terminate on such date.</p> <p><i>RSUs, DSUs and PSUs</i></p> <p>Outstanding RSUs, DSUs and PSUs that were vested on or before the resignation date shall be settled in accordance with the terms of the LTIP, after which time such RSUs, DSUs and PSUs shall terminate.</p> <p>Any remaining RSUs, DSUs and PSUs shall terminate on the resignation date.</p>
Termination of the Participant Without Cause	<p><i>Options</i></p> <p>Outstanding Options that were vested on or before the termination date may be exercised until the earlier of (i) the scheduled expiry date of the Option, and (ii) 5:00 p.m. (Toronto time) on the thirtieth (30<sup>th</sup>) day following such date, after which time the Option shall in all respects terminate.</p> <p>Subject to the foregoing, outstanding Options that were unvested on or before the termination date shall terminate on the termination date.</p> <p><i>RSUs, DSUs and PSUs</i></p> <p>Outstanding RSUs, DSUs and PSUs that were vested on or before the termination date shall be settled in accordance with the terms of the LTIP, after which time such RSUs, DSUs and PSUs shall terminate.</p> <p>Outstanding RSUs, DSUs that would have vested on the next vesting date following the termination date shall be settled in accordance with the terms of the LTIP. Outstanding PSUs that would have vested on the next vesting date following the termination date shall vest and be settled in accordance with the terms of the LTIP</p>

Reason for Termination	Treatment of Awards
	<p>as of the termination date and shall be prorated to reflect the actual period between the commencement of the performance cycle and the termination date, based on the Participant's performance for the applicable performance period(s) up to the termination date.</p> <p>Subject to the foregoing, remaining RSUs, DSUs and PSUs shall terminate on the termination date.</p>
Termination of the Participant for Just Cause	Outstanding Options, RSUs, DSUs and PSUs (whether vested or unvested) shall automatically terminate on the termination date and be forfeited by the Participant.

## SECTION V – CORPORATE GOVERNANCE

The Company believes that good corporate governance is an essential element in a well-managed company. The following is a description of the Company's corporate governance practices.

### Mandate of the Board of Directors

The mandate of the Board is:

- to oversee, directly and through its committees, the business and affairs of the Company; and
- to act with a view towards the best interests of the Company.

In discharging its mandate, in addition to the general oversight of management, the Board is, among other matters, responsible for:

- overseeing the Company's major strategic issues (including major capital commitments and material mergers and acquisitions) and long-term strategy, and ensuring that the Company is pursuing a sound strategic direction in accordance with approved corporate objectives;
- assessing operational and financial plans relative to key quantitative and qualitative performance benchmarks, and approving annual fiscal plans and significant new initiatives;
- ensuring that it understands the principal risks inherent in the business activities of the Company, and that the appropriate systems are implemented to diligently monitor and manage those risks;
- reviewing and monitoring the controls and procedures within the Company to maintain its integrity, including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance; and
- safeguarding the equity interest of Shareholders through the optimum utilization of the Company's capital resources.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contributions of individual directors of the Company.

The Board has adopted a written position description for the chairman of the Board, which sets out the chairman's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board meetings, ensuring appropriate committee structure is in place, establishing procedures to govern the Board's work and director development. The Board has also adopted written position descriptions for the Lead Director and the Chief Executive Officer. The Lead Director's key responsibilities

include ensuring that the Board acts and functions independently from management in fulfilling its duties and working closely with the chairman of the Board and the Chief Executive Officer to foster a healthy governance culture and an effective relationship between management and the Board. The primary functions of the Chief Executive Officer include leading management of the business and affairs of the Company, communicating with Shareholders, regulators and other stakeholders, as well as, duties relating to the Company's strategic planning and operational direction, Board interaction and succession planning.

The Company has adopted a written code of conduct and ethics (the "**Code of Conduct**") that applies to all employees, including temporary and contract employees, officers and directors of the Company and its affiliates. The objective of the Code of Conduct is to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or perceived conflicts of interest;
- compliance with applicable laws, rules, regulations and internal policies;
- full, fair, accurate, timely, and understandable disclosure in reports, documents and communications;
- the prompt internal reporting of violations of the Code of Conduct; and
- accountability for adherence to the Code of Conduct.

The Code of Conduct addresses, among other matters, conflicts of interest, protection of the Company's assets, confidentiality, fair dealing with stakeholders and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct will be required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Company's best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com).

Directors will be elected at each annual general meeting of Shareholders to hold office for a term expiring at the close of the next annual general meeting of Shareholders, or until a successor is duly elected or appointed, and will be eligible for re-election. Nominees will be nominated by the Governance, Compensation and Nominating Committee, in each case for election by Shareholders as directors in accordance with applicable corporate law and will be included in the proxy-related materials to be sent to Shareholders prior to each annual general meeting of Shareholders.

The Company does not impose term limits on its directors, as it takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, the Company believes that directors should be assessed based on their ability to continue to make a meaningful contribution. The Company's annual performance review of directors assesses the strengths and weaknesses of directors and, in its view, together with annual elections by the Shareholders, is a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.

The Board holds regularly scheduled meetings at least once every fiscal quarter. Independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Lead Director, whose role was discussed above, is independent and is responsible, among other things, for ensuring that the Board acts and functions independently from management in fulfilling its duties.

The following table sets out the attendance of each director at the Board and committee meetings held in 2019.

Name	Committee Membership	Attendance at Board and Committee Meetings
John F. Driscoll	--	9 of 9 Board meetings <sup>(1)</sup>
Frank Potter	Audit Committee Governance, Compensation and Nominating Committee	3 of 4 Audit Committee meetings 3 of 3 Governance, Compensation and Nominating Committee meetings 7 of 9 Board meetings
Blair Driscoll	--	8 of 9 Board meetings
Edward Jackson	Audit Committee Governance, Compensation and Nominating Committee (Chair)	4 of 4 Audit Committee meetings 3 of 3 Governance, Compensation and Nominating Committee meetings 9 of 9 Board meetings
Paul Gibbons	Audit Committee (Chair) Governance, Compensation and Nominating Committee	4 of 4 Audit Committee meetings 3 of 3 Governance, Compensation and Nominating Committee meetings 9 of 9 Board meetings

**Notes:**

(1) John F. Driscoll was appointed at the first Board meeting held in 2019, on January 17, 2019, and was in attendance at that meeting.

**Composition of the Board of Directors**

The Board, as proposed in this Circular for election at the Meeting, consists of five (5) members, of whom the Board has determined that three (3) are independent, being Frank Potter, Edward Jackson and Paul Gibbons. As such, a majority of the directors are independent. Blair Driscoll is not independent by virtue of being the Chief Executive Officer of the Company and the President and Chief Executive Officer of FII and John F. Driscoll is not independent as he is the father of Blair Driscoll, the Chief Executive Officer of the Company.

**Director Orientation**

The Board will oversee an appropriate orientation for new Board members in order to familiarize them with the Company and its business (including the Company's reporting and organizational structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors), the role of the Board and its committees and the contribution that an individual director is expected to make to the Board, its committees (as applicable) and the Company. The Board will also coordinate the development of continuing education activities or programs for directors, from time to time as appropriate, that shall, among other things, assist directors to maintain or enhance their skills and abilities as directors, and assist directors in ensuring that their knowledge and understanding of the Company and its business remain current.

In addition, Board members will be expected to keep themselves current with industry trends and developments and will be encouraged to communicate with management and, where applicable, auditors, advisors and other consultants of the Company. Board members will have access to the Company's in-

house and external legal counsel in the event of any questions or matters relating to the Board members' corporate and director responsibilities and to keep themselves current with changes in legislation. Board members have full access to the Company's records.

### **Directorships**

None of the directors of the Company are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction in Canada or abroad.

### **Independence of the Board of Directors**

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- members of management on the Board are limited to a minority of the directors;
- when appropriate, members of management are not present for the discussion and determination of certain matters at meetings of the Board; and
- in addition to the standing committees of the Board, independent committees are appointed from time to time, when appropriate.

### **Committees of the Board of Directors**

The Board has two standing committees:

- the Audit Committee; and
- the Governance, Compensation and Nominating Committee.

### ***Audit Committee***

#### Overview

The Board has adopted a written charter for the Audit Committee which sets out the Audit Committee's responsibilities. The mandate of the Audit Committee is to oversee:

- the quality and integrity of the Company's financial statements and related disclosures;
- the Company's compliance with legal and regulatory requirements;
- the independent auditors' qualifications, performance and independence; and
- the integrity of the Company's internal controls.

The Audit Committee's responsibilities include, among other things:

- reviewing the Company's annual and interim financial statements, MD&A, and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Company;
- reviewing the Company's financial reporting procedures to ensure adequate procedures are in place for the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph; and
- overseeing the work of the Company's external auditor and recommending to the Board the external auditor to be nominated for election by the Shareholders at each annual general meeting of Shareholders and negotiating the compensation of such external auditor.

The Audit Committee will have direct communication channels with the Chief Financial Officer and the external auditors of the Company to discuss and review such issues as the Audit Committee may deem appropriate. For additional details on the Audit Committee, please refer to the section entitled “*Audit Committee*” beginning at page 40 of the Company’s Annual Information Form dated March 26, 2020 which is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company’s website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com).

### ***Governance, Compensation and Nominating Committee***

The Company’s Governance, Compensation and Nominating Committee is comprised of Edward Jackson (chairman), Paul Gibbons and Frank Potter, each of whom is an independent director.

The Board has adopted a written charter for the Governance, Compensation and Nominating Committee which sets out the committee’s responsibilities. These responsibilities include, among other things:

- reviewing and assessing the Company’s corporate governance guidelines and, as appropriate, recommending to the Board changes thereto;
- identifying and recommending individuals to the Board for nomination as members of the Board and its committees;
- developing and maintaining a succession plan in respect of the Company’s members of senior management and the Board;
- reviewing and approving the annual remuneration of the Chief Executive Officer and other executive officers; and
- reviewing and recommending to the Board compensation of the members of the Board and the members of senior management.

The Governance, Compensation and Nominating Committee is responsible for establishing and implementing procedures to evaluate the effectiveness of the Board, committees of the Board and the contributions of individual Board members. The Governance, Compensation and Nominating Committee will also take reasonable steps to evaluate and assess, on an annual basis, directors’ performance and effectiveness of the Board, Board committees, individual members, the chairman of the Board and the committee chairs. The assessment will address, among other things, individual director independence, individual director and overall Board skills, and individual director financial literacy. The Board will receive and consider the recommendations from the Governance, Compensation and Nominating Committee regarding the results of the evaluation of the performance and effectiveness of the Board, Board committees and individual members.

The directors believe that the members of the Governance, Compensation and Nominating Committee individually and collectively possess the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the committee’s mandate. All members of the Governance, Compensation and Nominating Committee have substantial knowledge and experience as former senior executives of large and complex organizations and/or as former directors on the boards of other publicly traded entities.

### ***Diversity***

For the purposes of this section, “designated groups” means women, Aboriginal peoples, persons with disabilities and members of visible minorities, as such terms are defined in the CBCA.

The Board does not currently have a policy that specifically defines diversity, but the Governance, Compensation and Nominating Committee will value diversity of experience, perspective, education, background, race, gender and national origin and whether a candidate is a member of a designated group as part of its overall evaluation of director nominees for election or re-election and the Board and



will value same as part of its evaluation of candidates for management positions. This will be achieved through ensuring that diversity considerations and considerations related to designated groups are taken into account in Board vacancies and senior management, continuously monitoring the level of representation by members of designated groups on the Board and in senior management positions, continuing to broaden recruiting efforts to attract and interview qualified candidates who are members of designated groups, and committing to retention and training to ensure that the Company's most talented employees are promoted from within the organization. The Company also does not intend to adopt targets for representation by members of designated groups on the Board or for executive officer positions in part due to the need to consider a balance of criteria for each individual appointment and because it is ultimately the competence, skills, experience, character and behavioral qualities that are most important to determining the value which an individual could bring to the Board or management. Currently, none of the directors nor executive officers of the Company are a member of a designated group.

### **Shareholder Communications**

The Board has authorized management to represent the Company in its communications with Shareholders and members of the investment community. The Board has adopted a Disclosure Policy to ensure that all communications containing material information about the Company are timely, factual and accurate and broadly disseminated in accordance with applicable legal and regulatory requirements. The Disclosure Policy is available on the Company's website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com).

In addition, management meets regularly with investors and other interested parties to receive and respond to inquiries and comments. The Company seeks to ensure that all inquiries and concerns receive a complete and timely response from the appropriate member of management.

The Board reviews the Company's significant communications with investors and the public, including the Company's MD&A, Management Information Circular, annual information form, annual report, annual audited financial statements and quarterly unaudited financial statements.

### **Expectations of Management**

The Board has charged management with responsibility for the efficient management of the business and affairs of the Company and the identification and proposal of initiatives for the Company to secure opportunities as they arise. In order for the Board to effectively carry out its mandate, it regularly assesses the abilities of, and communicates those assessments to, management.

The Board recognizes the value of direct input from management as it serves to assist the Board in its deliberations. Where appropriate, members of management are invited to attend meetings of the Board and/or committees of the Board to provide their input on various matters.

## **SECTION VI – OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

The form of proxy accompanying this Circular confers discretionary authority upon the persons named therein with respect to any amendments or variations of the matters of business to be acted on at the Meeting or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment, variation or other matter that comes before the Meeting is routine and whether or not the amendment, variation or other matter that comes before the Meeting is contested. Management of the Company knows of no matter to come before the Meeting or of any amendment or variation to matters identified in the Notice of the Meeting, other than the matters referred to in the Notice of the Meeting. However, if matters not now known to management should properly come before the Meeting, Shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the person voting such Shares.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as noted in this Circular, there are no material interests, direct or indirect, of any director or executive officer of the Company, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than ten percent (10%) of the aggregate votes attached to the Multiple Voting Shares and Subordinate Voting Shares, or any associate or affiliate of any of the foregoing persons, in any transaction within the three (3) years before the date hereof that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

## SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL GENERAL MEETING

In accordance with the CBCA, a Shareholder may be entitled to submit to the Company notice of any matter that the person proposes to raise at the next annual general meeting of Shareholders and the Company shall set out such proposal and the accompanying supporting statements, if any, in the management information circular for the next annual general meeting of Shareholders, provided such notice is given to the Company by February 14, 2021.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.faxcapitalcorp.com](http://www.faxcapitalcorp.com). The Company will furnish, without charge, to any Shareholder submitting a written request, a copy of the Company's most recent interim financial statements and a copy of the audited annual consolidated financial statements and annual MD&A for the twelve (12) months ended December 31, 2019. Financial information is provided in the Company's audited annual consolidated financial statements and annual MD&A for the twelve (12) months ended December 31, 2019. Such written request should be directed to the attention of FAX Capital Corp., 100 Wellington St. W., Suite 2110, PO Box 151, Toronto, ON, M5K 1H1.

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board.

DATED this 15<sup>th</sup> day of May, 2020.

*"Blair Driscoll"*

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Blair Driscoll  
Director and Chief Executive Officer

*"Edward Merchand"*

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Edward Merchand  
Chief Financial Officer

## Schedule "A"

### Amended Voluntary Measures By-Law Resolution

#### BE IT RESOLVED THAT:

1. as an ordinary resolution that Amended and Restated By-Law No. 2019-3 of FAX Capital Corp. (the "**Company**"), in the form adopted by the board of directors of the Company on November 20, 2019 and as attached as Appendix "A" to the management information circular of the Company dated May 15, 2020 be and is hereby confirmed; and
2. any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as such director or officer may determine to be necessary or advisable to give effect to the foregoing resolutions, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination, including, but without limitation, making any necessary filings with the Toronto Stock Exchange and any other regulatory authorities.

**Appendix "A"**

**AMENDED AND RESTATED BY-LAW NO. 2019-3**

A by-law relating generally to the investment objectives of

**FAX CAPITAL CORP.**

**Contents**

<b>Section</b>	<b>Subject</b>
1	Interpretation
2	Business Objectives
3	Investment Concentration Restriction
4	Minimum Number of Investments
5	Custodian
6	Amendments Requiring a Special Resolution of each Class
7	Amendments Requiring an Ordinary Resolution of each Class
8	Existing By-Law No. 1
9	Effective Date

**IT IS HEREBY ENACTED** as Amended and Restated By-Law No. 2019-3 of FAX Capital Corp. (the “Company”) as follows:

**1 Interpretation**

**1.1 Statutory References**

In the by-laws of the Company, “Act” means the *Canada Business Corporations Act* and the regulations made thereto, as from time to time amended, and every statute that may be substituted therefor, and in the case of such amendment or substitution, any reference to the Act in the by-laws of the Company refers to the amended or substituted provisions therefor.

**1.2 Conflict with the Act and Articles**

To the extent that there is any conflict or inconsistency between this by-law and the Act or the articles of the Company, the Act or articles of the Company will govern.

**1.3 Number and Gender**

Any reference in this by-law to gender includes all genders and words importing the singular include the plural and *vice versa*.

**2 Business Objective**

The business objective of the Company is to maximize its intrinsic value on a per share basis over the long-term by seeking to achieve superior investment performance commensurate with reasonable risk. The Company intends to invest in equity, debt and/or hybrid securities of high-quality businesses in furtherance of the Company’s business objective with such investment tailored to the specific needs and opportunities of the portfolio company. Depending on the circumstances of any particular investment opportunity and subject to compliance with applicable law, the Company’s investment in a portfolio company may range from a minority ownership position to a significant influence position including, in some instances, control. The Company may also manage funds or other special purpose vehicles, which could raise third-party capital.

**3 Investment Concentration Restriction**

Each of the Company’s portfolio investments is subject to a concentration restriction that prohibits the Company from making an investment if, after giving effect to such investment, such investment would exceed 20% of the Total Assets; provided, however, that the Company will nonetheless be permitted to complete up to two portfolio investments where, after giving effect to each such investment, the total amount of each such investment would be equal to no more than 25% of the Total Assets. For the purposes of this Section 3, the “Total Assets” means the aggregate fair value of the assets of the Company on a particular date, without deduction of liabilities.

**4 Minimum Investment**

The Company must invest the Net Proceeds of the Offerings (as defined in the long-form prospectus of the Company dated October 18, 2019) in a minimum of six different investments.

**5 Custodian**

The Company shall appoint a custodian to hold its assets, where such custodian must be an entity that would be qualified to act as a custodian in accordance with Part 6 of National Instrument 81-102 - *Investment Funds* other than the requirements under subsections 6.2(3)(a) and 6.2(3)(b) of such instrument.

**6 Amendments Requiring a Special Resolution of each Class**

The prior approval by a special resolution (as such term is defined in the Act) of the holders of the multiple voting shares of the Company and the subordinate voting shares of the Company, each voting separately as a class, shall be required in the event that the Company wishes to amend any of the matters described in Sections 2, 3 and 6 hereof.

**7 Amendments Requiring an Ordinary Resolution of each Class**

The prior approval by an ordinary resolution (as such term is defined in the Act) of the holders of the multiple voting shares of the Company and the subordinate voting shares of the Company, each voting separately as a class, shall be required in the event that the Company wishes to amend any of the matters described in Sections 4, 5 and 7 hereof.

**8 Existing By-Law No. 1**

As of the coming into force of this Amended and Restated By-Law No. 2019-3, the existing By-Law No. 2018-1 of the Company made as of June 17, 2018 and confirmed as of November 23, 2018 remains in full force and effect and the coming into force of Amended and Restated By-Law No. 2019-3 does not affect the previous operation of any by-law (other than By-Law No. 2019-3, approved by the Company on August 28<sup>th</sup>, 2019, which is hereby amended and restated) or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under such by-law.

**9 Effective Date**

This by-law will come into force on November 21, 2019.

APPROVED by the board of the Company on the 20<sup>th</sup> day of November, 2019.

"Blair Driscoll"  
Chief Executive Officer

"Ryan Caughey"  
Corporate Secretary

