



kneat.com, inc.

Annual Information Form

For the year ended December 31, 2017

Dated February 6, 2019

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EXPLANATORY NOTES

Unless otherwise noted or the context otherwise indicates, “Kneat”, “kneat.com”, “we”, “us”, “our” and the “Company” refers to kneat.com, inc. and its subsidiaries as constituted on December 31, 2017. This Annual Information Form (this “Annual Information Form”) is dated February 6, 2019 which is the date it was approved by the Company’s Board of Directors, and, unless specifically stated otherwise, all information disclosed in this Annual Information Form is provided as at December 31, 2017, the end of Kneat’s most recently filed fiscal year.

Presentation of Financial Information and Other Information

The reporting currency for Kneat is the Canadian dollar. All financial information presented herein is expressed in Canadian dollars, unless otherwise stated. United States dollars are indicated by the symbol "US\$". Euros are indicated by the symbol “€”.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form contains "forward-looking information", as such term is defined in applicable Canadian securities legislation. Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and

competitive uncertainties and contingencies. All statements other than statements which are reporting results, as well as statements of historical fact set forth or incorporated herein by reference, are forward-looking information that may involve a number of known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to control or predict. Forward-looking information can be identified by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "continue," or the negative of such terms, or other comparable terminology.

This forward-looking information includes, but is not limited to, statements and comments regarding:

- the development plans for the Kneat Gx platform ("Kneat Gx");
- the Company's business strategy;
- the compliance of Kneat Gx under regulatory audit and inspection;
- the Company's strategy for protecting its intellectual property;
- the Company's ability to obtain necessary funding on favorable terms or at all;
- the Company's plan and ability to secure additional customers and additional revenues;
- the ability to scale Kneat Gx within the customers' sites and processes;
- the risk of competitors entering the market;
- the Company's ability to hire and retain skilled staff;
- the estimate of the market size and market potential for Kneat Gx;
- the ability to obtain financing to fund future expenditures, including product development and capital requirements;
- the use of Kneat Gx within customers' sites and processes; and
- the impact of adoption of new accounting standards.

Although the Company believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this Annual Information Form. Factors that could cause or contribute to such differences include, but are not limited to, unexpected changes in business and economic conditions, including the global financial and capital markets; the Company's inability to continually develop technologically advanced products; the inability of the Company's products and services to gain market acceptance; the Company's failure to protect its intellectual property; unauthorized disclosures and breaches of security data; changes in interest and currency exchange rates; changes in operating revenues and costs; political or economic instability, either globally or in the countries in which kneat.com operates; competitive factors; availability of external financing at reasonable rates or at all; and the other factors discussed in this Annual Information Form under the heading *Risk Factors*. Many of these factors are beyond kneat.com's ability to control or predict. These factors are not intended to represent a complete list of the general or specific factors that may affect kneat.com. kneat.com may note additional factors elsewhere in this Annual Information Form. All forward-looking statements and information speak only as of the date made. All subsequent written and oral forward-looking statements attributable to kneat.com, or persons acting on kneat.com's behalf, are expressly qualified in their entirety by these cautionary statements. Readers are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. kneat.com disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by securities legislation.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on December 12, 2013 under the *Canada Business Corporations Act*. On June 27, 2016, the Company completed a transaction with Kneat Solutions Limited and 9617337 Canada Limited (now renamed Fortune Bay Corp., hereinafter referred to as “Spinco”), pursuant to which the Company: (i) spun-out its resource properties to Spinco by way of a court-approved plan of arrangement in Ontario (the “Arrangement”); and (ii) acquired 100% of the issued and outstanding ordinary shares of Kneat Solutions Limited by way of a concurrent scheme of arrangement in Ireland (the “Merger”, and together with the Arrangement, the “Transaction”).

Pursuant to the Transaction, shareholders of the Company received one (1) new common share of kneat.com (each a “Common Share”) and one and one half (1.5) of a common share of Spinco (a “Spinco Share”) in exchange for each three (3) pre-Arrangement common shares of the Company.

The Company commenced trading on the TSX Venture Exchange as kneat.com on July 5, 2016 under the symbol KSI. kneat.com’s head office is located at Unit 7, Castletroy Park Business Centre, Castletroy, Limerick, Ireland. The registered office of kneat.com is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3R7. kneat.com, inc. has one employee; the Chief Financial Officer.

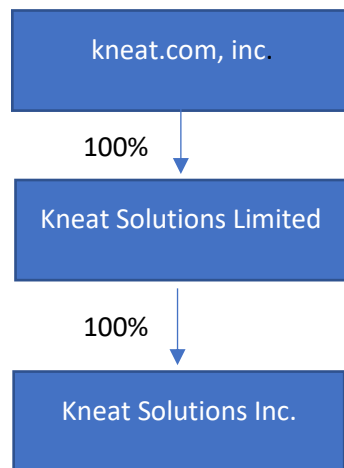
As at December 31, 2017 and as of the date of this Annual Information Form, kneat.com has the following subsidiaries:

<u>Subsidiary</u>	<u>Principal Activity</u>	<u>Country of Incorporation</u>	<u>Ownership percentage</u>
Kneat Solutions Limited	Operations	Ireland	100%
Kneat Solutions Inc.	Operations	United States	100%

Kneat Solutions Limited is a wholly owned subsidiary of kneat.com, inc. and is incorporated under the laws of the Republic of Ireland. Kneat Solutions Limited is the location of the Chief Executive Officer, Director of Research and Development, Director of Quality, all product development activities, customer support and administrative activities. As at December 31, 2017 Kneat Solutions Limited had 39 employees with the majority of the employees being part of the development team.

Kneat Solutions Inc. is a wholly owned subsidiary of Kneat Solutions Limited and is incorporated under the laws of Pennsylvania in the United States. Kneat Solutions Inc. operates as a distributor of licenses and maintenance services in the United States. As at December 31, 2017 Kneat Solutions Inc. had 1 employee; a Director of Sales.

The following chart sets out the organizational structure of the Company as at December 31, 2017 and the date of this Annual Information Form:



GENERAL DEVELOPMENT OF THE BUSINESS

Kneat is in the business of developing and marketing a software application for modelling regulated data intensive processes for regulated industries, currently focusing on the life science industry.

Three-year History

Financial year ended December 31, 2015

Kneat Solutions Limited raised capital through the issuance of ordinary shares. The proceeds of the private placement were used to further develop the Kneat Gx platform based on interactions with early customers and to accelerate acquisition and deployment with these customers.

Financial year ended December 31, 2016

On June 27, 2016, the Company completed the Transaction with Kneat Solutions Limited and Spinco – See "Corporate Structure" for further details.

During the year ended December 31, 2016, the focus of the Company was to advance customer relationships and increase functionality of the Kneat Gx platform, including development of the SaaS version. In addition, Kneat hired additional software developers, testers, customer support and members of the operational and management team. This included hiring the first dedicated sales team member in the fourth quarter of 2016.

Financial year ended December 31, 2017

During the year ended December 31, 2017, the Company continued to develop the technology and successfully launched and deployed the SaaS version of Kneat Gx. Headcount continued to increase across all functions of Kneat, including the addition of a Sales Director in the United States.

On January 4, 2017, the Company announced that a large multi-national customer deployed Kneat Gx to replace many of its paper-based validation and GxP testing processes within their highly-regulated

manufacturing facilities worldwide. This initial contract is for a period of three years and is valued at a minimum of \$1.1 million.

On February 22, 2017, the Company announced that the Journal of Validation Technology published the article “Case Study: Implementation of an Electronic Life Cycle Management System for Validationand Beyond” which outlines the value of the Kneat Gx software. The case study concludes that Kneat Gx assisted a multi-national company to create best practices across its global network, providing productivity gains in excess of 100% and cycle time improvements of more than 50% in validation, with the prospect of leveraging the technology across many other testing processes.

On May 31, 2017, the Company closed a non-brokered private placement of common shares for aggregate gross proceeds of \$3,000,000. The Company issued 5,000,000 Common Shares at an issue price of \$0.60 per Common Share.

On August 30, 2017, kneat.com announced that the case study entitled “Validation Process Innovation in Molecular Diagnostics” was published in the Journal of Validation Technology. This case study highlights substantial productivity and compliance improvements that a leading and pioneering molecular diagnostics customer gained by transitioning their overall validation process from paper-based to a compliant, fully electronic system which was made possible by the Company's software. In addition, it demonstrates Kneat's ability to scale into other sectors within the life sciences industry; in this case laboratory and diagnostics.

On September 18, 2017, kneat.com announced that it partnered with a key customer to publish a case study entitled “Newly Optimized Laboratory Asset Lifecycle Management System supports QC Laboratory of the Future” which is published in the Parent Drug Association (“PDA”) Letter. The case study outlines the key features of the Kneat Gx platform that enabled the conversion of a manual, paper-based process to a globally centralized electronic system for all QC laboratory asset lifecycle management. The customer reengineered and streamlined their analytical instrument qualification process and then configured this new process on the Kneat Gx platform.

[Recent developments announced by the Company](#)

Throughout 2018 Kneat focused on product advancement and new customer acquisition. Kneat announced seven new customers and scaling at two existing customers. The profile of the new customers is large, multinational enterprises, five being multi-national life sciences companies and two being Kneat's first contracts with customers in the supply chain to the life sciences industry. These new customers add to Kneat's potential install base within existing customers, which is now in excess of 200 manufacturing sites, and represents a revenue opportunity and area of potential growth for Kneat. One of Kneat's goals and objective is to convert these potential manufacturing sites within signed customers to license sales over the coming years.

On January 19, 2018, the Company announced that one of its customers, a leading molecular diagnostics company in the United States, increased its number of licenses by fifty percent. This growth was in response to the customer's desire to scale Kneat Gx to a wider global workforce.

On February 15, 2018, the Company announced that a leading Tier 1 pharmaceutical company, headquartered in the United States and with over thirty manufacturing and laboratory sites globally, had selected Kneat Gx. The Company's software platform was purchased to replace the customer's paper-

based commissioning and qualifications ("C&Q") process with one that is end-to-end paperless. This new client is seeking to improve data integrity and productivity by implementing a structured C&Q process that could be leveraged globally across all sites.

On February 26, 2018, the Company announced that a leader in laboratory services to the life sciences industry selected Kneat Gx to streamline and automate its equipment and instrumentation validation processes. The customer's goal is to convert to an end-to-end paperless process that enhances compliance, increases productivity and enables greater transparency and control. The initial deployment is planned for one of its flagship laboratories in the United States which has more than 1,000 employees focused on biopharmaceutical laboratory services.

On April 10, 2018, the Company completed a brokered private placement for gross proceeds of \$6,184,647. Through a syndicate of agents, the Company issued 6,871,830 Common Shares at an issue price of \$0.90 per Common Share.

On June 14, 2018, the Company announced that a global leader in biotechnology is deploying the Company's software to a number of their sites after successfully completing product trials at an initial test site. The customer will utilize Kneat's software for both capital and operational validation projects during the next phase of their rollout. This customer, with an estimated 20,000 employees working across multiple sites, will transition their existing paper-based validation process to one that is completely digital.

On July 12, 2018 Kneat announced that one of the world's leading research-based developers of pharmaceuticals has chosen Kneat's technology to digitize its commissioning, qualification and validation processes. The initial scope of this on-premise license and maintenance agreement is for global capital projects with the opportunity to scale to other processes across multiple sites over several years. This tier one pharmaceutical company has more than 70 manufacturing plants and 90,000 employees operating in over 120 countries.

On July 16, 2018, the Company announced that it will be deploying its SaaS platform for the biotechnology division of a multinational pharmaceutical manufacturer with more than 70 manufacturing sites worldwide.

On July 23, 2018, the Company announced that one of its customers has further expanded its user base of the Kneat Gx platform by purchasing additional on-premise licenses. This order represents a twenty-eight percent increase in licenses purchased, following a fifty percent expansion which occurred earlier in the year.

On August 22, 2018, Kneat announced that another of its tier one pharmaceutical customers was expanding their use of Kneat's software platform. The first contract with this customer was announced in February 2018. Upon successfully deploying Kneat's software for their C&Q process, our customer is now expanding to two new processes. The expansion will convert their test method and metrology computer system validation and C&Q refresh procedures to end-to-end digital processes.

On November 14, 2018, the Company announced it had signed a multi-year, global contract with one of the largest logistics suppliers in the world. This new customer will implement Kneat's SaaS platform to enable a compliant, paperless process for its CSV activities in the life sciences industry.

On December 20, 2018, the Company announced that it signed a master service agreement with a new customer in the life sciences supply chain. This multi-national customer provides sample lifecycle and

logistics management, infrastructure and consumables, including cold storage of biological assets, to global pharmaceutical companies and will now use Kneat's software to automate and simplify their validation processes in the delivery of these services.

Current business objectives

Kneat plans to use its financial resources for the following key business objectives:

- add new features and functionality of the Kneat Gx platform to enable fast and efficient onboarding and expansion of customers, further penetration of the supply chain sector and easy integration with resellers and partners;
- further advancement of the Kneat Gx SaaS platform toward the product vision of a total quality management platform for all sizes of customers;
- increase the awareness of the Kneat Gx platform through direct selling, digital and print marketing and trade show attendance;
- secure additional contracts with key customer targets and further expand to new manufacturing sites and processes within the current customer base; and
- expansion of the team needed to support a growing list of customers through pre and post sales and account management.

Operational Overview

Kneat designs, develops and supplies software for data and document management within regulated environments. The Company's current product is Kneat Gx, a configurable, commercial, off-the-shelf application focused on validation lifecycle management and testing within the life sciences industry (i.e. biotechnology, pharmaceutical and medical device manufacturing). Complete and comprehensively documented validation of processes, products, equipment and software is a significant and costly regulatory requirement in this industry. Kneat Gx provides a compliant digital solution that enables companies in the life sciences industry to become efficient and compliant with an automated process that has traditionally been manual, inefficient and paper-based.

Every manufacturing process, piece of equipment and computer system involved in the manufacturing of pharmaceutical, biotechnology and medical device products must be validated in accordance with current Good Manufacturing Practice ("cGMP") regulations. Validation necessitates extensive signed and time stamped documentary evidence that all aspects of these systems are designed and tested to ensure that they will repeatedly produce products to the approved specifications. This documentation is subject to audit by global regulatory authorities such as the United States of America Food and Drug Administration and the European Medicines Agency.

Traditionally, validation testing has been a manual, paper intensive activity whereby test documents had to be developed, printed, approved, executed, post approved and filed, ready for regulatory audit in the future. In many companies in the life sciences industry much of this is still done on paper using wet ink to record test results, apply proof of signature and date stamp. This process can leave life sciences companies susceptible to production delays, high costs associated with data and document management and risk of non-compliance. Non-compliance can lead to regulatory recalls, threats to patient safety and delays to market. In addition, non-compliance may result in significant penalties, remediation costs and lost revenues.

The solution that the Kneat Gx platform provides has taken a dedicated professional team of industry specialists years of research and development. Kneat's customers cite Kneat Gx's innovation, ease of use, its central and dynamic data management, its configurability and its electronic records and signatures capabilities as the key differentiators that set it apart in the market. In addition, the Company's team of developers, training manuals and customer support are considered best in class by its customers.

Kneat possesses a top tier quality management system ("QMS") and is certified to ISO 9001:2015. In addition, Kneat Gx adheres to all applicable life sciences regulations such as all current cGMPs, GAMP5, International Conference on Harmonization ICH Q8, Q9 and Q10, EU Annex 11, FDA CFR Title 21 Part 11 governing Electronic Records and Electronic Signatures. Adhering to these regulations and guidelines is a mandatory requirement in order to supply to this highly regulated market. Potential customers often perform extensive audits to verify compliance prior to purchasing the Company's software and services.

The Company's focus is to service the facilities, equipment and computer systems ("CSV") validation market within the global life sciences industry. Kneat targets large Tier 1 pharmaceutical and biotechnology companies in the United States and Europe. The Company believes this market has significant potential for a digital solution due to a number of factors, including increased compliance standards required by regulators globally, a push by manufacturers to reduce costs and increase control while maintaining data integrity to a high standard. As the Company continues to enhance the Kneat Gx platform through added functionality, management expects the potential market for the platform to increase. Using Kneat's current customer penetration rates, the estimated number of manufacturing sites globally, current list prices and other assumptions, Kneat estimates that the potential market size for the Kneat Gx platform within the life sciences industry may be in excess of US\$600M annual recurring revenue.

Principal Product

Kneat Gx is a platform software that has the ability to meet the stringent pharmaceutical industry regulatory requirements across multiple business processes. It has been designed to allow the customer to configure and manage regulated data and document solutions; therefore, there are no restrictions regarding process structure, look and feel forced on an individual customer and no coding knowledge is needed to set up solutions on and use the platform. The platform functionality can be leveraged to create many configurable, regulated solutions. For this reason, there are no module extensions and no additional system costs when a customer decides to expand it into other business processes. Kneat Gx can be integrated with other enterprise applications and offers full global enterprise scalability.

Kneat Gx can be used to completely tailor a solution to implement many business processes including the following:

- all forms of validation such as:
 - equipment and facilities;
 - utilities;
 - computer system;
 - cleaning;
 - laboratory instrument;
 - process;
 - test method and

- cold chain;
- periodic review and re-validation management;
- engineering data lifecycle management;
- equipment changeover management;
- risk lifecycle management (risk assessments);
- automation lifecycle management;
- change control and deviation management;
- commissioning and qualification; and
- project and construction management.

As the product gains momentum and functionality, Kneat may expand into other areas within the life sciences industry such as manufacturing, quality document management and regulatory information management. Kneat's existing customers are currently expanding their use of the Kneat Gx platform into some of these areas within their business.

Kneat Gx is an enterprise web application (i.e. all application software resides on a central server and it is accessed via a web browser) which is developed using the latest technologies. It can be accessed via personal computer, laptop or tablet. It is secure, high performing and feature rich with data integrity and electronic signature capability engrained into its architecture. It is fully configurable, which allows trained users to set up or modify many business processes with no coding skills required. This allows customers to expand Kneat Gx to multiple processes across many business functions.

Kneat Gx is relevant for regulated processes, where the ability to enforce best practices and to have real time global visibility is valued, thereby increasing compliance, driving efficiency and speed to market for products. These needs are also present in many industries such as oil and gas, aviation, nuclear, automation and many others. In the near term, Kneat is focused on the life sciences industry, where there is significant opportunity. However, other industries may be targeted in the long-term growth strategy of Kneat.

Stage of Product Development

Kneat Gx has been implemented at multiple customer sites. It continues to be developed as new functionality is added to build the product vision of a total quality management SaaS platform for customers of all sizes. The next phase in developing Kneat Gx over the next twelve to eighteen months includes new features to:

- accelerate expansion into more of the customers' sites and business areas;
- minimize sales cycles;
- accelerate expansion into the supply chain; and
- increase customer return on investment.

Revenue Streams

During the financial years ended December 31, 2017 and December 31, 2016, the Company recognized revenue from the following main sources: on-premise license fees; SaaS license and hosting fees; maintenance fees; and professional service fees.

i) On-premise license fees

Revenues from on-premise perpetual license sales are recognized when an agreement has been signed, the license has been delivered, there are no uncertainties surrounding product acceptance, the fees are fixed or determinable, the amount of revenue and costs can be reliably measured and collection is considered probable such that economic benefits associated with the transaction will flow to the Company. Delivery generally occurs at the point where title and risk of loss have passed to the customer and the Company no longer retains continuing involvement or effective control over the products sold.

ii) SaaS license and hosting fees

SaaS license and hosting agreements entitle the customer to utilize Kneat Gx, which is hosted on a cloud server, for a specified number of users. SaaS license and hosting fee revenue is recognized rateably over the term of the SaaS license and hosting agreement.

iii) Maintenance fees

Maintenance fees for on-premise software licences generally call for the Company to provide technical support and unspecified software updates to customers. Maintenance revenues for technical support and unspecified software update rights are recognized rateably over the term of the maintenance agreement.

iv) Professional service and other fees

The Company provides consulting and training services to its customers. In addition, the Company charges professional service fees for deployment services for new customers or new processes in existing customers. Revenues from such services are recognized when the services are performed and delivered.

Revenue consisted of the following for the fiscal years ended December 31:

	Error! Unknown document property name. \$!Syntax Error, ! \$
SaaS license and hosting fees	69,443	—
Maintenance fees	214,285	63,498
Professional services and other	137,538	65,970
On-premise license fees	—	690,892
	<u>421,266</u>	<u>820,360</u>

Kneat's customer base consists primarily of multi-national companies in the life sciences industry, including pharmaceutical manufacturers, biotechnology, laboratories and contract manufacturers. Customers are quoting up to 100% increased productivity, up to 50% reductions in cycle times and up to 80% savings in man hours as a result of using Kneat Gx. The actual savings depend on the business process being automated on Kneat Gx. These efficiency improvements may also result in a quicker time to market for products, while still enhancing the compliance capability to the strict regulations of the industry.

The Company's contracts with customers are typically three years in length plus renewal terms and include license subscriptions (on-premise or SaaS), maintenance fees and other professional service fees. Once a new contract is signed, the deployment phase commences and currently takes five to six months

for a new customer to go-live on the platform. Some fees related to deployment, maintenance and licenses may be collected up front, however Kneat's revenue recognition criteria is such that revenue is recognized on completion of the deployment phase and delivery of the licenses to the customer. Thus, resulting in a time lag of five to six months from the date of a new customer announcement to the date of revenue recognition.

Generally new customer contracts start with licenses for one process at one site with the ability to use the same contract to purchase additional licenses at the customers' request. Kneat's goal for each customer is to see them scale across various sites and processes through its "land and expand" strategy over a number of years. Potential expansion within Kneat's existing customer base represents a revenue opportunity and continues to be a focus for the sales and support teams. The ease at which a customer can increase the number of users, sites and regulated processes once deployed has been a benefit that a number of customers have experienced within their global operations.

The current pricing strategy for licenses is based on a number of factors including, but not limited to, the number of concurrent licenses deployed at the customer locations, the number of licenses purchased at a given time and other factors. Maintenance fees are charged annually with pricing being set in proportion to the number of licenses at the customer site. Maintenance fees are typically charged to the customer per annum per license. Pricing for services is determined on an individual customer basis depending on the type of service being performed and the number of hours required to complete the service. Typically, services are priced per day, depending on the service and the skill level required.

Generally, there are no quarterly or seasonal trends or cycles associated with the Company's business.

Marketing strategy

Kneat has a vice president of sales, sales directors and account managers in the United States and Europe. These individuals have been driving the customer acquisition strategy for Kneat, resulting in a number of new customers announcements in 2018.

Currently the salesforce is targeting large multi-national companies as these customers have the most potential for scaling Kneat Gx and thus the most licensing potential. Kneat is focused on improving the ease of onboarding and servicing to make it more economical to target and deploy smaller companies on its SaaS platform.

In 2018 the Company hired a dedicated marketing specialist and contracted a marketing company to transform the website and develop a lead generation and nurturing capability, supported by Kneat internal resources.

Kneat's current focus is on a direct sales model. However, sales and deployment partners may become a part of the Company's sales model in the near term as certain features enable a more effective partner model. Kneat's intention is to develop and market leading edge software and to leave aspects of services to key partners, who are established and have global reach.

Competitive Conditions

The most prevalent competition for Kneat is from the current solutions, which are manual, paper-based and leverage document management systems. These solutions provide limited levels of control and oversight, no level of automation and they cannot remove paper from the process.

With increasing regulatory demands and the paperwork that comes with it, the life sciences industry is actively seeking solutions to reduce this burden and contain escalating costs.

Kneat believes its competitive advantage over paper and other electronic solutions is that it provides an end-to-end paperless solution for multiple processes, thereby meeting all the business needs in one platform; it is designed specifically as an electronic signature system for the life sciences industry and it provides a dynamic data lifecycle management capability. As data is entered into Kneat Gx documents, an underlying structured data model is created. The data is centrally managed and can be instantly shared across multiple documents in a structured manner. The impact of a data change across multiple documents is immediately available to the user. This capability is valued by customers, as it delivers data lifecycle management and resultant data integrity that is increasingly becoming a focus during regulatory audits.

Proprietary Protection

All source code is copyright protected. Kneat typically licenses software pursuant to software license and master service agreements that restrict our customers' use of the software, such as prohibitions related to reverse engineering, limitations of the use of copies of the software and related documentation and restrictions on and access to source code.

Kneat requires all employees to sign non-disclosure agreements to avoid disclosure of intellectual property and proprietary information. These agreements also require employees to assign to Kneat all intellectual property developed during their employment with the Company. Kneat also utilizes non-disclosure agreements when interacting with business partners, potential business partners and other business relationships which may result in the disclosure of proprietary information.

The ability of the Company to enforce intellectual property rights depends on any legal actions against any infringers being successful, but these actions may not be successful or may be prohibitively expensive, even when our rights have been infringed. Please see "Risk Factors" below.

RISK FACTORS

The Company's operations and financial performance are subject to the normal risks of its industry and are subject to various factors which are beyond the control of the Company. Certain of these risk factors are described below. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that it currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

kneat.com has a limited operating history and its future profitability is uncertain

kneat.com has a limited operating history and its business is subject to all of the risks inherent in the establishment of a new business enterprise. The Company's likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with establishing a new software development company. If kneat.com continues to incur operating losses and fails to become a profitable company, it may be unable to continue its operations. kneat.com may continue to operate at a net loss for the next several years, as it continues its software development efforts and continues to further develop its sales, marketing and distribution capabilities.

kneat.com needs to raise additional capital to operate its business

kneat.com is an early commercial-stage company focused on product development and commercialization and has generated only limited product revenues to date. For the foreseeable future, kneat.com may have to fund all of its operations and capital expenditures primarily from the net proceeds of future offerings and grants of securities. kneat.com's actual capital requirements will depend on many factors. If kneat.com experiences unanticipated cash requirements, it may need to seek additional sources of financing, which may not be available on favorable terms, if at all. If kneat.com does not succeed in raising additional funds on acceptable terms, it may be forced to discontinue product development and/or commercialization, reduce or forego sales and marketing efforts and attractive business opportunities or discontinue operations.

kneat.com has a history of losses and may never achieve or sustain profitability

kneat.com has incurred substantial losses since its inception, and it may not achieve profitability in the foreseeable future, if at all. kneat.com expects to incur net losses and negative cash flows due in part to increasing research and development expenses, marketing expenses and hiring additional personnel. As a result, kneat.com will need to generate additional revenues in order to achieve and maintain profitability. kneat.com may not be able to generate these revenues or achieve profitability in the future. Even if kneat.com does achieve profitability, it may not be able to sustain operations.

kneat.com has limited access to the capital markets, and, even if it can raise additional funding, it may be required to do so on terms that are dilutive to shareholders

kneat.com has limited access to the capital markets to raise capital. The capital markets have been unpredictable in recent years for other software development companies and unprofitable companies such as kneat.com. In addition, it is generally difficult for early commercial-stage companies to raise capital. The amount of capital that a company such as kneat.com is able to raise often depends on variables that are beyond its control. As a result, kneat.com may not be able to secure financing on terms attractive to it, or at all. If kneat.com is able to consummate a financing arrangement, the amount raised may not be sufficient to meet its future needs. If adequate funds are not available on acceptable terms, or at all, kneat.com's business, results of operations, financial condition and its continued viability may be materially adversely affected.

The length of kneat.com's sales cycle can fluctuate significantly which could result in significant fluctuations in license and other revenues being recognized from quarter to quarter

The decision by a customer to purchase licenses for kneat.com's software products or purchase its services often involves a comprehensive implementation process across the customer's network or networks. As a result, the licensing and implementation of kneat.com's software products and any related services may entail a significant commitment of resources by prospective customers, accompanied by the attendant risks and delays frequently associated with significant technology implementation projects. Given the significant investment and commitment of resources required by an organization to implement kneat.com's software products, its sales cycle may be longer compared to other companies within kneat.com's own industry, as well as companies in other industries. Also because of changes in customer spending habits, it may be difficult for kneat.com to budget, forecast and allocate its resources properly. In weak economic environments, it is not uncommon to see reduced information technology spending. It

may take several months, or even several quarters, for marketing opportunities to materialize. If a customer's decision to license kneat.com's software is delayed or if the implementation of these software products takes longer than originally anticipated the date on which kneat.com may recognize revenues from these licenses would be delayed. Such delays and fluctuations could cause kneat.com's revenues to be lower than expected in a particular period and kneat.com may not be able to adjust its costs quickly enough to offset such lower revenues, potentially negatively impacting its business, operating results and financial condition.

If kneat.com does not continue to develop technologically advanced products, future revenues and its operating results may be negatively affected

kneat.com's success depends upon its ability to design, develop, test, market, license and support new software products, services and enhancements of current products and services on a timely basis in response to both competitive threats and marketplace demands. Examples of significant trends in the software industry include cloud computing, mobility, social media and other SaaS. In addition, kneat.com's software products, services and enhancements must remain compatible with standard platforms and file formats. Moreover, if new industry standards emerge that kneat.com does not anticipate or adapt to, or with rapid technological change occurring, if alternatives to its services and solutions are developed by its competitors, kneat.com's software products and services could be rendered obsolete, causing kneat.com to lose market share and, as a result, harm its business and operating results and its ability to compete in the marketplace.

If kneat.com's software products and services do not gain market acceptance, its operating results may be negatively affected

kneat.com intends to pursue the goal for Kneat Gx to be the global standard for regulated data and documentation management across all industries, where sound data management, documentation practices and regulatory compliance are keys to success. kneat.com intends to pursue its strategy through, among other things, its proprietary research and the development of new software product and service offerings. In response to customer demand, it is important to kneat.com's success that it continues to enhance its software products and services and to seek to set the standard for Kneat Gx capabilities. The primary market for its software products and services is rapidly evolving, which means that the level of acceptance of products and services that have been released recently or that are planned for future release by the marketplace is not certain. If the markets for kneat.com's software products and services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, kneat.com may be unable to: (i) successfully market its current products and services; (ii) develop new software products and services and enhancements to current software products and services; (iii) complete customer implementations on a timely basis; or (iv) complete software products and services currently under development. In addition, increased competition could put significant pricing pressures on kneat.com's products which could negatively impact its margins and profitability. If kneat.com's software products and services are not accepted by its customers or by other businesses in the marketplace, kneat.com's business, operating results and financial condition will be materially affected.

kneat.com's investment in its current research and development efforts may not provide a sufficient, timely return

The development of Kneat Gx is a costly, complex and time-consuming process and the investment in kneat.com's software product development often involves a long wait until a return is achieved on such an investment. kneat.com is making, and will continue to make, significant investments in software research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors, including the degree of innovation of the software products and services developed through kneat.com's research and development efforts, sufficient support from its strategic partners and effective distribution and marketing. Accelerated software product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may adversely affect kneat.com's operating results if they are not offset by revenue increases. kneat.com believes that it must continue to dedicate a significant amount of resources to its research and development efforts in order to maintain its competitive position. However, significant revenues from new software product and service investments may not be achieved for a number of years, if at all. Moreover, new software products and services may not be profitable, and even if they are profitable, operating margins for new software products and services may not be as high as projected.

Failure to protect kneat.com's intellectual property could harm its ability to compete effectively

kneat.com is highly dependent on its ability to protect its proprietary technology. kneat.com relies on a combination of trade secret laws, copyright protection, as well as non-disclosure agreements and other contractual provisions to establish and maintain its proprietary rights. kneat.com currently does not own any patents or have any patents pending. kneat.com intends to protect its intellectual property rights vigorously; however, there can be no assurance that these measures will, in all cases, be successful. Software piracy has been, and is expected to be, a persistent problem for the software industry and piracy of its software products may represent a loss of revenue to kneat.com. Where applicable, certain of kneat.com's license arrangements have required it to make limited confidential disclosure of portions of the source code for its software products or to place such source code into escrow for the protection of another party. Despite the precautions kneat.com has taken, unauthorized third parties, including its competitors, may be able to copy certain portions of kneat.com's software products or reverse engineer or obtain and use information that kneat.com regards as proprietary. Also, kneat.com's competitors could independently develop technologies that are perceived to be substantially equivalent or superior to its technologies. kneat.com's competitive position may be adversely affected by its possible inability to effectively protect kneat.com's intellectual property. In addition, certain of its products contain open source software. Licensees of open source software may be required to make public certain source code or to make certain derivative works available to others. While kneat.com monitors and controls the use of open source software in its products and in any third party software that is incorporated into its products, and kneat.com tries to ensure that no open source software is used in such a way as to require it to disclose the source code to the related product or service, there can be no guarantee that such use could not inadvertently occur. If this happened it could harm kneat.com's intellectual property position and have a material adverse effect on its business, results of operations and financial condition.

Other companies may claim that kneat.com infringes their intellectual property, which could materially increase costs and materially harm its ability to generate future revenues and profits

Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents, are applied to software products. Although kneat.com does

not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against it in the future. Although most of kneat.com's technology is proprietary in nature, kneat.com may include certain third party or open source software in its software products. In the case of third party software, kneat.com believes this software is licensed from the entity holding the intellectual property rights. Although kneat.com believes that it has secured proper licenses for all third-party intellectual property that is integrated into its products, third parties may assert infringement claims against kneat.com in the future, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as kneat.com. Any such assertion, regardless of merit, may result in litigation or may require kneat.com to obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms. In addition, as kneat.com continues to develop software products and expand its portfolio using new technology and innovation, kneat.com's exposure to threats of infringement may increase. Any infringement claims and related litigation could be time-consuming, disruptive to kneat.com's ability to generate revenues or enter into new market opportunities and may result in significantly increased costs as a result of kneat.com's defense against those claims or its attempt to license the intellectual property rights or rework kneat.com's products to avoid infringement of third party rights. Typically kneat.com's agreements with its partners and customers contain provisions which require kneat.com to indemnify them for damages sustained by them as a result of any infringement claims involving kneat.com's products. Any of the foregoing infringement claims and related litigation could have a significant adverse impact on kneat.com's business and operating results as well as its ability to generate future revenues and profits.

Impact of laws

kneat.com operates offices in Canada, the United States and Ireland and continues to offer its products and services in the European Union, Canada, the United States and eventually in other countries. kneat.com is and will be subject to a variety of laws in the European Union, Canada, the United States and abroad, including laws regarding consumer protection, privacy, intellectual property, taxation and content suitability, distribution and antitrust, that are continuously evolving and developing. The scope, enforcement and interpretation of the laws that are or may be applicable to kneat.com and its subsidiaries are often uncertain and may be conflicting, particularly laws outside of Ireland, Canada and the United States. It is also likely that as business grows and evolves to a greater number of countries, kneat.com will become subject to laws and regulations in additional jurisdictions. Compliance with applicable laws or regulations could be very difficult or liability could arise under these laws or regulations due to amendments to or evolving interpretation and enforcement of such laws and regulations. As a result, kneat.com could be directly harmed, and may be forced to implement new measures to reduce the exposure to this liability. This may require substantial resources to be expended or a modification of its products and services, which would harm the business, financial condition and results of operations of kneat.com.

Foreign currency and exchange rate risk

kneat.com currently reports its results in the Canadian dollar. Fluctuations in the exchange rates between the European Euro, United States dollar and Canadian dollar may have a material adverse effect on the business, financial condition and operating results of the Company. To date, kneat.com has not engaged in exchange rate hedging activities and may not do so in the foreseeable future.

Current and future competitors could have a significant impact on kneat.com's ability to generate future revenues and profits

The markets for kneat.com's software products and services are intensely competitive and are subject to rapid technological change and other pressures created by changes in its industry. The convergence of many technologies has resulted in unforeseen competitors arising from companies that were traditionally not viewed as threats to kneat.com's marketplace. kneat.com expects competition to increase and intensify in the future as the pace of technological change and adaptation quickens and as additional companies enter its markets, including those competitors who offer similar solutions as kneat.com does, but offer it through a different form of delivery. kneat.com could lose market share if its current or prospective competitors: (i) introduce new competitive products or services, (ii) add new functionality to existing products and services, (iii) acquire competitive products and services, (iv) reduce prices, or (v) form strategic alliances with other companies. If other businesses were to engage in aggressive pricing policies with respect to competing products, or if the dynamics in kneat.com's marketplace resulted in increasing bargaining power by the consumers of kneat.com's software products and services, kneat.com would need to lower the prices it charges for the products and services kneat.com offers. This could result in lower revenues or reduced margins, either of which may materially and adversely affect kneat.com's business and operating results. Additionally, if prospective consumers choose other methods of data and document management within regulated environments, different from that which we offer, kneat.com business and operating results could also be materially and adversely affected.

kneat.com must continue to manage its internal resources during periods of company growth or its operating results could be adversely affected

kneat.com's growth, coupled with the rapid evolution of its markets, may place, significant strains on kneat.com's administrative and operational resources and increased demands on its internal systems, procedures and controls. kneat.com's administrative infrastructure, systems, procedures and controls may not adequately support its operations. In addition, kneat.com's management may not be able to achieve the rapid, effective execution of the product and business initiatives necessary to successfully implement kneat.com's operational and competitive strategy. If kneat.com is unable to manage growth effectively, its operating results will likely suffer which may, in turn, adversely affect its business.

If kneat.com loses the services of its executive officers or other key employees or if it is not able to attract or retain top employees, kneat.com's business could be significantly harmed

kneat.com's performance is substantially dependent on the performance of its executive officers and key employees. kneat.com does not maintain "key person" life insurance policies on any of its employees. kneat.com's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified management, technical, sales and marketing personnel. In particular, the recruitment of top developers and experienced salespeople remains critical to its success. Competition for such people is intense, substantial and continuous, and kneat.com may not be able to attract, integrate or retain highly qualified technical, sales or managerial personnel in the future. In addition, in its effort to attract and retain critical personnel, kneat.com may experience increased compensation costs that are not offset by either improved productivity or higher prices for its software products or services.

Unexpected events may materially harm kneat.com's ability to align incurred expenses with recognized revenues

kneat.com incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, kneat.com's business, financial condition, or results of operations could be materially and adversely affected.

kneat.com may fail to achieve its financial forecasts due to inaccurate sales forecasts or other factors

kneat.com's revenues and particularly its software license revenues are difficult to forecast, and, as a result its quarterly operating results can fluctuate substantially. kneat.com uses a "pipeline" system, a common industry practice, to forecast sales and trends in its business. By reviewing the status of outstanding sales proposals to its customers and potential customers, kneat.com makes an estimate as to when a customer will make a purchasing decision involving its software products. These estimates are aggregated periodically to make an estimate of kneat.com's sales pipeline, which kneat.com uses as a guide to plan its activities and make financial forecasts. kneat.com's sales pipeline is only an estimate and may be an unreliable predictor of actual sales activity, both in a particular quarter and over a longer period of time. Many factors may affect actual sales activity, such as weakened economic conditions, which may cause kneat.com's customers and potential customers to delay, reduce or cancel software and service related purchasing decisions and the tendency of some of kneat.com's customers to wait until the end of a fiscal period in the hope of obtaining more favourable terms from kneat.com. If actual sales activity differs from kneat.com's pipeline estimate, then kneat.com may have planned its activities and budgeted incorrectly and this may adversely affect its business, operating results and financial condition.

kneat.com's software products and services may contain defects that could harm its reputation, be costly to correct, delay revenues, and expose kneat.com to litigation

kneat.com's software products and services are highly complex and sophisticated and, from time to time, may contain design defects, software errors or other computer system failures that are difficult to detect and correct. Errors may be found in new software products or services or improvements to existing products or services after delivery to kneat.com's customers. If these defects are discovered, kneat.com may not be able to successfully correct such errors in a timely manner. In addition, despite the extensive tests kneat.com conducts on all its software products or services, kneat.com may not be able to fully simulate the environment in which its products or services will operate and, as a result, kneat.com may be unable to adequately detect the design defects or software or hardware errors which may become apparent only after the products are installed in an end-user's network, and users have transitioned to kneat.com's services. The occurrence of errors and failures in kneat.com's software products or services could result in the delay or the denial of market acceptance of its products and alleviating such errors and failures may require kneat.com to make significant expenditure of its resources. Customers often use kneat.com services and solutions for critical business processes and as a result, any defect or disruption in kneat.com's solutions, any data breaches or misappropriation of proprietary information, or any error in execution, including human error or intentional third-party activity such as denial of service attacks or hacking, may cause customers to reconsider renewing their contract with kneat.com. The errors in or failure of kneat.com's software products and services could also result in kneat.com losing customer transaction documents and other customer files, causing significant customer dissatisfaction and possibly

giving rise to claims for monetary damages. The harm to kneat.com's reputation resulting from product and service errors and failures may be materially damaging. Since kneat.com regularly provides a warranty with its software products, the financial impact of fulfilling warranty obligations may be significant in the future. kneat.com's agreements with its strategic partners and end-users typically contain provisions designed to limit its exposure to claims. However, such provisions may not effectively protect kneat.com against claims and the attendant liabilities and costs associated with such claims. Any claims for actual or alleged losses to kneat.com's customers' businesses may require kneat.com to spend significant time and money in litigation or arbitration or to pay significant settlements or damages. Defending a lawsuit, regardless of merit, can be costly and would divert management's attention and resources. Although kneat.com maintains insurance coverage, such coverage may not be adequate to cover all such claims. Accordingly, any such claim could negatively affect its business, operating results or financial condition.

Unauthorized disclosures and breaches of security data may adversely affect kneat.com's operations

kneat.com relies heavily on its information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively, "IT systems"), and the IT systems of its vendors and third-party service providers, to operate its business as a whole. kneat.com has strict measures to protect its information systems against unauthorized access and disclosure of personal information and of kneat.com's confidential information and confidential information belonging to its customers. kneat.com has policies and procedures in place dealing with data security and records retention. However, there is no assurance that the security measures kneat.com has put in place will be effective in every case. Breaches in security could result in a negative impact for kneat.com and for its customers, affecting kneat.com's and its customers' businesses, assets, revenues, brands and reputations and resulting in penalties, fines, litigation and other potential liabilities, in each case depending on the nature of the information disclosed. Security breaches could also affect kneat.com's relations with its customers, injure kneat.com's reputation and harm its ability to keep existing customers and to attract new customers. These risks to kneat.com's business may increase as it expands the number of web-based and cloud-based products and services kneat.com offers.

kneat.com may become involved in litigation that may materially adversely affect it

From time to time in the ordinary course of kneat.com's business, it may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause kneat.com to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on kneat.com's business, operating results or financial condition.

kneat.com's operating results could be adversely affected by any weakening of economic conditions

kneat.com's overall performance depends in part on worldwide economic conditions. Certain economies have experienced periods of downturn as a result of a multitude of factors, including, but not limited to, turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, declines in gross domestic product, increases in unemployment and volatility in commodity prices and worldwide stock markets, and excessive government debt. The severity and length of time that a downturn in economic and financial market conditions may persist, as well as the timing, strength and sustainability of any recovery, are unknown and are beyond kneat.com's control. Moreover, any instability

in the global economy affects countries in different ways, at different times and with varying severity, which makes the impact to kneat.com's business complex and unpredictable. During such downturns, many customers may delay or reduce technology purchases. Contract negotiations may become more protracted or conditions could result in reductions in the licensing of kneat.com's software products and the sale of cloud and other services, longer sales cycles, pressure on kneat.com's margins, difficulties in collection of accounts receivable or delayed payments, increased default risks associated with kneat.com's accounts receivables, slower adoption of new technologies and increased price competition. In addition, deterioration of the global credit markets could adversely impact kneat.com's ability to complete licensing transactions and services transactions, including maintenance and support renewals. Any of these events, as well as a general weakening of, or declining corporate confidence in, the global economy, or a curtailment in government or corporate spending could delay or decrease kneat.com's revenues, and therefore have a material adverse effect on its business, operating results and financial condition.

Stress in the global financial system may adversely affect kneat.com's finances and operations in ways that may be hard to predict or to defend against

Financial developments seemingly unrelated to kneat.com or to its industry may adversely affect kneat.com over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for kneat.com's credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that kneat.com identifies an acquisition opportunity or require significant access to credit for other reasons. A reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of kneat.com's customer base. As a result, these customers may need to reduce their licensing of kneat.com's software products or their purchases of kneat.com's services, or kneat.com may experience greater difficulty in receiving payment for the licenses and services that these customers purchase from it. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on kneat.com's business, operating results, and financial condition.

DIVIDEND POLICY

Kneat does not currently pay cash dividends on its Common Shares. The declaration and payment of dividends on its Common Shares is at the discretion of the Company's Board of Directors. Kneat's dividend policy will be reviewed from time to time by the Board of Directors in the context of the Company's earnings, financial condition and other relevant factors.

CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of fully paid Common Shares, without par value. On December 31, 2017 there were 44,563,684 Common Shares issued and outstanding. As of February 6, 2019 there are 51,457,180 issued and outstanding. The Company has no other classes of shares.

Each Common Share entitles the holder to one vote at all meetings of holders of shares. The holders of the Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares. The holders of Common Shares will be entitled to receive Kneat's remaining property

and assets available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

The summary above of the rights, privileges, restrictions and conditions attached to the Common Shares is subject to and qualified in its entirety by reference to our articles and by-laws which are available under our profile on the SEDAR website at www.sedar.com.

Options

At the annual and special meeting of shareholders of the Company held on June 25, 2018, shareholders re-approved the Company's stock option plan (the "**Option Plan**"), which reserves for issuance a maximum number of Common Shares equal to 10% of the aggregate issued and outstanding Common Shares on the date of the grant.

The following table sets forth all options that are outstanding as of the date of this Annual Information Form:

Number of Options	Exercise Price (\$)	Expiry Date
200,000	0.90	March 19, 2019
66,667	0.90	January 2, 2020
33,333	0.90	November 10, 2020
1,235,584	0.90	July 4, 2021
10,587	0.90	September 26, 2021
201,000	0.55	October 3, 2021
177,334	0.58	January 11, 2022
100,000	0.57	February 1, 2022
100,000	0.57	April 4, 2022
15,000	0.68	May 29, 2022
100,000	0.70	November 1, 2022
198,000	0.80	February 1, 2023
5,000	0.85	April 25, 2023
100,000	1.02	November 1, 2023
100,000	0.97	December 18, 2023
380,000	1.00	January 3, 2024

Deferred Share Units

In addition to the Option Plan, the Company has a deferred share unit plan ("**DSUP**") for directors and senior officers of the Company, allowing such directors and senior officers to receive all or part of their annual retainer in deferred share units. The DSUP was approved by shareholders on June 15, 2016.

There are no deferred share units granted or outstanding as of the date of this Annual Information Form.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Common Shares are listed on the TSX Venture Exchange under the trading symbol "KSI". The following table shows the monthly range of high and low prices per Common Share at the close of market on the TSX Venture Exchange as well as total monthly volume of the Common Shares traded on

the TSX Venture Exchange for the most recently completed financial year ended December 31, 2017 as well as the periods up to the date of this Annual Information Form:

Month	Monthly High Price Per Common Share	Monthly Low Price Per Common Share	Total Monthly Volume
January 2017	0.64	0.435	249,761
February 2017	0.62	0.50	366,595
March 2017	0.70	0.55	198,021
April 2017	0.60	0.57	68,178
May 2017	0.85	0.60	660,974
June 2017	0.85	0.66	307,930
July 2017	0.95	0.76	243,109
August 2017	0.93	0.82	140,015
September 2017	0.90	0.66	264,554
October 2017	0.85	0.68	78,933
November 2017	0.74	0.66	179,399
December 2017	0.85	0.66	144,662
January 2018	0.86	0.75	304,880
February 2018	1.12	0.68	464,326
March 2018	1.06	0.90	468,724
April 2018	0.93	0.83	133,635
May 2018	0.95	0.80	120,583
June 2018	1.05	0.90	127,067
July 2018	1.61	0.94	369,357
August 2018	1.38	1.05	413,740
September 2018	1.28	1.06	266,074
October 2018	1.21	1.02	316,632
November 2018	1.05	0.95	326,581
December 2018	1.11	0.86	383,863
January 2019	1.38	0.93	406,116
February 1 – 5, 2019	1.20	1.11	34,490

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at December 31, 2017 certain common shares were subject to an escrow agreement as outlined in the table below.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	17,048,720	38.3%

On January 4, 2018, these Common Shares were released from escrow in accordance with the escrow agreement dated June 27, 2016 between Computershare Investor Services Inc. and the Company. Accordingly, as of the date of this Annual Information Form, there are no Common Shares held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

The following tables set out, as of the date of this Annual Information Form, for each of the directors and officers, the person's name, place of residence, position with the Company, and the date on which the person became a director and/or officer. The Company's directors are elected annually at the annual general meeting of shareholders.

Name, Municipality of Residence, Date First Became a Director and/or Officer and Position with the Company	Present Principal Occupation
Ian Ainsworth, Chairman ^{(1) (2)} Toronto, Ontario, Canada June 27, 2016	Chairman of the Company and General Partner of Extreme Venture Partners Inc.
Paul Breen, Director ^{(1) (4)} Dublin, Republic of Ireland June 27, 2016	Founder and Executive Director of BrePco Biopharma Ltd.
Wade Dawe, Director ⁽³⁾ Halifax, Nova Scotia, Canada January 14, 2014	Chairman and Chief Executive Officer of Fortune Bay Corp.
Kevin Fitzgerald, Director Co. Clare, Republic of Ireland June 27, 2016	Co-founder and Director of Research and Development of the Company
Edmund Ryan, Director Cork, Republic of Ireland June 27, 2016	Co-founder and Chief Executive Officer of the Company
Sarah Oliver, CFO Halifax, Nova Scotia, Canada November 10, 2014	Chief Financial Officer of the Company
Brian Ahearne, Director of Quality Co. Clare, Republic of Ireland June 27, 2016	Co-Founder and Director of Quality of the Company

- 1) Member of the Audit Committee.
- 2) Member of the Nominations and Compensation Committee.
- 3) Chairman of the Audit Committee.
- 4) Chairman of the Nominations and Compensation Committee.

As at the date hereof, the directors and executive officers of the Company as a group owned beneficially, directly or indirectly, controlled or exercised direction over, 17,387,465 Common Shares representing approximately 33.8% of the outstanding Common Shares.

The following are brief profiles of the directors and officers of the Company, including a brief description of each individual's principal occupation within the past five years.

Mr. Ian Ainsworth – Chairman

Mr. Ainsworth has over thirty years of experience building and managing large investment teams, operating in both public and private markets in Europe and North America. He has managed large funds on behalf of private and institutional clients with a keen interest in healthcare and information technology. As former managing director and Chief Investment Officer of one of Canada's leading mutual

fund companies, he won several awards for investment performance. Mr. Ainsworth has a Master of Business Administration in Finance and is a Chartered Financial Analyst.

Mr. Paul Breen – Director

Mr. Breen is a scientist with a diploma in finance. He has over thirty years of experience in the pharmaceutical industry. Mr. Breen started his career in pharmaceutical sales and marketing before moving into pharmaceutical operations. During his career he has headed up sales, marketing and operations for a number of multi-national pharmaceutical companies. Mr. Breen is the Executive Director and co-founder of BrePco Biopharma Ltd., a private healthcare company based in Ireland aimed at developing products for the unique needs of pediatric or other vulnerable patient populations. He holds a Bachelor of Science from the University College Dublin.

Mr. Wade Dawe – Director

Mr. Dawe has been an entrepreneur in Canadian mining and venture capital industries since 1994 and has consistently demonstrated strong results for shareholders through strategic planning, quality acquisitions and partnerships, and by retaining and developing industry respected senior management and directors. He is the Chief Executive Officer and a director of Torrent Capital Ltd., the Chief Executive Officer and Chairman of Fortune Bay Corp. and is the Chairman of Pivot Technology Solutions, Inc. Mr. Dawe is also the President and owner of Numus Financial Inc., a private venture capital company, and a director of Numus Capital Corp., an Exempt Market Dealer. He was previously the Chairman and Chief Executive Officer of Brigus Gold Corp. Mr. Dawe has a Bachelor of Commerce degree from Memorial University of Newfoundland. Mr. Dawe is also a member of the Young Presidents' Organization (YPO), an international organization for business leaders.

Mr. Kevin Fitzgerald – Director and Director of Research and Development

Mr. Fitzgerald is a co-founder of the Company and currently serves as the Director of Research and Development. He has more than twenty years of experience in design and project management within the pharmaceutical manufacturing industry and research and development of regulatory information technology products for the life sciences industry. Mr. Fitzgerald holds a Bachelor of Engineering (Electronic Engineering) from the University of Limerick.

Mr. Edmund Ryan – Director and Chief Executive Officer

Mr. Ryan is a co-founder of the Company and currently serves as the Chief Executive Officer. He has fourteen years of experience in design, production and project management within pharmaceutical manufacturing and twelve years of experience in regulated information technology development and sales to the life sciences industry. Mr. Ryan has managed multidisciplinary pharmaceutical projects on behalf of blue-chip companies. He also headed Irish sales for multi-national manufacturers of capital and consumable pharmaceutical equipment. Mr. Ryan holds a Bachelor of Engineering (Mechanical Engineering) from the University of Limerick and a post graduate diploma in International Sales and Marketing from the Dublin Institute of Technology.

Ms. Sarah Oliver – Chief Financial Officer

Ms. Oliver has been the Chief Financial Officer of the Company since November 2014. Prior thereto, she was a senior manager at one of the top four accounting firms in Canada. Ms. Oliver is a Chartered Professional Accountant, Chartered Accountant with over twelve years of experience in financial reporting for public and private companies. She is also the Chief Financial Officer of Fortune Bay Corp. Ms. Oliver obtained her Bachelor of Commerce degree from Dalhousie University.

Mr. Brian Ahearne – Director of Quality

Mr. Ahearne is co-founder of the Company and currently services as the Director of Quality. He has over twenty years of experience developing software applications, implementing and maintaining IT Quality Management Systems. For more than ten of these years he has been involved in developing regulated software applications for the life sciences Industry. Mr. Ahearne holds a Bachelor of Engineering (Mechanical Engineering) and master's degree in software development from the University of Limerick. Mr. Ahearne also held lecturing roles at the University of Limerick.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

The following information has been furnished by the directors or officers of the Company.

Cease Trade Orders

To the Company's knowledge, no director or executive officer is, at the date of this Annual Information Form, or was within the ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any issuer (including the Company) that:

- (a) while such person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days (an "**Order**"); or
- (b) was subject to an Order that was issued, after such person 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.

Penalties or Sanctions

To the Company's knowledge, no director or executive officer, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Bankruptcies

To the Company's knowledge, no director or officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or 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, state the fact; or

- (b) has, within the 10 years before the date of this Annual Information Form, 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 the director, executive officer or shareholder.

CONFLICTS OF INTEREST

Certain directors and officers of the Company are and may continue to be involved in other private and public companies through their direct and indirect participation in entities that are potential competitors. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. As required by law, each of the directors and officers of the Company is required to act honestly, in good faith and in the best interests of the Company. Any conflicts which arise are required to be disclosed by the directors and officers in accordance with the Canada Business Corporations Act and they are required to govern themselves in respect thereof to the best of their ability with the obligations imposed on them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management is not aware of any existing or contemplated legal proceedings or regulatory actions that would be considered material to the Company to which it is a party or to which its property is subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise stated herein and as described below, to our knowledge, no director, executive officer or any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Company's Common Shares, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction within the three years prior to the date of this Annual Information Form, or any proposed transaction, that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

On June 27, 2016, the Company completed the Transaction with Kneat Solutions Limited and SpinCo. At the time of the Transaction, Mr. Wade Dawe was an insider of the Company and held less than 1% of the shares of Kneat Solutions Limited.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Company is Computershare Investor Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

There are no material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into since the beginning of the last financial year, or entered into prior to such date, but which are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

EXPERTS

PricewaterhouseCoopers LLP audited the consolidated financial statements of the Company for the years ended December 31, 2017 and December 31, 2016 and have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Nova Scotia.

AUDIT COMMITTEE

Composition

As of the date of this Annual Information Form, the Company's audit committee (the "Audit Committee") is composed of three directors being Wade Dawe (Chair), Ian Ainsworth and Paul Breen. Two of the Company's Audit Committee members, namely Ian Ainsworth and Paul Breen, are considered to be independent directors. Wade Dawe is not considered to be independent for purposes of the Audit Committee as a company he controls collected a finders' fee from the Company. The relevant education and experience of each member of the Audit Committee is described as part of his respective biography. See "*Directors and Officers*". Each member of the Audit Committee possesses: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

Audit Committee Charter

The Board of Directors has adopted a written charter for the Audit Committee (the "Audit Committee Charter") which sets out the Audit Committee's responsibilities, and includes among other things, the following: (i) reviewing and recommending to the Board of Directors for approval of our Company's quarterly and annual financial statements and related management discussion and analysis; (ii) recommending to the Board of Directors and overseeing the external auditors of our Company; (iii) reviewing significant accounting estimates and judgments; (iv) reviewing and approving, if appropriate, major changes to our Company's accounting principles and practices; and (v) pre-approving all audit and non-audit services to be provided to us or our subsidiaries by the external auditors in a manner consistent with NI 52-110. A copy of the Audit Committee Charter is attached to this annual information form as Appendix "A".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed fiscal year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Company's external auditors not been adopted by the Board of Directors of the Company.

Pre-Approval Policies and Procedures

All non-audit services to be provided by the Company's external auditor to the Company must be pre-approved by the Audit Committee.

External Auditor Service Fees

For the fiscal years ended on December 31, 2017 and 2016, fees billed for audit, audit-related, tax and all other services provided to the Company by the auditor of the Company were the following:

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2016
Audit Fees ⁽¹⁾	\$41,000	\$181,049
Tax Services ⁽²⁾	\$1,575	\$119,703
All Other Fees	N/A	N/A
Total	\$42,575	\$300,752

Notes:

(1) Audit fees for the period ended December 31, 2017 include fees necessary to perform the annual audit of the Company's financial statements. Audit fees for the period ended December 31, 2016 include fees necessary to perform the annual audit of the Company's financial statements and the audits required in connection with the reverse take-over transaction with Kneat Solutions Limited.

(2) The tax services for the period ended December 31, 2017 relate to the filing of the annual tax return. The tax services incurred for the period ended December 31, 2016 related to the reverse take-over transaction with Kneat Solutions Limited.

The Audit Committee believes that the extent to which the Company uses its independent auditors for non-audit services is not significant and accordingly does not affect their independence.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at www.kneat.com. You can also obtain a copy of our audited consolidated financial statements and the management's discussion & analysis of the Company for the fiscal year ended December 31, 2017 by visiting the Investor Relations section on the Company's website at www.kneat.com or by contacting the Company directly:

Sarah Oliver, Chief Financial Officer
Email: sarah.oliver@kneat.com or info@kneat.com
Phone: (902) 442-7185

Additional information including directors' and executive officers' remuneration and indebtedness, the audit committee charter, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular dated May 18, 2018 for its annual meeting of shareholders held on June 25, 2018.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2017.

APPENDIX "A"

AUDIT COMMITTEE CHARTER

1. INTRODUCTION

The Audit Committee (the "**Committee**" or the "**Audit Committee**") of kneat.com, inc. (the "**Corporation**") is a committee of the Board of Directors (the "**Board**"). The Committee shall oversee the accounting and financial reporting practices of the Corporation and the audits of the Corporation's financial statements and exercise the responsibilities and duties set out in this Mandate.

2. MEMBERSHIP

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 52-110 Audit Committees, as may be amended from time to time, subject to any exemptions or relief that may be granted from such requirements.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this Mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

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

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. MEETINGS

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Corporation's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management

The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

4. DUTIES AND RESPONSIBILITIES

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "Applicable Requirements").

Financial Reports

(a) General

The Audit Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) [Review of Annual Financial Reports](#)

The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation ("**MD&A**"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) [Review of Interim Financial Reports](#)

The Audit Committee shall review the interim consolidated financial statements of the Corporation, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) [Review Considerations](#)

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under Canadian GAAP;
- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results; and
- (x) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) [Approval of Other Financial Disclosures](#)

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases

disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

Auditors

(a) General

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) Nomination and Compensation

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) Resolution of Disagreements

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) Discussions with Auditors

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) Audit Plan

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Corporation.

(g) Independence of Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Corporation; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation and Rotation of Lead Partner

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) *Requirement for Pre-Approval of Non-Audit Services*

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Corporation that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) *Approval of Hiring Policies*

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

(k) *Financial Executives*

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) *General*

The Audit Committee shall review the Corporation's system of internal controls.

(b) *Establishment, Review and Approval*

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in, the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;
- (iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Corporation's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Corporation; the effectiveness of the Corporation's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. NO RIGHTS CREATED

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's By-laws, it is not intended to establish any legally binding obligations.

6. MANDATE REVIEW

The Committee shall review and update this Mandate annually and present it to the Board for approval.