



TANTALUS SYSTEMS HOLDING INC.

Annual Information Form

For the Year Ended December 31, 2022

Dated March 31, 2023

TABLE OF CONTENTS

GENERAL MATTERS	1
FORWARD-LOOKING STATEMENTS	1
TRADEMARKS AND TRADENAMES	3
ORGANIZATIONAL STRUCTURE	4
The Company	4
Intercorporate Relationships.....	4
GENERAL DEVELOPMENT OF THE BUSINESS	5
2023	5
2022	5
2021	5
2020	6
BUSINESS AND INDUSTRY	6
General	6
Products and Services.....	8
Operations.....	14
Market.....	16
Sales Strategy & Marketing Plans	19
Competitive Conditions.....	21
Future Development	22
Proprietary Protection.....	23
Lending.....	23
Investment Policies and Investment Restrictions	23
New Products.....	23
Social and Environmental Policies	24
RISK FACTORS	25
Risks Related to our Business.....	25
Risks Related to the Ownership of the Common Shares	35
DIVIDEND POLICY	37
DESCRIPTION OF SHARE CAPITAL	37
Authorized Share Capital.....	38
Common Shares.....	38
Preferred Shares.....	38
Advance Notice Provisions.....	39
Forum Selection.....	39
MARKET FOR SECURITIES	40
Trading Price and Volume.....	40
Prior Sales.....	40

DIRECTORS AND EXECUTIVE OFFICERS	40
Biographical Information Regarding Our Directors and Executive Officers.....	42
Ownership Interest.....	44
Corporate Cease Trade Orders.....	45
Penalties or Sanctions.....	45
Bankruptcies	45
Conflicts of Interest	45
PROMOTERS	45
AUDIT COMMITTEE.....	45
Charter of the Audit Committee	45
Composition of the Audit Committee.....	45
Prior Approval Policies and Procedures	46
External Auditor Service Fee.....	46
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	46
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	46
TRANSFER AGENT AND REGISTRAR	46
INTEREST OF EXPERTS	46
MATERIAL CONTRACTS	47
ADDITIONAL INFORMATION.....	47
GLOSSARY OF TERMS	48

GENERAL MATTERS

This annual information form (this “AIF”) for the fiscal year ended December 31, 2022 is dated March 31, 2023 and, unless specifically stated otherwise, all information disclosed in this AIF is provided as of the date of this AIF. For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” at the end of this AIF.

In this AIF, unless the context otherwise requires, references to the “Company”, “Tantalus”, “we”, “us”, “our” or similar expressions refer to Tantalus Systems Holding Inc. References to our business prior to January 29, 2021, refer to the business of the Predecessor Company and its predecessor entities.

We present our financial statements in U.S. dollars. In this AIF, all dollar amounts are expressed in U.S. dollars unless otherwise indicated. Accordingly, all references to “US\$” or “dollars” are to U.S. dollars, and all references to “C\$” are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

This AIF contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words “believes”, “may”, “plans”, “will”, “anticipates”, “intends”, “could”, “estimates”, “expects”, “forecasts”, “projects” and similar expressions, and the negative of such expressions. Forward-looking information in this AIF includes statements regarding:

- expectations regarding industry trends and challenges,
- overall market growth rates and our growth rates and growth strategies;
- addressable markets for our solutions;
- the achievement of advances in and expansion of our offerings and markets;
- expectations regarding our revenue and the revenue generation potential of our products, services and other solutions;
- the benefits of our acquisition of Congruitive, including placing Tantalus at the forefront of helping utilities prepare for the significant impact that electric vehicles (“EVs”) and distributed energy resources (“DERs”) will have on the resiliency and reliability of distribution grids;
- demand for Congruitive’s solutions expecting to grow significantly as EV and DER adoption continues to expand rapidly in 2023;
- our business plans and strategies;
- our expectations regarding the development of the TRUSense Gateway, the anticipated uses for the TRUSense Gateway, and our plans to seek UL certification;
- our environmental, social and governance (“ESG”) goals;
- our expectations regarding certain of our future results, including, among others, revenue, expenses, profit margins, sales growth, expenditures, operations and use of future cash flow;
- our ability to execute on our strategic growth priorities and to successfully integrate acquisition targets;
- our competitive position in our industry and our expectations regarding competition;
- the long-term impact of the COVID-19 Pandemic on our business, financial position, results of operations and/or cash flows;

- our anticipated cash needs and needs for additional financing;
- our plans for the timing and expansion of our services; and
- our ability to attract and retain personnel.

In connection with the forward-looking information contained in this AIF, we have made numerous assumptions, regarding, among other things: our ability to capitalize on growth opportunities and implement our growth strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers' use of our product solutions; our ability to acquire new customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition; the successful integration of Congruitive and future acquisitions; the development, certification and adoption of new products (such as the TRUSense Gateway hardware and software offerings); the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties described under "Risk Factors" will not materialize. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

Additionally, there are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others:

- sales cycles to our customers can be lengthy and unpredictable and require significant employee time with no assurances that a prospective customer will select our products and services;
- our financial and operational performance significantly depends on our ability to attract and retain customers and our ability to develop new products and to enhance and sustain the quality of existing products to retain such customers;
- we depend on a limited number of key suppliers and if such suppliers fail to provide us with sufficient quantities of components at acceptable levels of quality and at anticipated costs, our revenue and operating results could be materially and adversely affected;
- we have a prior history of operating losses and we may not sustain profitability on a quarterly or annual basis;
- our quarterly results are inherently unpredictable and subject to substantial fluctuations;
- fluctuations in interest rates and inflation could adversely affect our financial condition, operations and future growth;
- our success depends in part on our ability to integrate our technology into devices and its relationship with device manufacturers;
- our marketing efforts depend significantly on our ability to receive positive references from our existing customers;
- the markets for our products and services, smart grid, smart city, and broader Internet-of-Things ("IoT") technology in general, are still developing - if the markets develop less extensively or more slowly than we expect, our business could be harmed;
- we operate in a highly competitive industry and we compete against many companies with substantially greater financial and other resources, and our market share and results of operations may be reduced if we are unable to respond to competitors effectively;

- the impacts of the COVID-19 Pandemic are unpredictable and could have significant impacts on our financial performance;
- we are dependent on the utility industry, which has experienced volatility in capital spending - this volatility could cause our results of operations to vary significantly from period to period;
- our reliance on certain infrastructure and information technology systems makes us vulnerable to the potential adverse effects of cyber-attacks and other breaches;
- if our products contain defects or otherwise fail to perform as expected, we could be liable for damages and incur unanticipated warranty, recall and other related expenses, our reputation could be damaged, we could lose market share and, as a result, our financial condition or results of operations could suffer;
- the nature of our business exposes us to the unpredictable risks of contractual disputes;
- the loss of key employees and the inability to attract and retain qualified personnel could harm our business;
- our business is exposed to potential risks associated with international sales and operations;
- foreign exchange rate fluctuations could harm our results or operations;
- we and our customers operate in a highly regulated business environment and changes in regulation could impose costs on us or make our products less economical or competitive;
- our inability to acquire and integrate other businesses, products or technologies could seriously harm our competitive position;
- intellectual property infringement claims could be costly and time-consuming to prosecute or defend;
- substantially all of our current products depend on the availability and are subject to the regulation of radio spectrum in the United States and abroad;
- interruptions or delays in services from our third-party data center facilities, or problems with the third-party hardware or software that we employ, could impair the delivery of our services and harm our business; and
- our reliance on a single lender.

A more complete discussion of the risks and uncertainties facing us is disclosed under the heading “Risk Factors”. All forward-looking information herein is qualified in its entirety by this cautionary statement, and we disclaim any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

TRADEMARKS AND TRADENAMES

This AIF includes certain trademarks we own or have the right to use, including TANTALUS, TRUEDGE, TRUVIEW and TUNET in countries that include Canada and the United States, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this AIF may appear without the ® or TM symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

ORGANIZATIONAL STRUCTURE

The Company

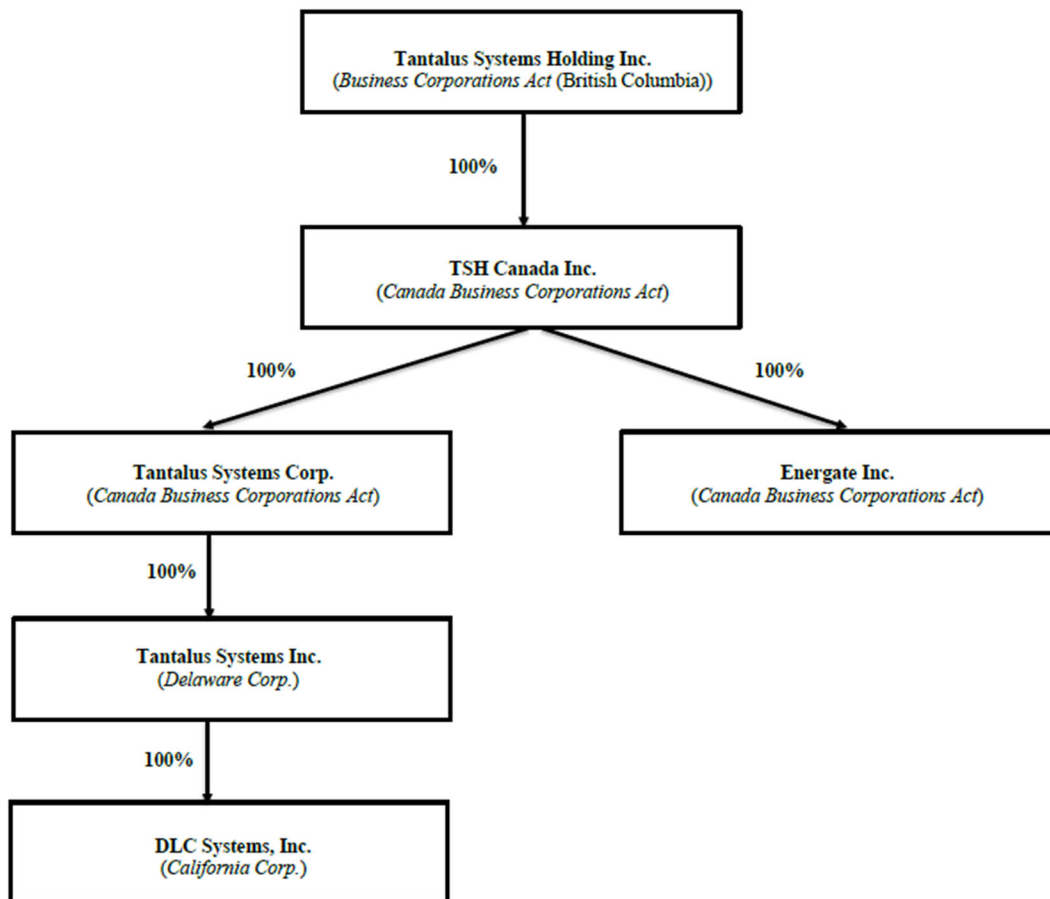
We were incorporated pursuant to the provisions of the BCBCA on February 26, 2018 under the name “1154348 B.C. LTD.”. We changed our name to “RiseTech Capital Corp.” on March 23, 2018 and to “Tantulus Systems Holding Inc.” on January 29, 2021.

We amended our notice of articles and articles on January 29, 2021 to, among other things, alter certain provisions relating to alterations to the articles, add advance notice provisions for the nomination of directors, create a class of an unlimited number of preferred shares, without par value and issuable in series, and attach special rights and restrictions to the new class of preferred shares.

Our head office is located at 3555 Gilmore Way, Suite 200, Burnaby, British Columbia, V5G 0B3, Canada, our registered office is located at 1055 West Hastings Street, Suite 1700, Vancouver, British Columbia, V6E 2E9 Canada and our United States headquarters is located at 140 Rowayton Avenue, 2nd Floor, Norwalk, Connecticut, 06853, U.S.A.

Intercorporate Relationships

The following diagram illustrates the intercorporate relationships among us and our subsidiaries (including jurisdiction of formation and percentage ownerships):



GENERAL DEVELOPMENT OF THE BUSINESS

Over the past three decades, we have delivered mission-critical technology solutions that enhance the safety, security, reliability and efficiency of public power and electric cooperative utilities across North America and the Caribbean Basin. The following describes how our business has developed since January 1, 2020, as well as any changes expected to occur during the current financial year.

2023

On March 7, 2023, the Company announced the successful completion of alpha testing for the TRUSense Gateway, a next-generation offering that accelerates the benefits of distributed intelligence by accessing and analyzing data from behind the meter to improve resiliency and reliability and enables utilities to solve the broadband divide by leveraging fiber deployments. Leveraging the capabilities of the technology acquired in the Company's acquisition of Congruitive in 2022, Tantalus developed the TRUSense Gateway to serve as a multi-purpose socket-based device that delivers secure and interoperable integration of behind-the-meter DERs onto the distribution system. Coupled with the high-resolution measurement of power delivery, transient power events and local conditions such as sags, swells, outages and phase information, utilities will be able to pinpoint vulnerable distribution equipment such as transformers, understand the true impact of EVs and other DERs on the distribution grid, build robust demand-side flexibility programs and mitigate the frequency and duration of power outages. In conjunction with expanding cybersecurity requirements, the TRUSense Gateway is a highly secure platform leveraging VPN technologies, secure boot, encryption of all data at rest, security-enhanced Linux and multiple firewalls that segregates data from behind-the-meter devices from utility operational data.

2022

On January 31, 2022, the Company completed its acquisition of Congruitive. Congruitive's signature software solution, Congruence.IQ™ ("C.IQ™"), is a software platform that enables the interoperability of a wide range of devices through an emerging Institute of Electrical and Electronics Engineers ("IEEE") standard. By deploying C.IQ™, a utility's smart grid deployment can operate as one intelligent, interoperable system, with the necessary scalability and flexibility as more EVs and DERs are deployed at the edge of the grid. With the acquisition of Congruitive, the Company's customer base has expanded to investor-owned utilities, meter partners and distributed energy integrators.

On June 14, 2022, the Company published its first annual ESG report in alignment with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) (the "**2021 ESG Report**"). The 2021 ESG Report highlights the ways in which Tantalus is working to create a sustainable and equitable future internally as well as for its growing user community of utilities, and describes Tantalus' specific ESG goals and the steps taken to achieve such ESG goals.

On September 6, 2022, the Company announced that it had deployed more than three million smart grid-enabled connected meters with its integrated [TRUEdge® computing modules](#) to public power and electric cooperative utilities. This milestone is significant in the evolution of modernizing distribution grids of community-oriented utilities. These connected meters with TRUEdge computing modules serve as the backbone of a digital network that improves a utility's resiliency in the face of economic, environmental and regulatory change. Through these three million connected meters, Tantalus is gathering more than 30 billion data points annually that provide visibility into evolving power consumption patterns and corresponding power quality measurements from the edge of the grid.

2021

On January 22, 2021, the Predecessor Company completed the second tranche of its private placement of Subscription Receipts, the first tranche of which was completed on November 19, 2020 (the "**Financing**"). The second tranche of the Financing was for an aggregate of 500,803 Subscription Receipts at a subscription price of C\$2.25 per Subscription Receipt for aggregate gross proceeds of C\$1,126,806.75, for total aggregate proceeds with the first tranche of C\$9,940,972.50.

On January 29, 2021, we completed a transaction with Tantalus Systems Holding Inc., a corporation governed by the CBCA (the "**Predecessor Company**"), and Tantalus Systems Shareholders Inc., a corporation governed by the

CBCA (“TSSI”), pursuant to which, among other things and by way of plan of arrangement completed under the CBCA, the Predecessor Company and TSSI amalgamated and became our wholly-owned subsidiary and certain securities of the Predecessor Company and TSSI were exchanged for our securities (the “**Qualifying Transaction**”). Prior to the Qualifying Transaction, we were a “Capital Pool Company” pursuant to the policies of the TSXV. The Qualifying Transaction constituted our “Qualifying Transaction” pursuant to the policies of the TSXV. Following the Qualifying Transaction, we carry on the business of the Predecessor Company.

On May 10, 2021, the Common Shares were listed for trading on the TSX under the symbol “GRID” and delisted from the TSXV.

On August 12, 2021, the Company closed an overnight marketed public offering of 4,710,110 Common Shares at a price of C\$2.25 per Common Share for gross proceeds of C\$10,597,748, inclusive of 265,666 Common Shares issued pursuant to the partial exercise of the over-allotment option (the “**2021 Financing**”).

2020

On September 1, 2020, George Reznik became the Chief Financial Officer of the Predecessor Company.

On September 7, 2020, we entered into an amended and restated letter of intent with the Predecessor Company in respect of the proposed Qualifying Transaction.

On November 19, 2020, we entered into an arrangement agreement with the Predecessor Company and TSSI pursuant to which the parties agreed to complete the proposed Qualifying Transaction.

On November 19, 2020 and in connection with the Qualifying Transaction, the Predecessor Company completed the first tranche of the Financing. The first tranche of the Financing involved the brokered private placement of 3,917,407 Subscription Receipts at a subscription price of C\$2.25 per Subscription Receipt for aggregate gross proceeds of C\$8,814,165.75.

BUSINESS AND INDUSTRY

General

Tantulus is a smart grid technology company that helps build sustainable utilities by modernizing distribution grids. By deploying Tantulus’ smart grid platform, utilities can transform their legacy distribution grids into future-proofed multi-directional grids that not only improve the reliability and efficiency of the utility in the near-term, but also lay the foundation to prepare utilities for the long-term needs of society. The Company’s solutions include a comprehensive IoT smart grid network, edge-computing endpoints, a suite of enterprise software applications that are used across all departments within a utility and artificial intelligence (“**AI**”)-enabled data analytics to help utilities proactively anticipate and manage their grids. Tantulus’ solutions also help water utilities identify leaks and automate the delivery and billing of water and gas. By leveraging Tantulus’ technology solutions, utilities are positioned to transform their distribution grids into an intelligent distribution grid that:

- safely and reliably delivers electricity, water and gas to residential, commercial and industrial customers and communities;
- prepares for the broad adoption of renewable and DERs such as solar panels, distributed storage and EVs which impact the flow of power across existing one-way distribution grids;
- empowers the utility to efficiently respond to service interruptions resulting from severe storms or major events;
- enables proactive and personalized engagement with the utility’s customers and members; and
- integrates on a single smart grid communication network with multiple applications creating a smarter community.

Over the past 30 years, Tantalus has evolved its smart grid platform to include a comprehensive smart grid network that can access, transport, translate and deliver data from multiple edge devices into mission-critical operation and engineering systems that sit behind the firewall of a utility. Tantalus is currently deploying and managing smart grid platforms to over 210 utilities that are secure, reliable and capable of supporting a growing number of applications as the needs of our customers expand over time.

In 2013, Tantalus introduced the first Linux-based edge-computing platform for utilities which was embedded on a communications module that could be integrated under the glass of residential, commercial and industrial meters. The evolution of its communication module has enabled Tantalus to deliver on-board analysis at the edge of a utility's distribution grid whereby intelligent meters, load control switches, distribution automation equipment, street and security lighting and other sensors can be controlled remotely, act autonomously based on configurable parameters and empower a utility to leverage a predictive and responsive distribution grid to improve their reliability and resiliency. The advancements in computing capability at the edge of a utility's network are also setting the foundation for the anticipated transformation of the distribution grid due to the proliferation and adoption of DERs, such as solar panels, distributed storage and EVs.

Deploying computing power at each device across the distribution grid creates a multi-decade relationship between Tantalus and utilities. To expand the return on investment made by utilities and expand Tantalus' existing relationships with its user community, Tantalus is rapidly expanding the number of devices that can connect to its comprehensive IoT smart grid communications network including load control switches, lighting fixtures, distribution automation equipment and other utility sensors. By connecting to more devices, Tantalus can access additional data to expand its software capabilities.

During 2021, Tantalus launched the TRUSense™ Gateway product line, which is a next-generation Fiber-to-the-Home ("FTTH") and internet protocol ("IP") gateway solution. The TRUSense Fiber Gateway will enable utilities to leverage investments in fiber, and other IP-related networks, to not only improve the resiliency of their distribution grids but also to deliver broadband services to consumers. Additionally, the TRUSense Fiber Gateway will enable the utility to launch applications to manage devices behind the meter. In 2022, the Company continued to make progress in developing the TRUSense Gateway, which is anticipated to be a market-leading solution to assist utilities in deploying next-generation metering infrastructure, delivering broadband services and integrating distributed resources, such as EV chargers, roof-top solar inverters and power walls. The Company completed alpha-version testing with eight utilities and plans to seek UL certification during the first half of 2023.

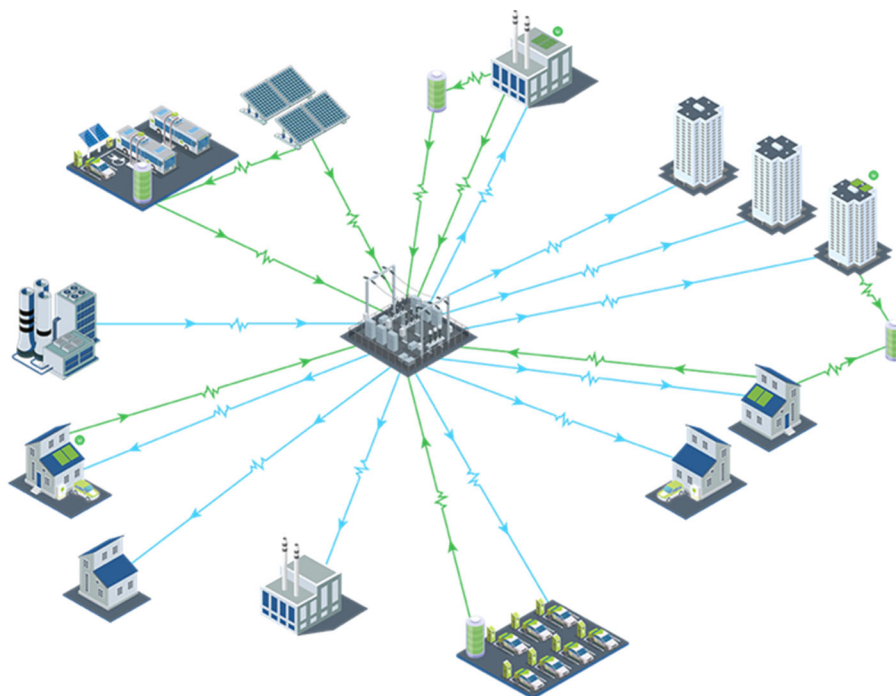


As Tantalus continues to diversify its solution portfolio, the Company is expanding the suite of enterprise software capabilities and professional services to assist utilities prepare for the adoption of EVs and DERs, such as solar panels, battery walls and other storage devices. As these new technologies are adopted by consumers, businesses and industries, the utility must be prepared to support the electrification of everything while simultaneously embracing the decarbonization of their business.

By leveraging its comprehensive IoT network and edge-computing platform, Tantalus continues to expand its library of software applications and analytic tools designed to meet the specific needs and challenges of public power and electric cooperative utilities. At the heart of Tantalus' software applications and data analytics is TUNet Insight, which was launched in 2018 after successful field trials in 2017. The Company also offers its Tantalus Grid Reliability Analytics ("TGRA") is an AI-enabled data analytics tool that utilizes algorithms to continuously monitor power-quality data accessed by TRUEdge®-enabled meters on Tantalus' TUNet smart grid platform that leverages data from Tantalus' AMI to provide utilities with visibility into power quality issues that lead to outages and premature failure of devices deployed across the distribution grid as a software as a service ("SaaS"). TGRA is assisting utilities mitigate fire risks, identify failing equipment, more efficiently pinpoint locations requiring vegetation management and prioritizing investments in equipment upgrades.

Grid Transformation and the Energy Transition

Tantalus is proactively working alongside its growing community of utilities to plan for the transformation of the electric, water and gas distribution grid as the introduction of affordable and reliable solar installations, distributed storage and other DERs. As DERs are deployed, Tantalus' IoT network, connected devices and software and analytics tools enable utilities to prepare for the changing dynamics of the electric distribution grid whereby power is generated at homes or buildings as compared to a central source of power generation. By deploying the Company's expanded software offering from its acquisition of Congruitive, C.IQ™, which was completed on January 31, 2022, a utility's smart grid deployment can operate as one intelligent, interoperable system, with the necessary scalability and flexibility as more EVs and DERs are deployed at the edge of the grid.



Products and Services

Tantalus has two primary operating segments that collectively deliver Tantalus' technology solutions to utilities. Tantalus' two operating segments consist of:

1. *Connected Devices and Infrastructure:* This segment is responsible for the sale of Tantalus' proprietary edge-computing modules that are integrated into multiple devices deployed across a utility's distribution grid including meters, sensors, street lighting fixtures and distribution automation equipment. Revenue generated from this segment also includes the sale of Tantalus' proprietary multi-relay load control switches and a suite of communications infrastructure devices that are deployed to deliver an industrial network-of-things / IoT smart grid including base stations, repeaters and collectors.

2. *Utility Software Applications and Services*: This segment is responsible for the sale of Tantalus' proprietary mission-critical enterprise software applications, AI-enabled data analytics and a suite of professional services to support utilities. Revenue is generated from this segment through the sale of software licenses, SaaS, hosting services, professional services (including project management, deployment, installation and engineering support), and post-contract technical support and annual software maintenance services.

For the year ended December 31, 2022, the Company generated total revenue of US\$39,603,023. For the year ended December 31, 2021, Connected Devices and Infrastructure accounted for US\$26,518,626 in revenue, which was equivalent to 67% of Tantalus' total consolidated revenues for the year ended December 31, 2022. For the year ended December 31, 2021, the Company generated total revenue of US\$32,171,771. For the year ended December 31, 2021, Connected Devices and Infrastructure accounted for US\$21,665,994 in revenue, which was equivalent to 67% of Tantalus' total consolidated revenues for the year ended December 31, 2021.

For the year ended December 31, 2022, Utility Software Applications and Services accounted for US\$13,084,397 in revenue, which was equivalent to 33% of Tantalus' total consolidated revenues for the year ended December 31, 2022. For the year ended December 31, 2021, Utility Software Applications and Services accounted for US\$10,505,777 in revenue, which was equivalent to 33% of Tantalus' total consolidated revenues for the year ended December 31, 2021.

Tantalus' principal market of focus consists of public power and electric cooperative utilities located across North America and the Caribbean Basin. Tantalus utilizes the following methods to distribute its technology solutions into this market:

- a direct sales force consisting of Regional Sales Managers and Account Managers who are employees of Tantalus; and
- a group of sales channel partners distributed regionally consisting of manufacturer representatives and resellers of Tantalus' solutions.

Overview of Connected Devices and Infrastructure

Tantalus designs, builds and deploys its smart grid platform comprised of connected devices and IoT communications network infrastructure to help utilities access data across their distribution grid to gain visibility and control of the flow of power from substations to residential premises and commercial and industrial facilities (the "**Connected Devices and Infrastructure**"). Tantalus' devices are deployed at utilities for an extended period of time, establishing a multi-decade relationship between Tantalus and each utility Tantalus supports. Tantalus' Connected Devices and Infrastructure include:

1. *TRUEdge® Communication Modules*: At the edge of Tantalus' TUNet communications network lies its edge computing capabilities to help enable utilities to access granular data, control devices, run analytics, optimize their grids and resolve issues at the edge of their grids. Tantalus' edge computing platform is delivered through a communications module which Tantalus refers to as TRUEdge, which offers a comprehensive, Linux-based platform integrated into networked devices including meters, sensors, controllers and switches deployed across the utility's distribution grid, facilitating near real-time two-way secure communication of operational information.

The TRUEdge module transforms devices deployed throughout a utility's distribution grid into intelligent endpoints to help the utility send and receive granular data to support a number of operational tools and applications in order to help make informed decisions based on distributed intelligence. Distributed intelligence delivered through TRUEdge has the ability to analyze more granular data at the endpoint, make decisions, and take actions by managing and controlling devices without having to ship all of the data to the central server. TRUEdge modules are intended to help utilities manage and control specific endpoint devices by turning on or off power at a meter, adjusting the power cycle of appliances such as air conditioning, hot water heaters and irrigation pumps and also managing and controlling DERs installed at homes and buildings including roof-top solar panels, EVs and distributed battery storage.

2. *Tantalus Utility Network (TUNet) Infrastructure Devices:* Tantalus' IoT communications network is a robust communications network providing coverage certainty to connect intelligent edge-computing devices across a utility's footprint including electric, water and gas meters, load control devices that monitor and control appliances with thermal load profiles such as air conditioning units, hot water heaters and irrigation pumps, street and security lighting leveraging LED fixtures and distribution automation equipment. By deploying TUNet, utilities are able to collect near real-time data and control endpoints to improve the stability, efficiency and reliability of their distribution grids. Collectively, the TUNet communications network powers multiple smart grid applications.
3. *Next-Generation Fiber Gateway:* TRUSense™ Fiber Gateway, a next-generation FTTH solution allows utilities to leverage investments in fiber to not only improve the resiliency of their distribution grids but also to deliver broadband services to consumers. The solution enables utilities to access granular power quality and consumption data in real time to make their grid more resilient as well as gain access to and control of DERs deployed at buildings and homes, including EVs, roof-top solar panels, battery walls, and smart appliances.

Overview of Utility Software Applications and Services

Once Tantalus' Connected Devices and Infrastructure are deployed across a utility's distribution grid, the utility then leverages a suite of proprietary enterprise software applications and professional software from Tantalus. The Tantalus suite of proprietary enterprise software applications are referred to as "Utility Software Applications". In addition to Utility Software Applications, Tantalus also offers services, which include a suite of professional services to support the deployment and management of Tantalus' technology solutions.

Overview of Utility Software Applications: Enterprise Software Applications

Tantalus' Utility Software Applications is a suite of enterprise software that has two primary components including the TCC and TUNet Insight. Tantalus' TCC is utilized by all departments across every utility Tantalus supports. The TCC accumulates and processes the data that has been pushed from the TUNet communications network in near real-time. The TCC provides a central database and is designed to collect and accommodate large amounts of data.

As part of Tantalus' enterprise software, utilities also leverage a comprehensive user interface referred to as TUNet Insight, which is a digital user interface delivering a visualization tool that allows utilities to fully monitor and control the TUNet system. Built on the foundation of the TCC, TUNet Insight is intended to add even greater value to the existing suite of Tantalus infrastructure products and offers more precise management of distribution networks, intelligent endpoints, and smart communication networks. To remain sustainable, municipalities and utilities must leverage existing grid resources, all while meeting the advancing challenges of today's technology.

Together, the TCC and TUNet Insight components of Tantalus' enterprise software deliver Tantalus' suite of Utility Software Applications including:

1. *Advanced Metering Infrastructure:* TUNet leverages a robust, multi-purpose smart grid communications platform that is purpose-built for utilities and provides electric metering data to power advanced smart grid applications. TUNet, at the core, offers utilities an electric metering reading solution that transforms aging one-way grids into future-proofed multi-directional grids to improve the efficiency, reliability and awareness of distribution level grids. This capability, termed AMI, is a solution that Tantalus has purpose-built for utilities to serve as a foundation for a smart grid. This AMI platform provides operational awareness to restore power quickly after major disruptions, adapt to rapidly shifting consumer expectations and innovate new solutions based on the adoption of DERs. The meter data delivered over the TUNet communications network is made available to utilities through a next-generation software head-end and user interface, referred to as TUNet Insight. TUNet Insight provides utilities with a visually intuitive interface to access data and make key decisions to support customers and improve daily operations across the utility. Tantalus' AMI solution is a fully capable solution that provides the Company's user community with the flexibility required to get the most value from existing infrastructure investments while planning for future requirements.

2. *Load Management System & Distributed Energy Resource Integration Solution:* TLMS consists of a utility software application and a suite of load control devices that together manage customer appliances and/or load profiles automatically on behalf of a utility. TLMS is able to manage a diverse set of common load types such as central air conditioners and electric water heaters. TLMS is also able to manage a set of high-value loads that are particular to rural utilities and small municipalities, such as whole-home electric heating, electric thermal storage appliances and agricultural irrigation pumps. TLMS also delivers the foundation to integrate DERs behind the meter, including roof-top solar panels, EV charging stations, battery wall storage and back-up generators.

TLMS takes full advantage of the TUNet smart grid communications network and Tantalus' comprehensive user interface, TUNet Insight. By offering TLMS in conjunction with the Company's AMI system, Tantalus ensures direct, reliable and fully interactive communications that are necessary to generate the full economic benefits of demand management. Using TLMS, utilities can offer programs to customers that fit their lifestyles and usage patterns, minimize negative impacts, and allow them to interact and manage their participation. The extensive field data collected by TLMS and TUNet Insight drive utility decision-making around program design as well as ongoing operation.

TLMS can work in tandem with Tantalus' AMI solution to support the next generation of technology-enabled rate plans, including Time of Use and Variable Peak Pricing. This combination, known as "Prices-To-Devices" is proven to benefit the utility and program participants significantly.

3. *Grid Optimization & Distribution Automation ("DA") Solution:* An electric distribution grid is a massive, distributed collection of expensive transformers, wires, poles, and other assets. Investments and expansions are expected to last for decades and are planned to accommodate future growth accordingly. Thousands of miles of line require expensive maintenance on an ongoing basis. Investment planning and maintenance scheduling has traditionally depended on guesswork and resulted in waste. When a transformer becomes overloaded or the need for tree-cutting becomes critical, the result can be a wildfire with devastating consequences.

To ensure utilities make the best investment in their respective distribution grid equipment, Tantalus is leveraging data through TGRA from connected meters to deliver a new analytics tool that enables a utility to proactively identify latent issues that affect system reliability. The TGRA solution collects extensive data from the entire grid edge where the meters and other devices are, and where utility customers actually live and work. This data holds key information about power quality experienced at each location. The TGRA solution utilizes algorithms to continuously monitor power-quality data accessed by TRUEdge®-enabled meters on Tantalus' TUNet® smart grid platform. By detecting anomalies in power quality, the tool identifies symptoms of failing transformers, corroded meter sockets and splices, cracked insulators and other latent equipment problems. The analytics solution leverages data from Tantalus' AMI to provide utilities with visibility into power quality issues that lead to outages and premature failure of devices deployed across the distribution grid. The insights that can be gleaned from this data help utilities plan investments (such as identifying heavily loaded transformers and properly sizing a replacement) and maintenance (such as detecting stretches of powerline being brushed by vegetation) so these activities can be prioritized. The solution has also helped utilities detect and avert safety issues at customer homes.

With the TUNet Grid Reliability Analytics solution, engineering departments within a utility are also able to identify portions of their feeders that frequently experience blinks and flickers not detected at the substation or reported by an Outage Management System ("OMS"). By utilizing Tantalus' Grid Reliability Analytics solution, utilities can determine whether disturbances occur due to environmental effects such as lightning, high wind gusts, freezing rain or snow, or seasonal disturbances such as known migratory animal patterns. Dispatchers and foremen will be alerted to flickering locations typically indicative of failing transformers, splices, secondaries, underground micro faults, service lines, socket corrosion, and loose lugs through the alarming and reporting system before they become larger problems.

Similarly, utilities can resolve flicker complaints efficiently as a dispatcher can immediately track the history of complaints and identify whether a problem is affecting neighboring service locations, indicative of a secondary or a transformer problem. Utilities can triangulate data through the Grid Reliability Analytics solution to determine whether flickers only occur on windy days indicating a tree trimming crew is required.

In many cases, it may be evident that the flickering is not detected by the meter but may in fact be a problem inside the home. These are some examples of how Tantalus' customers have leveraged the Grid Reliability Analytics solution to resolve day-to-day operational challenges.

DA provides utilities real-time awareness and control of the distribution grid downline from substations and closer to the customers. By connecting smart distribution devices throughout the field, DA improves power quality, reduces operating costs and enhances safety. The TUNet smart grid communications network can be leveraged to deliver connectivity to DA devices anywhere in a utility's service territory. Rural utilities often have far-reaching circuits that can take an hour or more for crews to reach when there is an incident. DA equipment can eliminate some of these incidents and reduce the severity of others, and TUNet provides the needed connectivity.

The most advanced electricity distribution networks actively manage voltages across their grids to minimize energy losses and manage energy supply costs but must do so while ensuring acceptable power quality for customers. To do this, utilities often utilize a complex grid modelling system and must run a safety margin to protect customers that experience voltages different from what the model predicts.

As part of its Grid Optimization and DA capabilities, Tantalus offers a solution called Closed Loop Voltage Reduction or CLVR, which turns TUNet-connected smart meters across the distribution grid into voltage monitoring DA devices. In so doing, Tantalus delivers an ideal voltage management solution by giving utility systems real-time feedback on the actual voltages being experienced by customers at the premises. As a result, utilities can avoid the need for grid modelling, and reduce or eliminate the safety margin to get optimal results without risk to its customers.

4. *Congruitive C.IQ™ DERs Solution:* On January 31, 2022, the Company completed its acquisition of DLC Systems Inc. d/b/a Congruitive. Congruitive's signature software solution, C.IQ™ is a software platform that enables the interoperability of a wide range of devices through an emerging IEEE standard. By deploying C.IQ™, a utility's smart grid deployment can operate as one intelligent, interoperable system, with the necessary scalability and flexibility as more EVs and DERs are deployed at the edge of the grid. Congruitive is currently selling its C.IQ™ software to investor-owned utilities ("IOUs"), smart meter vendors and renewable power integrators. The addition of Congruitive enhances the Company's position at the forefront of helping utilities modernize their grids to prepare for the impact of EVs and DERs on the resiliency and reliability of distribution grids. Congruitive translates data across multiple devices and platforms, allowing utilities to operate smart grids as one intelligent system, and the demand for this solution is expected to grow significantly as EV and DER adoption continues to expand rapidly in 2023.
5. *Smart Community Solution:* Street lighting is a ubiquitous and energy-intensive feature of municipalities. Lighting control solutions are one of the primary ways that municipalities look to improve efficiency and service delivery to their residents.

Tantalus offers TRULight Intelligence, a full-featured lighting control solution that also takes advantage of the fact that streetlights are widely distributed and elevated, and so ideally placed to incorporate sensors and act as communication nodes in a smart community solution.

TRULight Intelligence provides monitoring and on/off/dim capabilities to standard LED streetlights, parking lights, security lights, and other lighting assets, substantially reducing lighting energy costs while increasing public safety and lighting asset life by "right-sizing" the amount of illumination according to vehicle and pedestrian traffic and other factors. The browser-based lighting management software provides lighting and health analytics, flexible grouping and lighting profile capabilities, integrated geospatial information and a workflow maintenance management system.

A variety of sensors are available to monitor traffic, noise and air quality. These help municipalities to direct emergency services, manage traffic, and plan future investments that will enhance the safety and quality of life for their citizens.

In addition, most TRULight Intelligence lighting controllers are able to read many common types of electricity, water and gas meters, providing further cost efficiencies for the municipality.

Overview of Services: Customizable & Comprehensive Professional Services

Tantalus offers a wide range of services designed to fit the unique needs of its public power and electric cooperative utility customer base. Tantalus' professional services helps support its customers' operations from project inception through the TUNet system's operational life. Tantalus' services include professional services, managed services and technical support.

Tantalus' professional services are tailored to support the specific circumstances and resources of its clients, including: program and project planning, radio frequency propagation design, network systems design, system optimization, deployment support, third party software and systems integration, project management, field maintenance, storm restoration, consulting services and training.

Tantalus' project management services include turnkey installation of meters and network infrastructure using third-party partner installers. Tantalus' project team, working closely with its customers and partners, ensures the successful deployment of Tantalus' networking platform, associated endpoints and solutions.

Tantalus' managed services include monitoring the performance of the TCC and network communications, providing alerts, and planning disaster response. Additionally, Tantalus remotely manages the network end point (i.e., meters, load control switches, streetlight light controllers, distribution automation devices and infrastructure) software enabling advanced applications at each connected device. Tantalus provides a suite of managed services including customer on-premise support (as a managed appliance), off-site hosted services or SaaS models.

Tantalus' technical support team provides network and product support at a variety of service levels. Tantalus offers Technical Service Agreements that are designed to support Tantalus' utility customers' varying internal technical capabilities. Support services include 365-day telephone, email and web-based problem reporting. Technical Service Agreements may include annual system health checks, software updates and hardware replacement services, admissions to Tantalus University (multi-day in-depth user training), admissions to the annual Tantalus users' conference, remote quarterly training sessions, phone, email and live on-line chat with the technical support team, prioritized parts shipment along with a plethora of other support items.

As Tantalus continues to diversify its solution portfolio, the Company is expanding the suite of enterprise software capabilities and professional services to assist utilities prepare for the adoption of EVs and DERs, such as solar panels, battery walls and other storage devices. As these new technologies are adopted by consumers, businesses and industries, the utility must be prepared to support the electrification of everything while simultaneously embracing the decarbonization of their business.

Supporting Environmental, Social and Governance Initiatives

Tantalus' products and services are designed to help utilities operate more sustainably, reduce climate risk and increase access to services for their communities. Through digitization of the distribution grid, improved energy and resource efficiency, enhanced workforce safety, and community resilience, Tantalus helps build the sustainable utility of the future by improving their ESG performance and decarbonizing their systems. The Company is also committed to reducing its own impacts, as well. Tantalus is assessing its operational resource use, setting ESG goals, and improving its policies to meet the expectations of its stakeholders, employees and customers. See "Business and Industry – Social and Environmental Policies."

Improving ESG Initiatives and Building Sustainable Utilities



Operations

Tantalus has centralized its sales and marketing functions, product development and research and development functions, corporate management and corporate development. Tantalus has developed and continues to enhance the vision and concepts of its products and services.

Tantalus currently develops products and software applications through its employees and contractors. Tantalus relies on third-party contract manufacturers to build and assemble its hardware products.

Facilities

Tantalus maintains five office locations across North America:

- Burnaby, British Columbia, Canada (headquarters);
- Kanata, Ontario, Canada;
- Norwalk, Connecticut, United States;
- Raleigh, North Carolina, United States; and
- San Jose, California, United States.

Each office location is leased. Tantalus' Burnaby office lease, of approximately 32,000 square feet was entered into on August 1, 2014, which was expected to expire on January 31, 2022, was extended by the Company on June 4, 2021 to expire January 31, 2029. Tantalus' Kanata office lease, of approximately 8,200 square feet was entered into on November 1, 2017 and is expected to expire on February 1, 2025. Tantalus' Norwalk office lease, of approximately 800 square feet was entered into on March 1, 2018 and has been expanded to a new office facility space in the building and increased to approximately 2,350 square feet on May 1, 2021 which is to expire on January 1, 2026. Tantalus' Raleigh office lease, of approximately 5,602 square feet was entered into on February 1, 2016, which was expected to expire on August 31, 2022, has been extended by the Company on June 7, 2022 to expire October 31, 2027. Upon the acquisition of Congruitive in the first quarter of 2022, Tantalus assumed the lease of their San Jose office, of approximately 700 square feet and which was entered into on October 15, 2020 and is expected to expire on October 31, 2023. All of Tantalus' office leases are with arm's length parties and Tantalus does not consider any of such office leases to be material to the business of Tantalus.

Employees

As of March 31, 2023, Tantalus employed 121 regular full-time and part-time employees, of which 77 employees are located in Canada and 44 employees are located in the United States, including one employee located in the United States Virgin Islands.

Specialized Skill and Knowledge

Tantalus is dependent on the specialized skill and knowledge of its employees in order to execute Tantalus' business objectives and current strategic plan. Specifically, Tantalus is dependent on:

- continuing to have access to the engineering resources required to develop and maintain current and future product offerings tied to the Tantalus' product roadmap;
- maintaining direct relationships with existing and future customers;
- supporting the deployment and management of Tantalus' systems on behalf of Tantalus' utility customers;
- maintaining and facilitating direct relationships with Tantalus' contract manufacturer and key component suppliers; and
- identifying and understanding Tantalus' target market and ability identify trends unfolding within the utility industry.

Tantalus expects to be able to continue to attract and retain team members to support its business objectives and current strategic plan for the foreseeable future.

Research and Development

Tantalus' ability to deliver its products depends, in large part, on its continuous commitment to product delivery and continued research and development. Tantalus' engineering team is multi-disciplined with hardware, software, quality assurance and testing, application and project management capabilities.

Tantalus' engineering efforts are centered on building and delivering solutions for its public power and electric cooperative utility customers and enhancing the performance of Tantalus' IoT network and edge-computing devices, enriching the user interfaces to improve the TUNet head-end application, leveraging third-party integrations and developing new applications that drive customer's operational efficiency and improve their end-users' experience. Tantalus' research and development efforts are focused on the design and development of its Connected Devices and Infrastructure products as well as the development of its Utility Software Applications.

Manufacturing and Supply Chain Management

Tantalus outsources the manufacturing of its connected devices to third-party contract manufacturers. Tantalus' contract manufacturers provide it with a wide range of operational and manufacturing services. Tantalus' hardware products are primarily manufactured at its contract manufacturers' facilities in Asia. The finished products are delivered directly to Tantalus' third-party meter partners for integration into their products prior to being delivered to Tantalus' utility customers. Other finished hardware products, such as Tantalus' networking infrastructure, are generally delivered directly to customers or Tantalus warehouses. All of Tantalus' warehouse locations are in good standing and no one warehouse location is material to Tantalus' operations.

Most components necessary to Tantalus' operations are available from multiple sources or suppliers, however, some components used in Tantalus' products are only available from a single source or from geographically concentrated suppliers. Tantalus' main suppliers are primarily based across Southeast Asia.

To help protect against component shortages and to provide replacement parts for Tantalus' service teams, Tantalus manages its supply chain with its contract manufacturers to establish adequate quantities of key components.

In addition, Tantalus procures some components directly from the original equipment manufacturers and maintains consigned stock of those components with Integrated Microelectronics, Inc.

As part of Tantalus' design review process, Tantalus identifies alternative or substitute parts for single-source components to further minimize risk. Nonetheless, in some situations, Tantalus faces the risk of shortages due to reliance on a limited number of suppliers, commodity supply constraints, capacity constraints or price fluctuations related to raw materials. See "Risk Factors" below for further information with respect to Tantalus' dependence on key suppliers.

Seasonality

Historically, revenue for Tantalus has not been subject to material seasonality or cyclicity as most utility customers have varying budgeting cycles and fiscal years. As an example, Tantalus' customers have fiscal years ending at various times throughout the year with the two most typical fiscal years ending on either December 31st or June 30th. This may lead to slightly higher second quarter and fourth quarter revenue within a year as utilities seek to release available dollars within their budgeting cycle.

Environmental

Tantalus is not subject to any environmental regulations that materially impact Tantalus' operations.

Market

Industry Overview

Tantalus deploys its technology solutions to the utility market across North America and the Caribbean Basin. Specifically, Tantalus is focused on electric and multi-commodity utilities. Multi-commodity utilities are responsible for the delivery of electricity and/or water and gas. Across North America, the electric utility industry is further segmented into several categories including larger IOUs, public power utilities (including municipal and public district utilities) and electric cooperative utilities.

Electric utilities are making significant investments to enhance their command and control of the infrastructure assets deployed across the distribution grid that are responsible for the delivery of electricity. Estimates are that annual power grid investments will need to grow from approximately \$235 billion in 2020 to \$636 billion by 2050 with investment in the United States exceeding \$100 billion by 2043.¹ This level of investment creates a substantial market opportunity for Tantalus to pursue.

Tantalus' Target Market

Tantalus centers its focus on helping utilities automate the distribution grid for public power and electric cooperative utilities. By focusing attention on this segment of the utility industry and delivering solutions that meet the specific needs of this market segment, Tantalus expects to be able to establish clear differentiation from a technical, operational and cultural perspective.

Public power utilities are typically operated by local governments to provide communities with reliable and responsive services, which may include electric, water, gas and telecommunications. Public power utilities are directly accountable to the people they serve through local elected or appointed officials. A public power utility is an organization that maintains the infrastructure (such as the electric distribution network) for a public service and typically provides the service that uses that infrastructure. Public utilities are subject to forms of public control and regulation ranging from local community-based groups to statewide government organizations.

Electric cooperatives are independent electric utilities, owned by the members they serve and are usually found in rural areas or less-densely populated regions. Upon joining an electrical cooperative, an individual is considered a member and owner rather than a customer. Electric cooperatives are service-focused. They are dedicated to providing electricity to their members. Electric cooperatives are believed to have played a vital role in transforming the electric

¹ Bloomberg New Energy Finance Report (February 23, 2021).

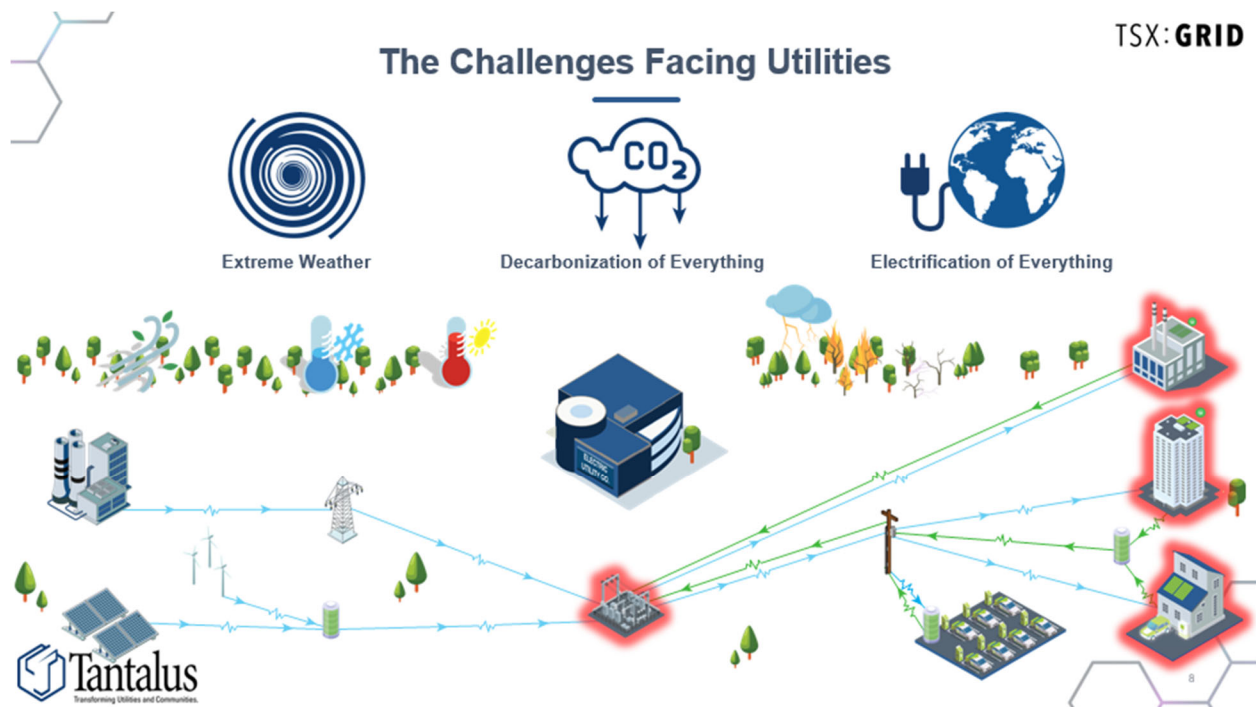
sector, first through rural electrification and, more recently, by deploying advanced communications and automation technology to enable co-ops to improve the resiliency and efficiency of their systems.

Collectively, public power and electric cooperative utilities are not-for-profit organizations and have different mandates and objectives than that of IOUs which are typically publicly traded on stock exchanges. IOUs generally operate in a manner that generates a profit for their shareholders.

In most cases, public power and electric cooperative utilities are not involved in the generation of power they sell to residents/members, but generally purchase power from a power generation organization through a wholesale ‘power purchase agreement’ and then distribute and resell to those residents/members.

Public power and electric cooperative utilities are also not typically regulated by state or provincial governing bodies and operated in the unregulated area of the utility industry.

Industry Trends



Public power and electric cooperative utilities are dealing with forces far beyond their control. Increasing extreme weather events—such as wildfires, hurricanes, tornados, blizzards and floods—are putting stress on the components of the nation’s electrical grid.

Mother Nature is not the only challenge testing the grid. The everyday activities of energy consumers are rapidly changing and in ways hardly anticipated a decade ago. Today, people expect constant connectivity through a multitude of electric devices that are available at their fingertips. Our society is creating a demand for energy at home and at work that is exponentially greater than any previous generation. Simultaneously, there is a greater awareness of climate change and the need for increased energy efficiency. To address their climate concerns, many consumers and businesses are adopting new technologies such as EVs and a variety of DERs, including rooftop solar panels, battery walls, storage and microgrids.

The increasing adoption of EVs will exponentially increase the amount of electricity required to power vehicles. In 2020, roughly 4.7 terawatt hours were attributed to EV charging in the United States. The EV-related energy

demand is expected to increase to an estimated 107 terawatt hours by 2035 in the United States². Electrifying nearly all transportation could contribute to more than doubling the amount of electricity used in the U.S. by 2050.³

The early adoption of EVs and the deployment of DERs are already stressing the grid by directly changing the load profile utilities manage – both in terms of the amount of electricity consumers require at various locations and at various times of the day and by creating a multi-directional flow of power resulting from the discharging of electricity back into the grid from these devices. The changes in the amount of power being consumed and the flow of power feeding back up power lines from the very edge of the grid is not something existing distribution grids were designed to handle. Through it all, consumers expect utilities to support these new technologies, maintain reliability, and keep costs under control.

In addition to the broader trends outlined above, the Biden Administration’s shift in environmental policy for the United States, highlighted by a goal of decarbonizing the power industry in the United States by 2050, is expected to lead to significant investment in both renewable sources of generation and necessary upgrades to the distribution grid to provide utilities with the ability to command and control assets from the substation to the meter and into buildings and residences. In support of the administration’s environmental policy, the passage of both the Infrastructure Investment and Jobs Act and the Inflation Reduction Act has generated significant investments for utilities to upgrade infrastructure in conjunction with the deployment and adoption of renewable energy (such as wind and large solar installations) and DERs (such as EVs, roof-top solar panels and battery storage). As these new renewable sources of energy are deployed, utilities will need to make upgrades to their distribution grids to plan for the variability of renewable energy.

Additionally, the Infrastructure Investment and Jobs Act provides significant funding for investments to deliver broadband services into underserved communities where many residents have been unable to reap the benefits of high-speed internet access creating a digital divide with other areas of the United States where such access is more readily available and affordable. Similar to the effort by the Federal government in the 1930s to deliver ubiquitous access to electricity across the United States in order to make the advantages of electrification more broadly accessible, government infrastructure funding will enable the electric cooperative and public power utility segment to upgrade infrastructure and provide advanced services to their members and customers in order to help eliminate that digital divide. Tantalus’ solutions are purpose-built and well-positioned to deliver to utilities the necessary tools and services to build the sustainable utility of the future. The federal commitment to a broader definition of essential infrastructure and the adoption of renewable energy and DERs is expected to accelerate the transformation and modernization of the distribution grid.

While the growth horizon remains favorable for Tantalus and is being bolstered by the stimulus packages in the United States centered on infrastructure upgrades and grid resiliency for the utility industry, management is mindful of the continuing impact resulting from global recessionary pressures, the ongoing worldwide disruption to logistics operations and the availability of electronic components, particularly with respect to semiconductors and increasing costs of materials and labor resulting from inflation being witnessed across Canada and the United States. Rising costs and wages are similarly impacting operations and requiring management to navigate through a series of challenges that may impact margin contributions and rising interest expenses.

Management continues to implement policies to prioritize the health and safety of our employees while maintaining regular interactions with customers. Similarly, management is navigating through the semiconductor shortage by implementing several strategies to mitigate the impact of supply chain constraints by building inventory of long-lead components, qualifying alternative component providers, increasing buffer stock and coordinating directly with our contract manufacturer. The Company is also working with suppliers and customers in an effort to mitigate the potential impact from inflation that may result in changes on its total revenue and related financial performance.

Tantalus’ solutions are designed to address these trends, which are expected to continue to unfold over time, particularly as utilities seek to leverage and access distributed and localized sources of power.

² Statista, U.S. electric vehicle energy charging demand between 2020 and 2035.

³ Princeton University’s Net-Zero America, Potential Pathways, Infrastructure, and Impacts, Final Report Summary (October 29, 2021).

Market Acceptance

Given the maturity of Tantalus and its technology solutions, Tantalus believes it has reached commercial scale and is continuing to increase its market share of its target market. As of the date of this AIF, Tantalus, including customers added upon the acquisition of Congruitive, supports over 260 utilities, meter manufacturers and distributed energy integrators with its smart grid solutions.

Obsolescence

Due to the nature of developing and delivering technology solutions to the utility industry, the market and Tantalus may be subject to obsolescence of technology. The broader smart grid industry is highly competitive and dynamic with the addition of new tools and technologies to help utilities improve the management of their distribution grids. The adoption of cloud-based technologies is also expected to impact the adoption of technology and is further expected to continue to accelerate the development of new solutions and delivery methodologies.

Tantalus continues to invest in research and development as technology continues to evolve and change. Tantalus is currently deploying its third-generation solution, which was developed and became commercially available in 2013. Tantalus' third-generation solution includes a Linux-based operating system, RAM and flash memory, multiple processors and a software-definable radio in order to allow Tantalus to remotely program and modify devices deployed in the field through over-the-air-programming. By incorporating the ability to perform over-the-air-programming, Tantalus is delivering a system that can be continually upgraded and enhanced as new features or capabilities are developed and delivered.

As technology continues to evolve for communications networks, computing power and software applications, Tantalus expects to continue to prepare for obsolescence of its solutions while, at the same time, delivering next generation solutions to help maintain continuity for the utilities it supports.

Market Controls and Regulation

Market controls and regulations in Tantalus' market segment (public power and electric cooperative utilities) are generally tied to macroeconomic trends in the energy sector. Demand and peak demand rates continue to increase across the target market segment Tantalus pursues while the consumption of electricity has generally declined across the United States. The adoption of renewable DERs, such as solar panels, distributed storage and EVs, at homes, buildings and industrial facilities is also impacting the stability of the distribution grid. These changes in the stability of the grid and the overall economics of delivering electricity are believed to be motivating factors in a utility's decision to invest in smart grid technology, such as Tantalus' technology solutions.

While Tantalus' target utility market segment is generally not subject to state or provincial regulations, the broader effort to improve Tantalus' environment and reduce carbon emissions continues to influence Tantalus' market and may lead to broader mandates within the public power and electric cooperative utility segment as these utilities are dependent on entering into power purchase agreements with larger power generators, which are subject to regulatory and environmental initiatives across North America and the Caribbean Basin.

Tantalus is not subject to, nor is Tantalus aware of, any controls on ownership, profit repatriation or economic or political conditions that may materially affect Tantalus' operations.

Sales Strategy & Marketing Plans

The general go-to-market strategy for Tantalus includes:

1. remaining focused on Tantalus' target market segments of public power and electric cooperative utilities;
2. carefully selecting the opportunities Tantalus pursues through a qualification process;
3. establishing a relationship with target utilities; and

- occasionally supporting pilot deployments to allow utilities to become familiar with Tantalus' products and solutions.

Sales Process

Tantalus markets and sells its solutions primarily through Tantalus' direct sales force. As part of its direct sales force, Tantalus employs Regional Sales Managers that are geographically dispersed across North America. Tantalus' Regional Sales Managers are primarily charged with managing a diverse group of channel partners and are ultimately responsible for driving revenue by competing for and winning new customer accounts while accelerating deployments within existing customers. Tantalus also employs Account Managers that focus on existing accounts and lead the commercial relationship with assigned accounts with responsibility for accelerating deployments, maintaining customer satisfaction and facilitating up take of new applications.

The sales process within Tantalus' target market typically involves senior-level utility executives and cross-functional teams, and can take an extended period of time to complete. Since Tantalus focuses primarily on the public and cooperative power market segments, it is rare that the sales cycle is extended to include the work of regulatory bodies. The typical sales cycle can be compressed in a number of ways including but not limited to:

- delivering unsolicited or proactive offers that may eliminate the need for a formal request for proposal process;
- positioning Tantalus' solution as an upgrade of an existing asset; and
- leveraging a broader decision-making body such as a joint action agency of which the utility is a member.

Municipal governments often have rules regarding the need for a competitive and formal bid process. By leveraging existing legacy metering infrastructure through technology differentiation, Tantalus can, on occasion, be successful in removing the need for a competitive bidding process where Tantalus' technology is viewed as an expansion of existing decisions and technology. While cooperative power utilities often have different rules than municipal governments, they may also require a competitive bid process prior to the selection of a networking partner.

Tantalus works closely with customers to develop measurable success criteria for these projects and often assist potential utility customers in the development of an internal business case to quantify the value proposition of Tantalus' products and services. Once a customer is onboarded, deployment acceleration and/or the addition of ancillary applications such as distribution automation, street light control or load management may be procured on a non-competitive basis without the same multi-level review as the original technology platform decision.

Marketing Programs

In order to maintain and build Tantalus' presence within its target utility market, Tantalus participates in industry trade shows and regional events throughout the course of the year. Tantalus has historically attended two industry-wide and global trade shows each year – DistribuTech and TechAdvantage. Tantalus also typically attends a series of smaller trade shows and partner events throughout the year.

In addition to the trade shows, Tantalus also hosts an annual users conference for Tantalus' utility customers and technology partners. The annual users conference typically includes a 3 – 4-day agenda, inclusive of technical training programs, updates regarding Tantalus' business and networking events.

Tantalus also prepares and publishes articles and advertisements in trade journals that specifically target Tantalus' market segments. While social media is not an active component of Tantalus' marketing programs, Tantalus does, from time to time, leverage tools such as LinkedIn and Twitter to share updates regarding Tantalus to the broader industry.

Pricing Policy

Pricing is based on a combination of factors and the nature of the technology solutions that are being deployed. Tantalus tracks its competitors and works with industry stakeholders in an effort to ensure Tantalus devices are priced competitively and within market standards.

Tantalus' pricing policies for ongoing maintenance and support are traditionally offered at market rates and believed to be comparable to Tantalus' competition.

Tantalus' pricing policies for hosted and managed services are traditionally offered at market rates and believed to be comparable to Tantalus' competition.

Competitive Conditions

Competition in Tantalus' market involves changing technologies, evolving industry standards, frequent new product introductions, and changes in customer requirements. Tantalus strives to lead its market space by focusing its resources and efforts on addressing the specific issues confronting Tantalus' target market segment within the utility industry, specifically the public power and electric cooperative utility segment. These issues include a changing economic landscape (especially for rural cooperatives and smaller municipalities), population migration, changing customer expectations as well as the complications of adding renewable DERs in conjunction with environment pressures to upgrade an aging distribution grid for electricity, water and gas.

In contrast to many market competitors, Tantalus focuses its smart grid solutions on the public power and electric cooperative utility market, ensuring that the perspectives of public power and electric cooperative utilities are better integrated into its broader planning process.

Within North America however, nearly all IOUs are believed to have made AMI technology decisions within the past 5-10 years. As a result, Tantalus has witnessed increased competition within its target customer segment as these larger, vertically integrated solution providers have moved down market to focus increasingly on public and cooperative distribution utilities. While many of these larger competitors have focused an increasing amount of their development, sales and marketing resources on the public and cooperative market segment, the market has witnessed a corresponding contraction of competitive market pricing for AMI meters and networking solutions. Tantalus believes it has been able to compete effectively with much larger competitors given its reputation for focusing specifically on this market segment with a networking solution that is purpose built to serve the needs of this segment.

The principal competitive factors that may impact Tantalus' success include:

- Tantalus' ability to anticipate changes in customer requirements and to develop new or improved products that meet these requirements in a timely manner;
- the price, quality and performance of Tantalus' products and services;
- Tantalus' ability to differentiate its products and services from those of its competitors and thereby obtain new customers or sell additional solutions to existing customers;
- Tantalus' ability to competitively source and/or license applications, software and metering endpoints that often make up a complete AMI solution;
- Tantalus' ability to ensure that its products conform to established and evolving industry standards and governmental regulations;
- Tantalus' customer service and support;
- Tantalus' capability to offer multiple meters as part of its solution, allowing its customers and prospects to select those that best meet their specific requirements and budget; and

- Tantalus’ reputation, including the perceived quality and performance of its products and services.

Tantalus competes with traditional meter manufacturers that incorporate various communications technologies that provide some level of connectivity to a utility’s back office. Tantalus’ key competitors in this segment include Landis+Gyr AG, Aclara Technologies LLC (acquired by Hubbell Inc.), Elster Group GmbH (acquired by Honeywell International Inc.), Itron, Inc. and Sensus USA Inc. (acquired by Xylem, Inc).

Similarly, Tantalus competes with AMI solution providers, both large and small, that are not traditional meter manufacturers but may approach the market as providers of software, software-as-a-service and/or distribution automation such as Eaton Corporation plc, General Electric Company, Trilliant Networks, Inc., Vision Metering LLC and AMI Investments, LLC (d/b/a Nighthawk). Additionally, with the acquisition of Congruitive, Tantalus competes with software and service providers supporting utilities, such as Stem Inc., the Grid Services Division of Generac Holdings, Inc., National Information Solutions Cooperative (NISC), Open Access Technology International, Inc. (OATI), Open-E Grid, Kitu Systems, Inc., Applied Systems Engineering - ASE (a Kalkitech Company), the division of Yokogawa Electric Corporation that is formed from its acquisition of Pxise, SwitchDin Pty Ltd. and Voltus, Inc.

As Tantalus looks to expand into new international markets, it expects to face additional competitors that may be more established in specific geographies. Tantalus anticipates that in the future, additional competitors will emerge that offer a broad range of competing products and services related to the smart grid, smart cities, and the broader IoT, some of which may be competitive with Tantalus’ offerings.

Tantalus endeavors to offer the most competitive and highest-value solutions and services to the markets it serves. Maintaining Tantalus’ competitive positioning through understanding the requirements of its customers and markets is of paramount importance in growing Tantalus’ market opportunity and will remain a top priority for the entire organization.

For further discussion on the potential impact of Tantalus’ competitors on Tantalus’ business, see “*Risk Factors*” below.

Future Development

The Tantalus business plan calls for significant ongoing research and development along with strategic and synergistic acquisitions to build out its technology portfolio. In particular, research and development, involves:

- developing new features and products through Tantalus’ engineering team to meet strategic and contractual features, enhancements or applications;
- identifying and evaluating potential acquisitions for expanding and accelerating Tantalus’ product portfolio;
- integrating new acquisitions, both operationally and technologically, into Tantalus’ existing solutions;
- partnering with technology companies to expand Tantalus’ ecosystem; and
- developing new technology solutions to complete Tantalus’ product portfolio when buying or partnering is not an option.

Tantalus’ strategy to expand its product portfolio focuses on two major factors. First, adding functionality for existing and prospective customers, and second, accelerating the number of endpoints integrated onto Tantalus’ smart grid communications network. As Tantalus expands the number of connected devices integrated onto the smart grid communications network, collects and analyzes data from those devices and adds additional functionality to those connected devices, Tantalus expects to increase the recurring and repeatable revenue generated from each connected device.

This section contains forward-looking statements about the business and outlook of Tantalus. Reference should be made to “*Forward-Looking Statements*”, and for a description of material factors that could cause actual results to differ from the forward-looking statements, see “*Risk Factors*” below.

Proprietary Protection

Tantalus protects its intellectual property through a collection of patents, trademarks and copyright registrations in North America. Tantalus also takes steps to protect trade secrets, software, confidential information and intellectual property.

As of December 31, 2022, Tantalus has 19 issued design and utility patents across the United States, Canada and Mexico. Tantalus' patents expire at various times. As of December 31, 2022, Tantalus also has 9 registered and unregistered trademarks and copyrights in Canada, the United States and several foreign jurisdictions.

Tantalus generally requires employees, consultants, utility customers, suppliers and partners to execute confidentiality agreements with us that restrict the disclosure of Tantalus' intellectual property, and Tantalus generally requires its employees and consultants to execute invention assignment agreements that help protect Tantalus' intellectual property rights.

We are subject to risks related to our intellectual property. For more information, see "Risk Factors – Risks Related to our Business".

Lending

Tantalus maintains a bank loan with Comerica Bank. Tantalus first entered into its loan agreement with Comerica Bank on April 12, 2012 and has since entered into subsequent amendments with Comerica Bank to fund ongoing working capital requirements. The loan agreement with Comerica Bank currently provides for a line of credit facility of US\$8.1 million and matures on February 27, 2024 as well as an incremental term loan with a principal amount of \$3.3 million repayable over a three-year basis for which the proceeds were used in connection with the Company's acquisition of Congruitive that was completed on January 31, 2022.

Tantalus is not subject to any bankruptcy, or any receivership or similar proceedings against it or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by it or any of its subsidiaries within the three most recently completed financial years or the current financial year.

Investment Policies and Investment Restrictions

Tantalus does not have any dedicated investment policies or investment restrictions.

New Products

On March 18, 2021, Tantalus announced the introduction of the TRUSense™ Gateway, a next-generation fiber-to-the-home solution. With the TRUSense Gateway, Tantalus aims to assist utilities in being better positioned to deliver incremental services and integrate DERs. The TRUSense Gateway is intended to provide utilities with: (i) the ability to address the digital divide by expanding access to broadband services as well as generate a new revenue stream; (ii) access to granular power quality and consumption data in real-time to make their grid more resilient; (iii) the foundation for being able to access and control DERs deployed at premises, including smart appliances such as hot water heaters, rooftop solar panels, battery walls, storage devices and EVs; and (iv) an upgradable, fiber-connected edge computing platform with metering capabilities that facilitate incremental services and revenue streams so they can be prepared for the grid of the future.

On April 21, 2021, Tantalus announced the Tantalus' Energy Resource Monitor. The Energy Resource Monitor software functionality shows utilities the total demand managed by their various Tantalus Load Management System programs in real time, by aggregating TUNet® AMI data. With it, utilities can avoid over-controlling (which impacts revenue) and under-controlling (which results in unnecessary demand charges). It also helps utilities plan upcoming load reductions by reviewing historical performance.

On April 27, 2021, Tantalus announced the Measurement Canada certification of the Tantalus TRUEdge Intelligent Endpoint Module with Landis+Gyr FOCUS AXe residential meter, resulting in the integrated meter and module becoming available to the Canadian electric utility market.

On July 7, 2021, Tantalus announced a license Agreement with Neptune Technology Group: Tantalus entered into a technology license agreement with Neptune Technology Group to integrate Neptune's R900® System water endpoint onto Tantalus' smart grid network (TUNet®). The integration of Neptune's R900 water endpoint onto Tantalus' communication network is another example of how Tantalus' TRUScan™ technology provides increasing flexibility to multi-commodity utilities by leveraging one smart grid platform that is capable of accessing data from a variety of electric, water and gas meters with differing communication protocols. Through the combined offering, utilities will gain access to daily water consumption data and critical alarms from Neptune R900 devices to improve the efficiency and reliability of delivering water through a utility's distribution system. Additionally, utilities will be able to access water meter data from R900 endpoints through their existing TUNet head-end and CIS systems driving further operating synergies across multiple departments within a utility.

On September 7, 2021, Tantalus announced the Measurement Canada certification of the Tantalus TRUEdge Intelligent Endpoint Module with Aclara Kv2C commercial and industrial electric meter, resulting in the integrated meter and module becoming available to the Canadian electric utility market.

After announcing the launch on March 24, 2021, Tantalus released the first commercial version of TGRA on September 30, 2021. TGRA represents Tantalus' first AI-enabled data-analytics solution purpose-built for community-owned utilities. This analytics solution leverages data from Tantalus' advanced metering infrastructure to provide utilities with visibility into power quality issues that lead to outages and premature failure of devices deployed across the distribution grid. TUNet Grid Reliability Analytics TGRA utilizes algorithms to continuously monitor power quality data accessed by TRUEdge-enabled meters on Tantalus' TUNet smart grid platform. By detecting anomalies in power quality, the tool aims to identify symptoms of failing transformers, corroded meter sockets and splices, cracked insulators and other latent equipment problems. In addition to improving system reliability, the TUNet Grid Reliability Analytics is intended to enable utilities to: (i) better prepare for extreme weather events; (ii) increase work-from-home customer satisfaction; (iii) save on equipment and operating costs; and (iv) gain true operational awareness.

On January 31, 2022, Tantalus completed its acquisition of Congruitive. Congruitive's signature software solution, C.IQ™, is a software platform that enables the interoperability of a wide range of devices through an emerging IEEE standard. By deploying C.IQ™, a utility's smart grid deployment can operate as one intelligent, interoperable system, with the necessary scalability and flexibility as more EVs and DERs are deployed at the edge of the grid. Congruitive is currently selling its C.IQ™ software to IOUs, smart meter vendors and renewable power integrators. The addition of Congruitive enhances the Company's position at the forefront of helping utilities modernize their grids to prepare for the impact of EVs and DERs on the resiliency and reliability of distribution grids. Congruitive translates data across multiple devices and platforms, allowing utilities to operate smart grids as one intelligent system, and the demand for this solution is expected to grow significantly as EV and DER adoption continues to expand rapidly in 2023.

On April 5, 2022, the Company announced the deployment of a commercial-grade microgrid solutions to market. The Company, through Congruitive, partnered with Energy Toolbase, which provides a suite of project modeling, energy storage control and asset monitoring products for solar and storage microgrid deployments, to deploy a microgrid that includes solar panels and battery storage to the headquarters of a major construction company in Riverdale, California.

Social and Environmental Policies

The Company published the 2021 ESG Report on June 14, 2022. The 2021 ESG Report highlights the ways in which Tantalus is working to create a sustainable and equitable future internally as well as for its growing user community of utilities, and describes Tantalus' specific ESG goals, which are summarized below, and the steps taken to achieve such ESG goals.

Priority ESG Area	Goals
GHG Emissions	<ul style="list-style-type: none"> Reduce Scopes 1 and 2 emissions by 30% by 2030 (from 2019 baseline). Conduct a Scope 3 assessment and set a science-based target by the end of 2022.
Responsible Sourcing	<ul style="list-style-type: none"> Draft and publish a responsible sourcing policy in 2022 that includes specific expectations for both environmental and social performance by suppliers. Conduct a supply chain audit to assess supplier performance by 2023. Develop ESG supplier training by the end of 2023.
Affordability/ Access	<ul style="list-style-type: none"> Dedicate a specified portion of funding for our "Community Strong" grant program to support energy and broadband initiatives undertaken by our customers.

Priority ESG Area	Goals
Diversity, Equity & Inclusion	<ul style="list-style-type: none"> Finalize our DEI committee charter and implement prioritized initiatives in 2022. Achieve 40% gender diversity and Black, Indigenous and People of Color (BIPOC) for new hires at Tantalus by 2030.
Employee Engagement	<ul style="list-style-type: none"> Conduct an employee engagement survey annually. Establish professional development tools to address employee needs by 2025.
Governance	<ul style="list-style-type: none"> Establish policies for all relevant ESG topics by 2022. Define Board oversight for ESG by 2022. Link executive compensation to ESG performance by 2030.

RISK FACTORS

Investing in the Common Shares involves a high degree of risk. In addition to all other information set out in this AIF, including our financial statements and related notes thereto, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in the Company and our Common Shares. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may also become important factors that affect our future business, financial condition and results of operations. The occurrence of any of these risks could materially and adversely affect our business, prospects, financial condition, results of operations or cash flow. In these circumstances, the market price of our Common Shares could decline, and a purchaser of our Common Shares may lose all or part of their investment.

Risks Related to our Business

Sales cycles to Tantalus' customers can be lengthy and unpredictable and require significant employee time with no assurances that a prospective customer will select Tantalus' products and services.

Tantalus' revenue expectations are highly dependent upon retaining existing customers and adding new customers. New customers may require significant time to integrate Tantalus' products into their existing infrastructure. Tantalus may incur significant costs in making proposals to prospective customers who do not ultimately become customers of Tantalus. New projects by new customers, as well as existing customers, may be canceled or delayed, which can adversely impact Tantalus' anticipated revenue and profitability. Project delays or cancellations could be more frequent during times of meaningful economic downturn. Cancellations, reductions or delays by a significant customer, or by a group of customers, could seriously harm Tantalus' operating results and negatively affect its working capital levels. Such cancellations, reductions or delays have occurred from time to time and may continue to occur.

Additionally, sales cycles with Tantalus' prospective customers, particularly to utilities, which are Tantalus' primary set of prospective customers, tend to be long and unpredictable. Utilities generally have extensive budgeting, procurement, competitive bidding, technical and performance review, and regulatory approval processes that can take up to several years to complete. Utilities may choose, and many historically have often chosen, to follow industry trends rather than be early adopters of new products or services, which can extend the lead time for or prevent acceptance of more recently introduced products or services. In addition, in many instances, a utility may require one or more pilot programs to test new products and services before committing to a larger deployment. These pilot programs may be quite lengthy and further delay the sales cycle with no assurance that they will lead to a larger deployment or future sales. Furthermore, to the extent Tantalus' products are required to be deployed with the products of others, such as meters, delays related to such third-party products will further lengthen the sales cycle.

This extended sales process requires Tantalus to dedicate significant time by Tantalus' senior management, sales and marketing personnel and customer services personnel.

The lengthy sales cycles of Tantalus' products and services also make it difficult to forecast new customer deployments, as well as the volume and timing of orders, which in turn makes forecasting Tantalus' future results of operations challenging. In the event that Tantalus publicly discloses any forecasts of Tantalus' future results of

operations or other performance metrics and those forecasts ultimately turn out to be inaccurate, the value of the Common Shares could significantly decline.

Tantalus' financial and operational performance significantly depends on its ability to attract and retain customers and its ability to develop new products and to enhance and sustain the quality of existing products to retain such customers.

In order for Tantalus to maintain or improve its financial and operational results, it is important that Tantalus maintain or expand its relationships with existing customers. Tantalus' customer retention and expansion may decline or fluctuate as a result of a number of factors, including its customers' satisfaction with its products and services, its pricing, customer spending levels, industry developments, competition and general economic conditions. If Tantalus' efforts to maintain and expand its relationships with its existing customers are not successful, its business, results of operation and financial condition may materially suffer.

To expand its customer base, Tantalus needs to convince potential customers to allocate a portion of their budgets to purchase its solutions. Tantalus' sales efforts often involve educating its prospective customers about the uses and benefits of its solutions. Tantalus may have difficulty convincing prospective customers of the value of adopting its solutions. Tantalus may be unsuccessful in convincing prospective customers to purchase its solutions for a variety of reasons, some of which are out of Tantalus' control. For example, any deterioration in general economic conditions, including a downturn due to the COVID-19 Pandemic or other global economic factors, may cause Tantalus' prospective customers to reduce their spending. Economic weakness, customer financial difficulties and constrained spending may result in decreased revenue, reduced sales, lengthened sales cycles, increased churn, lower demand for Tantalus' products and adversely affect Tantalus' results of operations and financial condition. If organizations do not continue to adopt Tantalus' solutions, its sales will not grow as quickly as anticipated, or at all, and its business, results of operations and financial condition will be harmed.

The market for Tantalus' products and services is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, Tantalus will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements and technological innovations by others. There can be no assurance that Tantalus will be successful in doing this in a timely manner or at all. There can be no assurance that products or technologies developed by others will not render Tantalus' products obsolete or non-competitive. There is no assurance that Tantalus will be able to successfully develop next generation operational products. Failure to do so may have an adverse effect on the business, operating results and financial condition of Tantalus. Even if Tantalus does develop new products which are accepted by its target markets, Tantalus cannot assure that the revenue from these products will be sufficient to justify Tantalus' investment in research and development.

If Tantalus is unable to adapt its products to new technological industry standards, to extend its core technologies into new applications or new platforms or to anticipate or respond to technological changes, the market's acceptance of its products and solutions could decline and its market share and results of operations could materially suffer. Additionally, any delay in the development, production, marketing or offering of a new product or application or an enhancement to an existing product or application could result in customer attrition or impede Tantalus' ability to attract new customers, causing a decline in Tantalus' revenue or earnings and weakening its competitive position.

Tantalus must make long-term investments, develop or obtain appropriate know-how and intellectual property and commit significant resources before knowing whether its predictions will accurately reflect customer demand for its products and solutions. In the future, Tantalus may not have the necessary capital, or access to capital on acceptable terms, to fund necessary levels of research and development. Even with adequate capital resources, Tantalus may nonetheless experience unforeseen problems in the development or performance of Tantalus' technologies or products. The markets for smart grid, smart city, and broader IoT technology products are still in their early stages, and Tantalus may not be successful in developing or selling new products in these markets. In addition, Tantalus may not meet Tantalus' product development schedules and, even if Tantalus does, Tantalus may not develop new products fast enough to provide sufficient differentiation from Tantalus' competitors' products, which may be more successful. If Tantalus is unable to develop new products or enhance or sustain the quality of Tantalus' existing products, successfully develop and deploy new technology and products or integrate these new technologies into devices manufactured by third-parties, Tantalus' business and operating results could be harmed.

Certain of Tantalus' products and solutions are integrated with the products of third parties. To the extent that the products of these third parties become obsolete, that may adversely impact the demand for Tantalus' products and solutions, and Tantalus' business and operating results could be harmed.

Tantalus depends on a limited number of key suppliers and if such suppliers fail to provide Tantalus with sufficient quantities of components at acceptable levels of quality and at anticipated costs, Tantalus' revenue and operating results could be materially and adversely affected.

Several of the components used in Tantalus' products come from sole, limited source or geographically concentrated suppliers. Additionally, Tantalus' suppliers are not typically contractually obligated to supply Tantalus with components in minimum quantities or at predetermined prices over the long-term. Accordingly, Tantalus may be vulnerable to price increases, component quality issues, the discontinuance of certain components, and financial, natural disasters, extreme weather conditions, or other difficulties faced by Tantalus' suppliers, causing shortages or interruptions in supply of components, such as microchip processors, and materials, which could cause Tantalus to delay shipments to Tantalus' customers. For example, there is currently a global shortage of semiconductor chip products. Many suppliers are not able to fulfill orders on short notice resulting in longer lead times for ordering these components, often at higher price points. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to delays in product deliveries to our customers, which could delay the recognition of revenue, hurt our relationships with our customers and result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, financial condition and operating results.

Further, some of these suppliers and contract manufacturers are not located in the United States or Canada and therefore may be subject to tariffs or other international restrictions or obligations that are subject to change and which may have a material impact on the price Tantalus pays for certain of its products or the availability of such products.

If Tantalus experiences any shortages due to reliance on a limited number of suppliers, commodity supply constraints, capacity constraints, discontinuance, natural disasters or price fluctuations related to the raw materials used, or if Tantalus is not able to identify, test, qualify, and procure components from alternate sources at acceptable prices and within a reasonable period of time, Tantalus' reputation could suffer and Tantalus' business, financial condition and results of operations could be materially and adversely effected. Tantalus may not be able to obtain component replacements on commercially reasonable terms in the event of a natural disaster, act of God or similar catastrophic event. In such circumstances, Tantalus could be forced to exhaust its excess on-hand inventory and then face a delay in shipments of Tantalus' products to Tantalus' customers. In addition, Tantalus may also be subject to contractual penalties if Tantalus fails to deliver its products and services on time.

Further, Tantalus' customers may reschedule or cancel orders on relatively short notice. If Tantalus' customers cancel orders after Tantalus has ordered the corresponding product from Tantalus' suppliers, Tantalus may be forced to incur cancellation fees or to purchase products that Tantalus may not be able to resell, which could have a material adverse effect on Tantalus' business, financial condition and results of operations.

Tantalus has a prior history of operating losses and Tantalus may not sustain profitability on a quarterly or annual basis.

Tantalus has an accumulated deficit of US\$127,509,996 as of December 31, 2022 and has a history of losses. Tantalus' ability to be profitable for 2023 and beyond will depend on Tantalus' ability to continue to increase Tantalus' revenue, and maintain proportional expense levels. Tantalus may not achieve profitability in 2023 or future periods and may incur negative operating cash flow in future periods, as Tantalus expects to incur significant costs to sell Tantalus' products and operating expenses in connection with the continued development and expansion of Tantalus' business. Tantalus' expenses include research and development expenses, general and administrative expenses, selling and marketing expenses and customer service and support expenses. Some of these expenses relate to prospective customers that may never place any orders and products that may not be introduced or generate revenue until later periods, if at all. There can be no assurance that Tantalus will become profitable on a quarterly or annual basis.

Tantalus' quarterly results are inherently unpredictable and subject to substantial fluctuations.

Tantalus' revenue, billings, margins and other operating results may vary significantly from quarter to quarter due to a number of factors, many of which are outside of Tantalus' control. Tantalus' revenue and billings have

fluctuated in recent periods, and have in the past decreased on a quarterly basis and on an annual basis. There can be no assurances that Tantalus' revenue and billings will increase, or will not decrease on a quarterly or annual basis. Tantalus expects revenue, billings, margins and other operating results to fluctuate from period to period throughout 2023 and beyond.

The factors that may affect the unpredictability of Tantalus' quarterly results and cause Tantalus' share price to fluctuate include, but are not limited to:

- long, and sometimes unpredictable, sales and customer deployment cycles;
- changes in the type and mix of products and services sold;
- the timing of acceptance of Tantalus' products and services by Tantalus' customers, which can have a material impact on when Tantalus recognize related revenue under Tantalus' revenue recognition policies;
- delays in regulatory approvals for Tantalus' customers and customer deployments;
- changing market conditions;
- inflation;
- competition;
- failures of Tantalus' products, components that Tantalus use in Tantalus' products, or third-party devices containing Tantalus' products that delay deployments, cause property damage, harm Tantalus' reputation or result in high warranty costs, contractual penalties or terminations;
- product or project failures by third-party vendors, customers or competitors that result in the cancellation, slowing down or deferring of projects;
- liquidated damages provisions in Tantalus' contracts, which could result in significant financial penalties if triggered or, even if not triggered, could affect Tantalus' ability to recognize revenue in a given period;
- the ability of Tantalus' suppliers and manufacturers to deliver supplies and products to Tantalus on a timely basis;
- disruptions to local and global supply chain and transportation services and raw material shortages;
- delays associated with government funding programs for smart grid projects;
- the ability of Tantalus' customers to access government funding to purchase Tantalus' products and services as well as support projects that will require Tantalus products and services and the timing of that funding;
- political and consumer sentiment and the related impact on the scope and timing of smart grid and smart city deployments; and
- economic, regulatory and political conditions in the markets where Tantalus operate or anticipate operating.

As a result, Tantalus believes that quarter to quarter comparisons of operating results are not necessarily a good indication of what Tantalus' future performance will be. In some future quarters Tantalus' operating results may be below Tantalus' expectations or the expectations of securities analysts or investors, in which case the price of the Common Shares may decline.

Fluctuations in interest rates and inflation could adversely affect our financial condition, operations and future growth.

There is a risk that interest rates will increase given the current low level of interest rates and rising inflation in Canada and the United States. An increase in interest rates could result in a significant increase in the amounts we pay to service our credit facility, while rising inflation could cause us to incur additional expense resulting from increased costs of materials and labor and, either or both, could have an adverse effect on our financial condition, operations and future growth, potentially resulting in a decrease in the market price of the Common Shares. Global inflation rates rose consistently at the end of 2022 as a result of numerous global economic factors, including disruptions to local and global supply chain and transportation services, geopolitical instability, and the continuing impact of the COVID-19 pandemic. If costs were to become subject to significant inflationary pressures, Tantalus may not be able to fully offset such higher costs through price increases. Rising inflation and the Company's inability or failure to offset inflationary pressures have the potential to disrupt or delay our operations projects, and have a material adverse effect on our business and financial condition.

Tantalus' success depends in part on Tantalus' ability to integrate its technology into devices and its relationship with device manufacturers.

Tantalus' business depends on its ability to integrate its communications modules into devices manufactured by third-party vendors. For example, for Tantalus' advanced metering solution, Tantalus' communications modules are integrated into electricity meters that are manufactured by third parties. Accordingly, even if demand for Tantalus' products is strong, Tantalus has in the past and may in the future be constrained by the production capacity and priorities of the device manufacturers. In addition, several of these device manufacturers offer competing products, partner with other providers or may otherwise choose not to integrate Tantalus' communications modules with their devices. If for technical or any other reason Tantalus was to lose the ability to integrate its communications modules with devices manufactured by third parties, or if Tantalus' relationships with device manufacturers were to be terminated or renegotiated on unfavorable terms, Tantalus' business, financial condition, and operating results could suffer. Further, there have been instances where devices with which Tantalus' technology had been integrated experienced defects or had other problems that were unrelated to its technology. If this occurs in the future and the defects or problems are more significant or occur more frequently, Tantalus' reputation could suffer and our business could be harmed.

Tantalus' marketing efforts depend significantly on Tantalus' ability to receive positive references from Tantalus' existing customers.

Tantalus' marketing efforts depend significantly on Tantalus' ability to call on Tantalus' current customers to provide positive references to new, potential customers. Given Tantalus' limited number of customers, the loss or dissatisfaction of any customer could substantially harm Tantalus' brand and reputation, inhibit the market acceptance of Tantalus' products and services, and impair Tantalus' ability to attract new customers and maintain existing customers. Any of these consequences could have a material adverse effect on Tantalus' business, financial condition and results of operations.

The markets for Tantalus' products and services, smart grid, smart city, and broader IoT technology in general, are still developing. If the markets develop less extensively or more slowly than Tantalus expects, Tantalus' business could be harmed.

The markets for Tantalus' products and services, smart grid, smart city and broader IoT technology in general, are still developing, and it is uncertain whether Tantalus' products and services will achieve and sustain high levels of demand and market acceptance. Tantalus' near-term and long-term success will depend to a substantial extent on the willingness and ability of utilities to implement smart grid technology. Many utilities lack the financial resources and/or technical expertise required to evaluate, deploy and operate smart grid technology. Utilities' activities are governed by regulatory agencies, including public utility commissions, which may not create a regulatory environment that is conducive to the implementation of smart grid technologies in a particular jurisdiction. Furthermore, some utilities may be reluctant or unwilling to adopt smart grid technology because they do not perceive the benefits or are unable to develop a business case to justify the up-front and ongoing expenditures. If utilities do not implement smart grid technology or do so in fewer numbers or more slowly than Tantalus expects, Tantalus' business and operating results would be adversely affected. For example, in the past, the rate of smart grid adoption slowed due to uncertainty surrounding the timing and tax treatment of government stimulus funding, negative publicity and consumer opposition, and regulatory investigations. These uncertainties caused many potential customers that had been

considering smart grid programs to further evaluate their smart grid initiatives and delay their procurement processes or extend their deployment schedules.

Tantalus operates in a highly competitive industry and Tantalus competes against many companies with substantially greater financial and other resources, and Tantalus' market share and results of operations may be reduced if Tantalus is unable to respond to competitors effectively.

Competition in Tantalus' market is intense and involves quickly changing technologies, evolving industry standards, frequent new product introductions, rapid consolidation, and changes in customer requirements. To maintain and improve Tantalus' competitive position, Tantalus must keep pace with the evolving needs of Tantalus' customers and continue to develop and introduce new solutions, applications and services in a timely and efficient manner. Tantalus' competitors range from small companies to very large and established companies. These competitors offer a variety of products and services related to the smart grid and smart city and come from a number of industries, including traditional meter manufacturers, application developers, telecommunications vendors, street light providers, and other service providers. Tantalus competes with traditional meter manufacturers that incorporate various communications technologies that provide some level of connectivity to the utility's back office. Tantalus also faces competition from newer entrants that are providing specific narrowly focused products for the smart grid. Tantalus anticipates that in the future, additional competitors will emerge that offer a broad range of competing products and services related to the smart grid, smart city, and the broader IoT, some of which may be competitive with Tantalus' offerings.

Several of Tantalus' competitors enjoy substantial competitive advantages such as:

- greater name recognition and longer operating histories;
- larger sales and marketing budgets and resources;
- greater ability to integrate their products with existing systems;
- broader distribution channels;
- established relationships with existing and potential partners and customers;
- lower labor and development costs; and
- significantly greater financial, technical, customer support and other resources.

Some of these larger competitors have substantially broader product offerings and may be able to leverage the existing relationships they have with customers. In some cases, Tantalus' larger competitors are also currently its vendors, and they could decide in the future to develop their own products instead of working with Tantalus. Any inability to effectively manage these relationships could have a material adverse effect on Tantalus' business, operating results, and financial condition, and accordingly affect Tantalus' chances of success. In addition, some of Tantalus' competitors may have larger patent portfolios than Tantalus has, which may provide them with a competitive advantage and may require Tantalus to engage in costly litigation to protect and defend Tantalus' freedom to operate and/or intellectual property rights.

Conditions in Tantalus' market could change rapidly and significantly as a result of technological advancements or market consolidation. The development and market acceptance of alternative technologies could decrease the demand for Tantalus' products or render them obsolete. Tantalus' competitors may introduce products and services that are less costly, provide superior performance or achieve greater market acceptance than Tantalus' products and services. In order to remain competitive, Tantalus may need to lower prices or attempt to add incremental features and functionality, which could negatively impact Tantalus' revenue, billings, gross margin and financial condition. In addition, Tantalus' larger competitors often have broader product lines and are in a better position to withstand any significant reduction in capital spending by customers in the smart grid and smart city markets, and will therefore not be as susceptible to downturns in a particular market. If Tantalus are unable to compete successfully in the future, Tantalus' business may be harmed.

The impacts of the COVID-19 Pandemic are unpredictable and could have significant impacts on Tantalus' financial performance.

The continuing global health, social, political and economic implications of the COVID-19 Pandemic, mutations of the COVID-19 virus and other similar pathogens are highly unpredictable and could have significant impacts on Tantalus' business, operations and future financial performance. The COVID-19 Pandemic, mutations of the COVID-19 virus and other similar pathogens may cause Tantalus' future financial performance, including its quarterly and annual revenue growth rates and expenses as a percentage of its revenues, to differ significantly from historical performance. The impacts of the COVID-19 Pandemic, mutations of the COVID-19 virus and other similar pathogens on Tantalus' business, operations and future financial performance could include, but are not limited to:

- A significant decline in revenue as customer spending slows due to an economic downturn and/or as customer demand otherwise decreases.
- Adverse impacts to Tantalus' growth rates, cash flows and margins - particularly if expenses do not decrease across its business at the same pace as revenue declines. Many of Tantalus' expenses are less variable in nature and may not correlate to changes in revenues, such as depreciation and other costs associated with its office facilities and infrastructure maintenance costs. As such, Tantalus may not be able to decrease them significantly in the short-term, or Tantalus may choose not to significantly reduce them in an effort to remain focused on its long-term outlook and opportunities.
- Delays in project deployments, delays in decision-making by utilities that are assessing modernization plans and disruptions to the global logistics and overall supply chain production, which may significantly impact Tantalus' business, operations and accordingly Tantalus' financial position.
- Foreign exchange volatility which could materially impact Tantalus' revenues that are denominated in foreign currencies and its ability to hedge its foreign exchange exposure.

Tantalus is dependent on the utility industry, which has experienced volatility in capital spending. This volatility could cause Tantalus' results of operations to vary significantly from period to period.

Tantalus derives a substantial portion of its revenue and billings from sales of products and services directly and indirectly to utilities. Similar to other industries, the utility industry has been affected by recent economic factors, including continued global economic uncertainty. Purchases of Tantalus' products and services may be reduced or deferred as a result of many factors including economic downturns and uncertainty, slowdowns in new residential and commercial construction, a utility's access to capital on acceptable terms, the timing and availability of government grants or incentives, utility specific financial circumstances, mergers and acquisitions, regulatory decisions, weather conditions, consumer opposition and fluctuating interest rates. Even with economic recovery, it may take time for Tantalus' customers to establish new budgets and return to normal purchasing patterns. Tantalus cannot predict the recurrence of any economic slowdown or the strength or sustainability of the economic recovery, worldwide, in the United States or Canada or in its industry. Tantalus has experienced, and may in the future experience, variability in operating results on an annual and a quarterly basis as a result of these factors. Because a significant portion of Tantalus' expenses is fixed in the short term or is incurred in advance of anticipated sales, Tantalus may not be able to decrease its expenses in a timely manner to offset any shortfall of sales. This could materially and adversely affect Tantalus' operating results, financial condition and cash flows.

Tantalus' reliance on certain infrastructure and information technology systems makes it vulnerable to the potential adverse effects of cyber-attacks and other breaches.

Tantalus relies on certain internal processes, infrastructure and information technology systems, including infrastructure and systems operated by third parties, to efficiently operate its business in a secure manner. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact Tantalus' ability to operate its business. Tantalus' products and services depend on very high levels of network reliability and availability in order to provide its customers with the ability to monitor and receive data from their devices.

Cyber-attacks or other breaches of network or information technology systems security may cause disruptions to Tantalus' operations, including the ability to provide connectivity, device management and other services to its customers. Tantalus' industry is at risk of cyber-attacks by third parties seeking unauthorized access to its data or its customers' data, or by third parties seeking to exploit its technology and devices, such as by conducting denial of service attacks. The prevalence and sophistication of these types of threats are increasing and Tantalus' frequently evolving security measures may not be sufficient to prevent the damage that such threats can inflict on its assets and information. The theft, unauthorized use or publication of Tantalus' intellectual property and/or confidential business information could harm its competitive position, reduce the value of its investment in research and development and other strategic initiatives and/or otherwise adversely affect its business. Tantalus' security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of its vendors, suppliers, their products or otherwise. To the extent that any security breach results in inappropriate disclosure of Tantalus' customers' confidential information or disruption of service to its customers, Tantalus may incur liability, be subject to legal action and suffer damage to its reputation. Tantalus' insurance may not be adequate to fully reimburse Tantalus for these costs and losses.

If Tantalus' products contain defects or otherwise fail to perform as expected, Tantalus could be liable for damages and incur unanticipated warranty, recall and other related expenses, Tantalus' reputation could be damaged, Tantalus could lose market share and, as a result, Tantalus' financial condition or results of operations could suffer.

Tantalus' products are complex and may contain defects or experience failures due to any number of issues in design, materials, deployment and/or use. Also, Tantalus' products are often integrated into other products and, to the extent that those other products are not maintained, it may increase the likelihood of a failure of Tantalus' products. Tantalus may also experience product defects due to faulty components supplied by third parties. If any of Tantalus' products contain a defect, compatibility or interoperability issue or other error, Tantalus may have to devote significant time and resources to find and correct the issue. Such efforts could divert the attention of Tantalus' management team and other relevant personnel from other important tasks. A product defect, product recall or a significant number of product returns could be expensive, damage Tantalus' reputation and relationships with Tantalus' customers and third-party vendors, result in property damage or physical injury or death, result in the loss of business to competitors, and result in litigation against Tantalus. Costs associated with field replacement labor, hardware replacement, re-integration with third-party products, handling charges, correcting defects, errors and bugs, or other issues could be significant and could materially harm Tantalus' financial results.

The nature of Tantalus' business exposes it to the unpredictable risks of contractual disputes.

Tantalus' business is exposed to the risk of contractual disputes with counterparties and as a result Tantalus may be involved in complaints, claims and litigation. Tantalus cannot predict the outcome of any complaint, claim or litigation. If a dispute cannot be resolved favorably, it may delay or interrupt Tantalus' operations and may have a material adverse effect on its operating results, liquidity or financial position.

The loss of key employees and the inability to attract and retain qualified personnel could harm Tantalus' business.

Tantalus' future success depends on the continued service of certain of its executive officers and Tantalus' key research, marketing, sales, product development and manufacturing personnel. The loss of any of Tantalus' executive officers or key employees could impair Tantalus' ability to pursue Tantalus' growth strategy and slow Tantalus' product development processes. Furthermore, as part of Tantalus' growth strategy, Tantalus must continue to hire highly qualified individuals. Tantalus may not be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect Tantalus' ability to develop Tantalus' products and generate revenue.

Tantalus' business is exposed to potential risks associated with international sales and operations.

Tantalus operates internationally, specifically in Canada, the United States and the Caribbean. International sales and the related infrastructure support operations carry certain risks and costs, such as the administrative complexities and expenses of administering a business abroad; the complexities and expenses of compliance with current and changing regulatory requirements, foreign laws, international import and export legislation, trading policies, tariffs and other barriers; potentially adverse tax consequences; and uncertainties of law and enforcement relating to the protection of intellectual property. There can be no assurance that these factors will not be experienced in the future.

by Tantalus or that they will not have a material adverse impact on Tantalus' business, results of operations and financial conditions.

Foreign exchange rate fluctuations could harm Tantalus' results or operations.

Although substantially all of Tantalus' revenues are received in U.S. dollars, Tantalus incurs operating costs and has outstanding trade and other payables denominated in Canadian dollars. Tantalus attempts to mitigate this risk by denominating many of its payment obligations in U.S. dollars. Tantalus maintains certain assets in Canadian dollars. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations of Tantalus.

Tantalus and its customers operate in a highly regulated business environment and changes in regulation could impose costs on Tantalus or make Tantalus' products less economical or competitive.

Tantalus' products and Tantalus' customers are subject to federal, state, provincial, local and foreign laws and regulations. Laws and regulations applicable to Tantalus and its products govern, among other things, the manner in which Tantalus' products communicate, and the environmental impact and electrical reliability of Tantalus' products. Additionally, Tantalus' customers are often regulated by national, state, provincial and/or local bodies, including public utility commissions, the Department of Energy, the Federal Energy Regulatory Commission and other bodies. Prospective customers may be required to gain approval from any or all of these organizations prior to implementing Tantalus' products and services, including specific permissions related to the cost recovery of these systems. Regulatory agencies may impose special requirements for implementation and operation of Tantalus' products. Tantalus may incur material costs or liabilities in complying with government regulations applicable to Tantalus or Tantalus' customers. In addition, potentially significant expenditures could be required in order to comply with evolving regulations and requirements that may be adopted or imposed on Tantalus or Tantalus' customers in the future. Such costs could make Tantalus' products less economical and could impact its customers' willingness to adopt Tantalus' products, which could materially and adversely affect Tantalus' revenue, results of operations and financial condition.

Furthermore, changes in the underlying regulatory conditions and policies that affect utilities could have a potentially adverse effect on a utility's interest or ability to implement smart grid technologies. For example, ongoing regulatory uncertainties have in the past delayed the timing of some deployments. Many regulatory jurisdictions have implemented rules that provide financial incentives for the implementation of energy efficiency and demand response technologies, often by providing rebates or through the restructuring of utility rates. If these programs were to cease, or if they were restructured in a manner inconsistent with the capabilities enabled by Tantalus' products and services, Tantalus' business, financial condition and results of operations could be significantly harmed. Similarly, changes to stimulus packages or decreased investments by governmental agencies and regulatory bodies resulting in less funding in the utility industry could adversely affect Tantalus' business, financial condition, results of operations and future growth.

Tantalus' inability to acquire and integrate other businesses, products or technologies could seriously harm Tantalus' competitive position.

In order to remain competitive, obtain key competencies or accelerate Tantalus' time to market, Tantalus may seek to acquire additional businesses, products or technologies. Tantalus has limited experience in successfully acquiring and integrating additional businesses, products or technologies. If Tantalus identifies an appropriate acquisition candidate, Tantalus may not be successful in negotiating the terms of the acquisition, financing the acquisition, or effectively integrating the acquired business, product or technology into Tantalus' existing business and operations. Tantalus may have difficulty integrating acquired businesses, technologies or products with Tantalus' existing products and services. Tantalus' due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee or customer issues. If Tantalus finances acquisitions by issuing convertible debt or equity securities, Tantalus' existing shareholders may be diluted, which could affect the market price of Tantalus' shares. In addition, any acquisitions Tantalus is able to complete may not result in the synergies or any other benefits Tantalus had expected to achieve, which could result in substantial write-offs or impairment charges. Further,

contemplating or completing an acquisition and integrating an acquired business, product or technology will significantly divert management and employee time and resources.

Intellectual property infringement claims could be costly and time-consuming to prosecute or defend.

Tantalus' ability to compete may be affected by its ability to protect its intellectual property. It relies primarily on a combination of copyright, trademark, patent and trade secret laws, confidentiality procedures and contractual provisions to protect its intellectual property. While Tantalus believes that its products and technologies are adequately protected against infringement, there can be no assurance of effective protection. Monitoring and identifying unauthorized use of Tantalus' technology is difficult, and the prohibitive cost of litigation may impair Tantalus' ability to prosecute any infringement. The commercial success of Tantalus will also depend upon its products not infringing any intellectual property rights of others and upon no claims for infringement being made against Tantalus. Tantalus believes that it is not infringing any intellectual property rights of third parties, but there can be no assurance that such infringement will not occur. An infringement claim against Tantalus by a third party may, if valid, result in Tantalus being subject to damages or being unable to use intellectual property upon which it relies. Even if an infringement claim by a third party is invalid, it could have a material adverse effect on Tantalus because of the costs of defending against or settling such a claim.

Substantially all of Tantalus' current products depend on the availability and are subject to the regulation of radio spectrum in the United States and abroad.

Substantially all of Tantalus' current products are designed to communicate wirelessly via radio frequencies and therefore depend on the availability of adequate radio spectrum in order to operate. While these products are designed to operate in a variety of different frequencies to allow Tantalus to adapt Tantalus' solutions to local market conditions, or by using other technologies such as cellular, in the United States and Canada, they are primarily designed to form long range RF wireless networks using the unlicensed 902-928 megahertz (MHz) band, and in certain circumstances in conjunction with the 220-221 MHz licensed bands. The 902-928 MHz band is available for a wide variety of uses and requires Tantalus to manage interference by other users who operate in accordance with the Federal Communications Commission, or "FCC", rules within the USA, and in accordance with Innovation, Science and Economic Development or "ISED" within Canada. Spectrum management policies are also often the subject to proposals for change with respect to the rules under which such frequencies may be used. In the past, the FCC and ISED have re-allocated spectrum for new or additional uses, and has adopted changes to the requirements for equipment using radio spectrum. It is possible that the FCC or the U.S. Congress, or ISED or the Government of Canada could adopt additional changes, which may be incompatible with Tantalus' current or future product offerings, as well as products currently installed in the field, or require them to be modified at significant, or even prohibitive, cost. If the unlicensed frequencies become unacceptably crowded, restrictive or subject to changed laws, regulations or rules governing their use, Tantalus' business, financial condition and results of operations could be materially and adversely affected.

Tantalus' international growth and future success also depend on the availability of radio spectrum that is compatible with Tantalus' products, and on Tantalus' ability to develop products that use alternative communications technology as Tantalus continues to integrate Tantalus' products with products from additional device partners. Certain international markets use and may continue to use different spectrum bands than the United States, which has in the past and may continue to require Tantalus to make modifications to Tantalus' products in order to operate within the designated spectrum. Additionally, Tantalus has in the past and may in the future seek rights and seek to certify Tantalus' products for using a variety of spectrum in various international markets, however Tantalus may not be granted such rights or certifications in all countries. In many other countries, there may not be spectrum available or Tantalus may be required to obtain a license to operate in a frequency band that is not immediately compatible with Tantalus' products. Licenses to appropriate spectrum in these countries may be unavailable or only available at unreasonably high prices. Similarly, in the event that Tantalus were only able to obtain a license in a different frequency band, the cost of modifying or redesigning Tantalus' products to make them compatible with available spectrum could be significant or even cost-prohibitive. Alternatively, if Tantalus is not able to obtain available spectrum on financially advantageous terms, Tantalus may not be able to compete without investing in alternative communication technology. Moreover, interference caused by others who do not comply with regulatory or statutory requirements could further limit the availability of spectrum that is compatible with Tantalus' products. If limitations on the availability of spectrum or the cost of making necessary modifications or investments in new technology

precludes Tantalus from selling Tantalus' products in markets outside of the United States, Tantalus' growth, prospects, financial condition and results of operations could be materially and adversely affected.

Interruptions or delays in services from Tantalus' third-party data center facilities, or problems with the third-party hardware or software that Tantalus employs, could impair the delivery of its services and harm Tantalus' business.

Tantalus currently offers hosting services utilizing a data center facility operated by separate third parties. These facilities may be vulnerable to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, war, acts of terrorism, unauthorized entry, human error, and computer viruses or other defects. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Tantalus relies on software and hardware technology provided by third-parties to enable us to provide these services. Any damage to, or failure of, these third-party data centers or the third-party hardware and software Tantalus employs, could result in significant and lengthy interruptions in the services Tantalus provides to its customers. Such interruptions could reduce Tantalus' revenue and billings, cause Tantalus to issue credits or pay penalties, cause customers to terminate their services, harm Tantalus' reputation and adversely affect Tantalus' ability to attract new customers.

Tantalus depends on a single lender for its credit arrangements and, if such lender fails, Tantalus' business could be materially and adversely affected.

Tantalus' line of credit facility is currently with a single lender. Tantalus also currently maintains certain of its bank accounts with that lender. If such lender fails, Tantalus may no longer have access to funds under its line of credit facility with that lender or access to Tantalus's funds held in bank accounts with that lender. The loss of access to such funds may result in the Company not having funds necessary to conduct its business, including, payment or wages due to employees, amounts due to suppliers or rents payable to landlords. In such an event Tantalus' business could be materially and adversely affected.

Backlog may not be a complete measure of the Company's future revenues

Backlog is not a complete measure of the Company's future revenues as it also receives significant book-and-ship orders, as well as future contracts. Bookings and backlog may fluctuate significantly due to the timing of customer project orders received. In addition, annual or multi-year contracts are subject to rescheduling and cancellation by customers due to the long-term nature of the contracts. Beginning total backlog, plus bookings, minus revenues, will not equal ending total backlog due to miscellaneous contract adjustments, foreign currency fluctuations, and other factors. Total bookings and backlog include certain contracts with termination for convenience clause, which will not agree to the total transaction price allocated to the remaining performance obligations disclosed in the Company's financial statements.

Risks Related to the Ownership of the Common Shares

The market price of our Common Shares may be volatile and your investment could suffer or decline in value.

The market price of our Common Shares could be subject to significant fluctuations, and it may decline. Some of the factors that may cause the market price of our Common Shares to fluctuate include: announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by Tantalus or its competitors; price and volume fluctuations in the overall stock market from time to time; volatility in the market price and trading volume of comparable companies; fluctuations in the trading volume of the Common Shares or the size of Tantalus' public float; actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts; actual or anticipated changes in the expectations of investors or securities analysts; adverse market reaction to any indebtedness we may incur or securities we may issue in the future; short sales, hedging and other derivative transactions in our Common Shares; litigation or regulatory action against us; investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements; publication of research reports or news stories about us, our competitors or our industry; positive or negative recommendations or withdrawal of research coverage by securities analysts; changes in general political, economic, industry and market conditions and trends; inflation; sales of our Common Shares by existing shareholders; sales of large blocks of the Common Shares; recruitment or departure of key personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital

commitments by or involving us or our competitors; and the other risk factors described in this section of this AIF. Fluctuations in the market price of the Common Shares may be exaggerated if trading volume is low.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in our Common Shares by those institutions, which could materially adversely affect the trading price of our Common Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of our Common Shares may be materially adversely affected.

In addition, broad market and industry factors may harm the market price of our Common Shares. Therefore, the price of our Common Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Common Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

We will incur increased expenses as a result of being a public company.

We will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSX substantially increases our expenses, including our legal and accounting costs, and make some activities more time consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

As a public company, we are required to develop and maintain proper and effective internal controls over financial reporting. These internal controls may not be effective, which could adversely affect investor confidence in us and, as a result, negatively impact the value of our Common Shares.

We are subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators, and the rules of the TSX. If we are unable to accomplish any such necessary obligations in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market price of our Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes.

Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Our articles provide that any derivative actions, actions relating to breach of fiduciary duties and other matters relating to our internal affairs will be required to be litigated in the Province of British Columbia, which could limit your ability to obtain a favorable judicial forum for disputes with us.

We have adopted a forum selection provision in our articles that provides that, unless we consent in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the appellate Courts therefrom, will, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the BCBCA or our articles (as either may be amended from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and our and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by us or our affiliates.

Our forum selection provision also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of British Columbia and to service of process on their counsel in any foreign (non-Canadian) action initiated in violation of our forum selection provision. Therefore, it may not be possible for securityholders to litigate any action relating to the foregoing matters outside of the Province of British Columbia.

Our forum selection provision seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters and articles are becoming more commonplace for public companies in the United States and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of our forum selection article could be challenged and that a court could rule that such article is inapplicable or unenforceable. If a court were to find our forum selection article inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

Our constating documents permit us to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series without additional shareholder approval.

Our articles permit us to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. We anticipate that we will, from time to time, issue additional Common Shares in the future. Subject to the requirements of the TSX, we will not be required to obtain the approval of shareholders for the issuance of additional Common Shares. Any further issuances of Common Shares or Preferred Shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings. Additionally, any further issuances of Preferred Shares may significantly lessen the combined voting power of our Common Shares.

DIVIDEND POLICY

We currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on our Common Shares. Any determination to pay dividends in the future will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant. During the three most recently completed financial years, no cash dividends or distributions have been declared with respect to the shares in the capital of Tantalus.

DESCRIPTION OF SHARE CAPITAL

The following describes material terms of our share capital as of the date of this AIF. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles, which are available under our SEDAR profile at www.sedar.com.

Authorized Share Capital

Our authorized share capital consists of: (i) an unlimited number of Common Shares, and (ii) an unlimited number of Preferred Shares, issuable in series. As of the date of this AIF, an aggregate of 44,595,942 Common Shares and no Preferred Shares are issued and outstanding.

Common Shares

Dividend Rights

Holders of Common Shares are entitled to receive dividends out of our assets legally available for the payment of dividends at such times and in such amount and form as our Board may from time to time determine, subject to any preferential rights of the holders of any outstanding Preferred Shares. See “Dividend Policy”.

Voting Rights

Holders of Common Shares are entitled to one vote per Common Share on all matters upon which holders of Common Shares are entitled to vote.

Conversion

The Common Shares are not convertible into any other class of shares.

Meetings of Shareholders

Holders of Common Share are entitled to receive notice of any meeting of our shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of shareholders is present if two persons who, together, hold at least 5% of the issued shares entitled to vote at the meeting are present in person or represented by proxy.

Pre-Emptive and Retraction Rights

Holders of Common Shares have no pre-emptive or retraction rights.

Redemption Rights

The Company has no redemption or purchase for cancellation rights in respect of the Common Shares.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of Common Shares, without preference or distinction, will be entitled to receive rateably all of our assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding Preferred Shares.

Preferred Shares

We are authorized to issue an unlimited number of Preferred Shares, issuable in series. Each series of Preferred Shares shall consist of such number of Preferred Shares having such identifying name and special rights or restrictions attaching thereto, including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption, purchase and/or conversion prices and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions, as may be determined by our Board prior to the issuance thereof.

The Preferred Shares of each series will, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of Tantalus, or any other return of capital or distribution of the assets of Tantalus among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Preferred Shares of every other series and be entitled to preference over the Common Shares and over any

other shares of Tantalus ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences, not inconsistent with the Articles, over the Common Shares and any other shares of Tantalus ranking junior to such Preferred Shares.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares will participate rateably in respect of accumulative dividends and return of capital.

Unless the Board otherwise determines when designating a series, the holder of each share of a series of Preferred Shares shall not, except as otherwise specifically provided in the BCBCA, be entitled to receive notice of or vote at any meeting of the shareholders.

The issuance of Preferred Shares and the terms selected by our Board could decrease the amount of earnings and assets available for distribution to holders of our Common Shares or adversely affect the rights and powers, including the voting rights, of the holders of our Common Shares without any further vote or action by the holders of our Common Shares. The issuance of Preferred Shares, or the issuance of rights to purchase Preferred Shares, could make it more difficult for a third party to acquire a majority of our outstanding voting shares and thereby have the effect of delaying, deferring or preventing a change of control of us or an unsolicited acquisition proposal or of making the removal of management more difficult. Additionally, the issuance of Preferred Shares may have the effect of decreasing the market price of our Common Shares.

Advance Notice Provisions

Our Articles include certain advance notice provisions with respect to the election of our directors (the “**Advance Notice Provisions**”). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all our shareholders receive adequate notice of board nominations and sufficient information with respect to all nominees; and (iii) allow our shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of our shareholders, or at any special meeting of our shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods.

These time periods include, (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders (the “**Notice Date**”) is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date.

Forum Selection

Our Articles include a forum selection provision that provides that, unless we consent in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the appellate Courts therefrom, shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the BCBCA or the Articles (as either may be amended from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and our and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by us or our affiliates.

The forum selection provision of our Articles also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of British Columbia and to service of process on their counsel in any foreign action initiated in violation of our forum selection provision.

MARKET FOR SECURITIES

Trading Price and Volume

Our Common Shares are listed for trading on the TSX under the symbol “GRID”. The following table sets out the high and low price and total trading volume of the Common Shares on the TSX and for each month of the year ended December 31, 2022:

Period	Price Range (C\$)		Volume
	High	Low	
January 2022	\$1.90	\$1.71	119,938
February 2022	\$1.85	\$1.57	71,052
March 2022	\$1.66	\$1.35	89,234
April 2022	\$1.57	\$1.43	141,127
May 2022	\$1.46	\$0.90	219,924
June 2022	\$1.34	\$1.13	131,882
July 2022	\$1.43	\$1.27	169,656
August 2022	\$1.42	\$1.16	181,427
September 2022	\$1.15	\$0.98	67,271
October 2022	\$1.00	\$0.74	104,743
November 2022	\$0.96	\$0.76	205,578
December 2022	\$1.055	\$0.69	664,949

Prior Sales

The following tables set forth the issuances of securities of the Company during the year ended December 31, 2022:

Date of Issuance	Security	Issuance/Exercise Price per Security	Number of Securities
January 31, 2022 ⁽¹⁾	Common Shares	C\$1.76	869,565
March 24, 2022 ⁽²⁾	Common Shares	C\$2.25	74,074
March 24, 2022 ⁽³⁾	Common Shares	C\$1.00	10,328
March 24, 2022 ⁽⁴⁾	Options	C\$1.35	1,185,515
May 12, 2022 ⁽⁴⁾	Options	C\$1.28	34,131
August 31, 2022 ⁽³⁾	Common Shares	C\$1.00	7,746

Notes:

- (1) Represents the issuance of Common Shares in connection with the acquisition of Congruitive.
- (2) Represents the issuance of Common Shares from the settlement of restricted share units.
- (3) Represents the issuance of Common Shares from the exercise of options to purchase Common Shares.
- (4) Represents options granted to purchase Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding our directors and executive officers (collectively, the “Management Group”):

Name, Province or State and Country of Residence	Position/Title	Committee(s) of the Board of Directors	Independent Director ⁽¹⁾	Principal Occupation for the Last Five Years
Laura Formusa <i>Ontario, Canada</i>	Chair of the Board (since January 29, 2021)	Corporate Governance and Nominating Committee; Audit Committee; and Compensation Committee	Yes	Ms. Formusa is currently a director of Tantalus and was a director of the Predecessor Company. Ms. Formusa serves on the board of directors of

Name, Province or State and Country of Residence	Position/Title	Committee(s) of the Board of Directors	Independent Director⁽¹⁾	Principal Occupation for the Last Five Years
				Equitable Life Insurance Company of Canada, 407 International Inc. and ENMAX Corporation.
Francis J. Harvey <i>California, U.S.A.</i>	Director (since January 29, 2021)	Compensation Committee	Yes	Dr. Harvey is currently a director of Tantalus and was a director of the Predecessor Company. Dr. Harvey is self-employed providing consulting and executive advisory services to corporations.
Tom Liston <i>Ontario, Canada</i>	Director (since February 26, 2018)	Corporate Governance and Nominating Committee; and Audit Committee	Yes	Mr. Liston is currently a director of Tantalus. Mr. Liston is a technology investor and analyst, a CFA charterholder and founder of Water Street Corp. He currently serves on several corporate boards for public and private technology companies.
Peter Londa <i>Connecticut, U.S.A.</i>	President and Chief Executive Officer; Director (since January 29, 2021)	n/a	No	Mr. Londa is currently the President and Chief Executive Officer of Tantalus and was the President and Chief Executive Officer of the Predecessor Company.
John McEwen <i>British Columbia, Canada</i>	Director (since January 29, 2021)	Audit Committee; Corporate Governance and Nominating Committee; and Compensation Committee	Yes	Mr. McEwen is currently a director of Tantalus and was a director of the Predecessor Company. Mr. McEwen was the Chief Executive Officer of Discovery Capital Management Corporation, a technology venture capital firm.
George Reznik <i>British Columbia, Canada</i>	Chief Financial Officer (since January 29, 2021)	n/a	n/a	Mr. Reznik is currently the Chief Financial Officer of Tantalus and was the Chief Financial Officer of the Predecessor Company. Mr. Reznik is also the Chair of BC Technology Industry CFO Council. Prior to joining Tantalus, Mr. Reznik was the Chief Financial Officer and Corporate Secretary of Intrinsic Technologies Corporations, an IoT edge computing company
Gerard Kaiser <i>South Carolina, U.S.A.</i>	Chief Operating Officer (since July 1, 2022)	n/a	n/a	Mr. Kaiser is currently the Chief Operating Officer of Tantalus. Prior to assuming this role, he served as the Vice President, Sales of Tantalus.
Michael Julian <i>North Carolina, U.S.A.</i>	Chief Revenue Officer (since January 29, 2021)	n/a	n/a	Mr. Julian is currently the Chief Revenue Officer of Tantalus and was the Executive Vice President, Sales and Marketing of the Predecessor Company.
Douglass Campbell <i>Nevada, U.S.A.</i>	Chief Solution Officer (since February 1, 2022)	n/a	n/a	Mr. Campbell is currently the Chief Solution Officer of Tantalus. Prior to joining Tantalus, Mr. Campbell was Founder, Chairman and Chief

Name, Province or State and Country of Residence	Position/Title	Committee(s) of the Board of Directors	Independent Director⁽¹⁾	Principal Occupation for the Last Five Years
Michael Grandis <i>Connecticut, U.S.A.</i>	Chief Legal & Administrative Officer (since July 1, 2022); General Counsel and Corporate Secretary (since January 29, 2021)	n/a	n/a	Technical Officer of Congruitive immediately prior to its acquisition by Tantalus. Mr. Grandis is the Chief Legal & Administrative Officer, General Counsel and Corporate Secretary of Tantalus and was the General Counsel and Corporate Secretary of the Predecessor Company. Prior to joining the Predecessor Company, Mr. Grandis was a corporate partner in the New York office of Loeb & Loeb LLP, a multi-service law firm with offices located in the United States, China and Hong Kong.
Tom Allen <i>California, U.S.A.</i>	Vice President, Product Development (since December 7, 2022)	n/a	n/a	Mr. Allen is the Vice President, Product Development of Tantalus. Prior to joining Tantalus as a result of Tantalus' acquisition of Congruitive, Tom was VP, Engineering and Product Management at Congruitive.

Notes:

- (1) Independent director for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators.

Biographical Information Regarding Our Directors and Executive Officers

Laura Formusa, Chair of the Board

Laura Formusa is the Chair of the Board and held the same position with the Predecessor Company. Ms. Formusa serves on the boards of Equitable Life Insurance Company of Canada, 407 International Inc., and ENMAX Corporation where she is Chair of the Human Resources Committee. She has also served on the Boards of DHX Media Ltd., the Canadian Electricity Association, ICES, the Banting Research Foundation and York University. Prior to such roles, Ms. Formusa served as President and Chief Executive Officer of Hydro One Inc. from 2007 until her retirement at the end of 2012. In Ms. Formusa's current and past roles, Ms. Formusa has been required to have an understanding of and assess, and supervise others who managed, compensation policies and practices.

Dr. Francis J. Harvey, Director

Dr. Francis J. Harvey is a director of Tantalus and held the same position with the Predecessor Company. Dr. Harvey is currently self-employed providing consulting and executive advisory services to corporations. Prior to being self-employed, Dr. Harvey served as the 19th Secretary of the United States Army from November 2004 to March 2007. As the Secretary, Dr. Harvey was responsible for the Department of the Army's annual budget and supplemental of over US\$200 billion. Dr. Harvey led a workforce of over one million active duty, Army National Guard, Army Reserve Soldiers and Department of the Army civilian employees. Most of Dr. Harvey's business career was spent with Westinghouse Electric Corporation, which he joined in 1969 as a senior engineer at its R&D Center and retired from in 1997 as its Chief Operating Officer of the Industries and Technology Group. Dr. Harvey has extensive experience serving on corporate boards and currently is on the corporate or advisory boards of six companies and private equity firms in the energy, defense and information technology sectors, including Tantalus. As a result of Dr. Harvey's current and past roles and responsibilities, he has a deep understanding of compensation policies and practices and has the ability to access and supervise people who manage these policies and procedures.

Tom Liston, Director

Tom Liston is a director of Tantalus. Mr. Liston is a technology investor and analyst, a CFA charterholder and founder of Water Street Corp. He currently serves on several corporate boards for public and private technology

companies. Prior to his current roles, he was the Chief Investment Officer of a leading technology-focused venture capital firm, which provided growth capital to late-stage private companies. Mr. Liston began his career as an Equity Research Analyst covering public Software and IT Services companies. As a technology analyst, Mr. Liston has been consistently ranked among the top technology analysts in several surveys, including: StarMine, Brendan Wood, Greenwich Associates and Reuters. In Mr. Liston's current and past roles, Mr. Liston has been required to have an understanding of and assess, and supervise others who managed, compensation policies and practices.

Peter Londa, President and Chief Executive Officer and Director

Peter Londa is the President and Chief Executive of Tantalus and also serves as a member of the Board. He held the same positions with the Predecessor Company. In his role, Mr. Londa is responsible for overseeing corporate development and strategy, product development and all other key areas of Tantalus across all of its divisions. Mr. Londa has over 20 years of experience in leadership roles, including in the smart grid and electric utility industry. Mr. Londa previously served as the Independent Chair of the board of directors for World Energy Solutions, Inc., a publicly traded company on NASDAQ that operates online exchanges for energy and green commodities. Prior to his role at World Energy Solutions, Inc., Mr. Londa served as the Chief Executive Officer of BPL Global, Ltd., a leading smart grid company delivering technology solutions to the electric utility industry with operations in the United States, Europe, Middle East, India, and China. Mr. Londa is a graduate of Emory University and holds a JD, MBA in Finance and Corporate Law, and a Bachelor of Arts in Economics.

John McEwen, Director

John McEwen is a director of Tantalus and held the same position with the Predecessor Company. Mr. McEwen was the Chief Executive Officer of Discovery Capital Management Corporation (DCMC), a technology venture capital firm. DCMC ceased operation on December 31, 2021. Mr. McEwen has worked with nearly 200 technology companies, and served on several investee company boards of directors. His experience includes leading major corporate finance initiatives for companies such as Sierra Wireless Inc. and Circon Systems Corp. In Mr. McEwen's past roles, Mr. McEwen has been required to have an understanding of and assess, and supervise others who managed, compensation policies and practices.

George Reznik, Chief Financial Officer

George Reznik is the Chief Financial Officer of Tantalus and held the same position with the Predecessor Company. As Chief Financial Officer, Mr. Reznik is responsible for managing the financial functions of Tantalus, including cash management, financial planning and reporting as well as the information technology functions. Mr. Reznik brings over 25 years of expertise in executive financial leadership and operations having held key roles at rapidly growing public companies in the high technology industry. Prior to joining the Predecessor Company in August 2020, Mr. Reznik served as Chief Financial Officer and Corporate Secretary of Intrinsic Technologies Corporation, an internet of things edge computing company. Mr. Reznik also served as the Corporate Finance Valuation Practice Leader of Deloitte LLP, where he was a member of the accounting practice in Canada and the United Kingdom for over 12 years. Mr. Reznik is a Director and Audit Committee Chair of Katapult Technology Corp. (TSXV: FUND), a software company. Mr. Reznik is a Chartered Professional Accountant - Chartered Accountant, a Chartered Business Valuator, a Certified Fraud Examiner and is a graduate of the University of Manitoba, where he holds a Bachelor of Commerce (Honors) in Accounting and Finance.

Gerard Kaiser, Chief Operating Officer

Gerard Kaiser is the Chief Operating Officer of Tantalus since July 1, 2022. Mr. Kaiser joined Tantalus in October 2020 as Vice President, Sales leading the Company's Sales organization. Over his 35-year career, he has led Sales organizations starting with Schlumberger, the spinoff of Cellnet, and most recently Landis+Gyr for 12 years. Besides leading the sales efforts at Landis+Gyr, he focused on business development, mergers and acquisitions, channel management, product development and P&L management of various market segments and geographic regions. Mr. Kaiser has a Bachelor of Science in Engineering Science from Loyola University Maryland.

Michael Julian, Chief Revenue Officer

Michael Julian currently serves as Chief Revenue Officer of Tantalus. In his current role, Mr. Julian is responsible for the evaluation and pursuit of strategic initiatives to accelerate revenue generation through the Tantalus sales organization while working alongside the broader organization and executive leadership to identify paths to scale the company. A former United States Air Force officer, Mr. Julian brings over 20 years of leadership, sales and sales management experience within the Energy and Communications industries through roles at GE, Ericsson, Tekelec and Catapult Communications. Mr. Julian is a graduate from General Electric's Technical Sales Program. He earned a Masters of Business Administration from the W.P. Carey School of Business at Arizona State University and holds a Bachelor of Science in Electrical Engineering from Villanova University.

Douglass Campbell, Chief Solution Officer

Douglass Campbell is the Chief Solution Officer of Tantalus since February 1, 2022. Mr. Campbell joined Tantalus in 2022, through the acquisition of Congruitive. As Chief Solution Officer at Tantalus, Mr. Campbell oversees Product Marketing and provides strategic vision for Tantalus solutions within traditional and new expansion markets. Prior to joining Tantalus, Mr. Campbell founded DC Systems in 1990 where he served as President and Chief Executive Officer, overseeing all corporate operations. After the rebranding of DC Systems into Congruitive, he served as Founder, Chairman and Chief Technical Officer and oversaw the strategic product direction and architecture. Prior to founding DC Systems, Mr. Campbell served as Chief Technical Officer and Director of Advanced Logical Solutions, a manufacturer of Remote Terminal Units (RTUs) and utility data acquisition systems. Previous positions include Vice President, Sales and Marketing for Zendex Corporation, a manufacturer of industrial computing hardware; Vice President, Sales and Marketing for White Computer, and International Sales Manager for Micromation, both manufacturers of small business computers; retail management at Heathkit Electronics; and Manager, North American Sports Timing for OMEGA Electronics of Switzerland.

Michael Grandis, Chief Legal & Administrative Officer, General Counsel and Corporate Secretary

Michael Grandis currently serves as the Chief Legal & Administrative Officer, General Counsel and Corporate Secretary of Tantalus and held the positions of General Counsel and Corporate Secretary with the Predecessor Company. He is responsible for all legal matters across the company and its affiliates. He oversees contracting, corporate governance, partnerships, intellectual property, employment, compliance and other transactional matters, as well as serving as a strategic member of the senior leadership team. Additionally, he oversees Tantalus's human resources operations as well as sustainability and related ESG initiatives. Prior to joining the Predecessor Company in 2018, Mr. Grandis was a corporate partner in the New York law office of Loeb & Loeb LLP where he also acted as outside general counsel to the Predecessor Company for several years. Mr. Grandis has nearly two decades of experience practicing in New York City law firms representing clients on a broad range of corporate, securities and other transactional engagements. Mr. Grandis received his Bachelor of Science in Marketing and Management from the McDonough School of Business at Georgetown University and his J.D. from Columbia University School of Law.

Tom Allen, Vice President, Product Development

Tom Allen is the Vice President, Product Development of Tantalus since December 7, 2022. As Vice President, Product Development, Mr. Allen is responsible for execution and delivery of the product roadmap. Mr. Allen brings over 25 years of broad experience leading innovative solution development and distributed multinational teams. Mr. Allen joined Tantalus in 2022 through the acquisition of Congruitive. Prior to joining Congruitive, Mr. Allen spent eight years installing and commissioning SCADA systems in Saudi Arabia before delivering multiple complex machine learning solutions; defining and spearheading ETRADE's big data initiative, developing an emotion recognition cloud service at Emotient (acquired by Apple), and a network user characterization engine for Raytheon. Mr. Allen holds a Bachelor of Science in Electrical Engineering from Syracuse University and a Master of Science in Civil Engineering from San Jose State University.

Ownership Interest

As of the date of this AIF, our Management Group, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 2,958,309 Common Shares, representing approximately 6.63% of our issued and outstanding Common Shares on a non-diluted basis.

Corporate Cease Trade Orders

To our knowledge, no member of the Management Group is, at the date hereof, or was within the ten years before the date hereof, a director, chief executive officer or chief financial officer of any company, that: (i) was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the member of the Management Group was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the member of the Management Group 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 our knowledge, no member of the Management Group or a shareholder holding a sufficient number of our Common Shares to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or 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 our knowledge, no member of the Management Group or a shareholder holding a sufficient number of our Common Shares to affect materially the control of the Company: (i) is, at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any 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; or (ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold such persons assets.

Conflicts of Interest

Other than as disclosed herein, to our knowledge, there are no existing or potential material conflicts of interest among us and any member of the Management Group.

PROMOTERS

As of the date of this AIF, there are no “promoters” (as defined under the *Securities Act* (British Columbia)) of Tantalus or any of its subsidiaries.

AUDIT COMMITTEE

Charter of the Audit Committee

Our Board has adopted a written charter in the form set forth in Appendix “A”, setting forth the purpose, composition, authority and responsibility of our Audit Committee.

Composition of the Audit Committee

Our Audit Committee consists of three directors: John McEwen, who will act as Chair of the committee; Laura Formusa; and Tom Liston, each of whom is a person determined by our Board to be independent and financially literate, in each case, within the meaning of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well

as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of our Audit Committee, see also “Directors and Executive Officers - Biographical Information Regarding Our Directors and Executive Officers”.

Prior Approval Policies and Procedures

Our Audit Committee must pre-approve all engagements for permitted non-audit services provided by our external auditor to the Company and any consolidated subsidiary.

External Auditor Service Fee

For Fiscal 2022 and Fiscal 2021, the following fees were paid to our current external auditors, KPMG LLP:

	<u>Fiscal 2022</u>	<u>Fiscal 2021</u>
Audit Fees ⁽¹⁾	C\$ 288,365	C\$ 527,416
Audit-Related Fees ⁽²⁾	-	-
Tax Fees ⁽³⁾	C\$ 97,188	C\$ 437,026
All Other Fees ⁽⁴⁾	<u>C\$ 211,202</u>	<u>-</u>
Total	C\$ 596,755	C\$ 964,442

Notes:

- (1) Fees for audit services on an accrued basis.
- (2) Fees for audit and related services not included in audit services above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above, including those incurred in connection with the acquisition of Congruitive.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are not aware of any legal proceedings to which we are or were a party to, or that any of our property is or was the subject of, during our financial year ended December 31, 2022, that involve a claim for damages in excess of 10% of our current assets. Nor are we aware of any such legal proceedings being contemplated. In addition, we are not aware of any penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority during our financial year ended December 31, 2022 or any other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision, and we have not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during our financial year ended December 31, 2022.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no directors or officers of the Company, no person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Shares, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year of the Company that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares is the Computershare Investor Services Inc. at its principal office at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

INTEREST OF EXPERTS

The auditors of the Company for the year ended December 31, 2022 are KPMG LLP of 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3. KPMG LLP have confirmed with respect to the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

MATERIAL CONTRACTS

There are no contracts entered into by us, other than in the ordinary course of business and not required by applicable securities law to be filed with a securities regulatory authority in Canada, that are material to us and that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect other than as set out below:

- Stock Purchase Agreement dated January 31, 2022 among the Company, Tantalus Systems Inc., DLC Systems, Inc. d/b/a Congruitive, each of the holders of outstanding shares of the capital stock of Congruitive and Douglass Campbell (solely in his capacity as agent for the holders of outstanding shares of the capital stock of Congruitive) whereby the Company acquired Congruitive for a purchase price that includes US\$8 million of closing consideration and up to US\$5 million through a two-year earn-out.

ADDITIONAL INFORMATION

Additional information relating to us is available on our SEDAR profile at www.sedar.com. Additional information, including with respect to directors' and officers' remuneration and indebtedness, principal holders of our securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in our management information circular for our most recent annual meeting of shareholders that involves the election of directors, available on our SEDAR profile at www.sedar.com. Additional financial information is contained in the Company's consolidated financial statements and management's discussion and analysis for our most recently completed financial year, available on our SEDAR profile at www.sedar.com.

GLOSSARY OF TERMS

As used in this AIF, unless the context indicates or requires otherwise, the following terms have the respective meanings set out below:

“**2021 ESG Report**” has the meaning set forth under the heading “General Development of the Business”.

“**2021 Financing**” has the meaning set forth under the heading “General Development of the Business”.

“**Advance Notice Provisions**” has the meaning set forth in the heading “Description of Share Capital – Advance Notice Provisions”.

“**AI**” means artificial intelligence.

“**AIF**” means this annual information form.

“**AMI**” means Advanced Metering Infrastructure.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended from time to time.

“**Board**” means the Company’s board of directors.

“**C.IQ™**” means Congruence.IQ™.

“**CBCA**” means the *Canada Business Corporations Act*, as amended from time to time.

“**Common Shares**” means common shares in the capital of Tantalus.

“**Congruitive**” means DLC Systems, Inc. d/b/a Congruitive, a California corporation.

“**Connected Devices and Infrastructure**” has the meaning set forth under the heading “Business and Industry – Products and Services – Overview of Connected Devices and Infrastructure”.

“**COVID-19 Pandemic**” means the COVID-19 pandemic declared by the World Health Organization on March 11, 2020.

“**DER**” means distributed energy resources.

“**ESG**” means environmental, social and governance.

“**EV**” means electric vehicles.

“**Financing**” has the meaning set forth under the heading “General Development of the Business”.

“**Fiscal 2021**” means the year ended December 31, 2021.

“**Fiscal 2022**” means the year ended December 31, 2022.

“**FTTH**” means Fiber-to-the-Home.

“**IEEE**” means Institute of Electrical and Electronics Engineers.

“**IoT**” means the internet of things, the network of physical objects - devices, vehicles, buildings and other items - embedded within electronics, software, sensors, actuators and network connectivity - that enables these various objects to collect and exchange data.

“**IOU**” means investor-owned utility.

“**IP**” means internet protocol.

“**LED**” means light-emitting diode.

“**Notice Date**” has the meaning set forth in the heading “Description of Share Capital – Advance Notice Provisions”.

“**OMS**” means Outage Management System.

“**Predecessor Company**” has the meaning set forth under the heading “General Development of the Business”.

“**Preferred Shares**” means preferred shares in the capital of Tantalus.

“**Qualifying Transaction**” has the meaning set forth under the heading “General Development of the Business”.

“**SaaS**” means software as a service.

“**Subscription Receipt**” means a subscription receipt of the Predecessor Company issued pursuant to the Financing, each Subscription Receipt being convertible into one Common Share in the capital of the Predecessor Company (on a post-consolidation basis) pursuant to the Qualifying Transaction.

“**TCC**” means the TUNet Control Center.

“**TGRA**” means the Tantalus Grid Reliability Analytics.

“**TLMS**” means Tantalus’ load management systems, which consists of a utility software application and a portfolio of load control switches that collectively manage customer appliances and consumption of electricity automatically.

“**TRUEdge**” means the communications module through which Tantalus’ edge computing platform is delivered.

“**TRULight Intelligence**” means Tantalus’ integrated smart community solution that incorporates lighting control, sensors, and water, gas, and electric meter reading.

“**TSSI**” has the meaning set forth under the heading “General Development of the Business”.

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” means the TSX Venture Exchange.

“**TUNet Grid Reliability Analytics**” has the meaning set forth in the heading “Business and Industry – Overview of Utility Software Applications and Services”.

“**TUNet Insight**” means Tantalus’ digital user interface which delivers a visualization tool that allows utilities to fully monitor and control the TUNet system.

“**TUNet**” means the Tantalus utility network.

“**Utility Software Applications**” has the meaning set forth under the heading “Business and Industry – Products and Services – Overview of Utility Software Applications and Services”.

APPENDIX "A"
AUDIT COMMITTEE CHARTER



AUDIT COMMITTEE CHARTER

TABLE OF CONTENTS

	Page
TABLE OF CONTENTS	1
I. PURPOSE	1
II. DUTIES AND RESPONSIBILITIES.....	2
A. FINANCIAL REPORTING AND CONTROL.....	2
B. OVERSIGHT OF THE EXTERNAL AUDITOR	3
C. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS	4
D. OVERSIGHT OF THE CORPORATION’S INTERNAL CONTROL SYSTEM	5
E. OVERSIGHT OF THE CORPORATION’S RISK MANAGEMENT	5
F. RELATIONSHIP WITH THE INTERNAL AUDITOR	6
G. WHISTLEBLOWER, ETHICS, CONDUCT AND INTERNAL CONTROLS COMPLAINT PROCEDURES.....	6
III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD	6
IV. OUTSIDE ADVISORS	6
V. MEMBERSHIP	6
VI. AUDIT COMMITTEE CHAIR POSITION DESCRIPTION.....	7
VII. TERM.....	7
VIII. PROCEDURES FOR MEETINGS	7
IX. QUORUM AND VOTING.....	8
X. SECRETARY.....	8
XI. VACANCIES.....	8
XII. LIMITATION ON DUTIES.....	8
XIII. RECORDS	9
XIV. ACCESS TO INFORMATION AND AUTHORITY	9
XV. REVIEW OF CHARTER.....	9

I. **PURPOSE**

The purpose of the audit committee (the “**Audit Committee**”) of the board of directors (the “**Board**”) of Tantalus Systems Holding Inc. (the “**Corporation**”) is to assist the Board in its oversight of:

- A. the quality and integrity of the financial statements, the financial reporting process and related information;
- B. the independence, qualifications and appointment and performance of the Corporation’s external auditor (the “**External Auditor**”) and the performance of the Corporation’s internal audit function, if applicable;
- C. the accounting and financial reporting policies, practices and procedures of the Corporation and its subsidiaries and affiliates;
- D. the Corporation’s compliance with applicable legal and regulatory requirements, as applicable and subject to the advice of internal or external legal counsel;
- E. management’s design, implementation and effective conduct of disclosure, internal controls and audit procedures (internal and external) over financial reporting;
- F. preparation of disclosures and reports required to be prepared by the Audit Committee by any law, regulation, rule or stock exchange listing standard;

- G. enterprise risk management processes and practices, treasury, tax, hedging, and financial strategies and policies; and
- H. whistleblower policy and processes, including pursuant to, and in accordance with, the Corporation's whistleblower policy (the "**Whistleblower Policy**").

In addition, the Audit Committee provides an avenue for communication between the External Auditor, management, and other employees of the Corporation, as well as the Board, concerning, among other things, accounting and auditing matters.

The composition and meetings of the Audit Committee are subject to the requirements set forth in the articles of the Corporation, as well as in applicable laws and the rules of the TSX Venture Exchange (the "**TSXV**") or Toronto Stock Exchange (the "**TSX**"), as is applicable. The present charter ("**Audit Committee Charter**") is not intended to limit, enlarge or change in any way the responsibilities of the Audit Committee as determined by such articles, by-laws, applicable laws and the rules of the TSXV or TSX, as is applicable.

II. DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board. The Audit Committee is responsible for, and has the explicit authority, to investigate any matters that fall within its responsibilities. To that end, the Audit Committee shall have the following duties and responsibilities:

A. FINANCIAL REPORTING AND CONTROL

1. Review and discuss with management and the External Auditor the following:
 - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, and issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
 - b. analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the adoption of all major accounting policies and practices, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
 - c. the effect of regulatory and accounting developments, as well as any off-balance sheet arrangements, on the financial statements of the Corporation;
 - d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-IFRS information as well as the presentation of future-oriented financial information and other forward-looking information);
 - e. any going concern assumptions, if any;
 - f. any corporate governance issues which could significantly affect the financial statements; and
 - g. all matters required to be communicated to the Audit Committee under accounting policies, auditing standards or other applicable requirements.
2. Review and discuss with management and the External Auditor, report and, where appropriate, provide recommendations to the Board on the following, prior to its public disclosure in accordance

with the Corporation's disclosure, confidentiality and trading policy (the "**Disclosure, Confidentiality & Trading Policy**"):

- a. the annual and interim consolidated financial statements and related management's discussion and analysis, annual information forms, earnings press releases and the quality and integrity of the financial reporting and internal controls of the Corporation;
 - b. any audit issues raised by the External Auditor and management's response thereto, including any restrictions on the scope of the activities of the External Auditor or access to requested information and any significant disagreements with management;
 - c. to the extent not previously reviewed by the Audit Committee, all financial statements included in any prospectus, business acquisition report and all other financial reports, financial statements and other financial information required by regulatory authorities, applicable laws, regulations, rules, stock exchange requirements and/or requiring approval by the Board; and
 - d. any other information deemed necessary to review as determined by the Board, the Executive Officers (as defined below), the External Auditor or the Audit Committee itself
3. Review and discuss reports from the External Auditor on:
- a. all critical accounting policies and practices used by the Corporation;
 - b. all material selections of accounting policies when there is a choice of policies available under IFRS (or other applicable accounting standard) that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the External Auditor;
 - c. other material written communications between the External Auditor and management, and discuss such communications with the External Auditor;
 - d. the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the financial statements; and
 - e. all such other reports prepared by the External Auditor, from time to time.

B. OVERSIGHT OF THE EXTERNAL AUDITOR

1. Recommend to the Board the External Auditor to be nominated for the purpose of preparing the External Auditor's report as well as the External Auditor's compensation for doing so. The External Auditor is expected to report directly to the Audit Committee.
2. Oversee the work of the External Auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any subsidiary of the Corporation, where required, and review, report and, provide recommendations to the Board on the appointment, terms and review of engagement, removal, independence and proposed fees of the External Auditor.
3. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the External Auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.

4. Pre-approve all engagements for permitted non-audit services provided by the External Auditor to the Corporation and any consolidated subsidiary, and to this effect, establish policies and procedures as appropriate for the engagement of the External Auditor to provide non-audit services.
5. Establish policies for the hiring of partners, employees and former partners and employees of the External Auditor in order to protect the independence of the External Auditor.
6. At least annually (or as frequently as may be required under applicable laws, regulations, rules or stock exchange requirements), consider, assess, and report to the Board on:
 - a. the independence of the External Auditor, including that the External Auditor's performance of permitted non-audit services does not impair the External Auditor's independence;
 - b. the External Auditor's written statement (i) delineating all relationships between the External Auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the External Auditor; and
 - c. the evaluation of the lead audit partner, taking into account the opinions of management.
7. At least annually (or as frequently as may be required under applicable laws, regulations, rules or stock exchange requirements), obtain and review a report by the External Auditor describing:
 - a. the External Auditor's internal quality-control procedures; and
 - b. any material issues raised by the most recent internal quality-control review, or peer review of the External Auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor firm, and any steps taken to deal with any such issues.
8. Resolve any disagreement between management and the External Auditor regarding financial reporting.
9. Review the annual audit plan with the External Auditor.
10. At least quarterly and when otherwise required or deemed necessary by the Audit Committee, meet with the External Auditor in the absence of management.

C. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS

1. Review and discuss with management, legal counsel and the External Auditor, monitor, report and, when appropriate, provide recommendations to the Board on the adequacy of the Corporation's processes for complying with laws, regulations, rules, stock exchange listing requirements and applicable accounting standards.
2. Review, on a periodic basis with legal counsel, the Corporation's legal compliance with respect to:
 - (a) the legal and regulatory matters which may have a material effect on the Corporation and/or its financial statements, including with respect to pending or threatened material litigations; and
 - (b) corporate compliance policies and codes of conduct.

D. OVERSIGHT OF THE CORPORATION'S INTERNAL CONTROL SYSTEM

1. Review and discuss with management (including the internal audit team, as applicable) and the External Auditor, monitor, report and, where appropriate, provide recommendations to the Board on the following:
 - a. the Corporation's systems of internal controls over financial reporting, including information technology security and control, and any weakness, deficiency, significant finding or recommendation in relation therewith;
 - b. compliance with the policies and practices of the Corporation relating to business ethics;
 - c. compliance by directors, officers and other management personnel with the Disclosure, Confidentiality and Trading Policy; and
 - d. the relationship of the Audit Committee with other committees of the Board, management and the Corporation's subsidiaries' audit and other committees, as appropriate.
2. Review and discuss with the chief executive officer (the "CEO") and chief financial officer (the "CFO", and together with the CEO and the other executive officers, as appropriate, the "Executive Officers") of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.
3. Review, monitor, report, and, where appropriate, provide recommendations to the Board on the Corporation's disclosure controls and procedures.
4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters pursuant to, and in accordance with, among other things, the Whistleblower Policy.

E. OVERSIGHT OF THE CORPORATION'S RISK MANAGEMENT

1. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management including the following:
 - a. the Corporation's processes for identifying, assessing and managing risks;
 - b. the Corporation's major financial risks, including derivative and tax risks, and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;
 - c. the Corporation's major security risks and security trends, including cybersecurity and privacy risks, that may impact the Corporation's operations and business; and
 - d. the Corporation's business continuity plans, including work stoppage and disaster recovery plans.
2. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and practices regarding risk assessment and risk management and the Corporation's progress in remedying any material deficiencies thereto.
3. When appropriate, ensure that the Corporation and its subsidiaries establish risk assessment and risk management policies, and review and report thereon to the Board.

4. Review with management the credit worthiness, liquidity and important treasury matters including financial plans and strategies of the Corporation.
5. Review the Corporation's tax strategy, including its tax planning and compliance with applicable tax laws.
6. Review with management any hedging strategy that may be in place from time to time, including with respect to foreign exchange and interest rate hedging, financial or physical, intended to manage, mitigate or eliminate risks relation to foreign exchange and interest rate fluctuations.
7. Review all related party transactions and actual or potential conflicts of interest.

F. RELATIONSHIP WITH THE INTERNAL AUDITOR

1. If no internal audit function exists, the Audit Committee is responsible for periodically reviewing with management the need for such a function.

G. WHISTLEBLOWER, ETHICS, CONDUCT AND INTERNAL CONTROLS COMPLAINT PROCEDURES

In accordance with the terms of the Whistleblower Policy, ensure that the Corporation has in place adequate procedures for:

1. The receipt, retention and treatment of complaints received by the Corporation.
2. The confidential, anonymous submission of concerns regarding questionable matters or circumstances (including allegations with respect to fraud, accounting misconduct, harassment, violence, retaliation, etc.).

III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD

1. The Audit Committee shall evaluate and review with the Board, at least on an annual basis (or as frequently as may be required under applicable laws, regulations, rules or stock exchange requirements), the performance of the Audit Committee as a whole, as well as the performance of the chair of the Audit Committee (the "**Audit Committee Chair**") and of each individual member of the Audit Committee while taking into account: (i) in the case of the Audit Committee as a whole, this Audit Committee Charter, (ii) in the case of the Audit Committee Chair, the applicable position description(s), and (iii) in the case of each individual member of the Audit Committee, the competencies and skills each individual member is expected to contribute to the Audit Committee.
2. The Audit Committee shall evaluate and assess, on an annual basis, the financial literacy and independence of the members of the Audit Committee (in accordance with applicable laws, rules, regulations and stock exchange listing requirements as referenced below).
3. The Audit Committee shall report to the Board periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate compensation for such advisors as determined by the Audit Committee.

V. MEMBERSHIP

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board may from time to time by resolution determine. The members of the Audit Committee shall meet the independence

test and other membership requirements (including the financial literacy requirements pursuant to National Instrument 52-110 - *Audit committees*) under applicable laws, rules, regulations and stock exchange listing requirements.

VI. AUDIT COMMITTEE CHAIR POSITION DESCRIPTION

The Audit Committee Chair shall be appointed by the Board, provided that if the Board does not so designate a chair, the Audit Committee, by majority vote, may designate the Audit Committee Chair. The Audit Committee Chair leads the Audit Committee in all aspects of its work and is responsible for effectively managing the affairs of the Audit Committee and ensuring that it is properly organized and functions efficiently. More specifically, the Audit Committee Chair shall:

1. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Audit Committee Charter and as otherwise may be appropriate;
2. Ensure that there is an effective relationship between management of the Corporation and the members of the Audit Committee;
3. Chair meetings of the Audit Committee;
4. In consultation with the chair of the Board (the “**Board Chair**”), the corporate secretary of the Corporation (the “**Corporate Secretary**”), the Executive Officers, determine the frequency, dates and locations of meetings of the Audit Committee;
5. In consultation with the Executive Officers, review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
6. Ensure, in consultation with the Board Chair, that all items requiring the Audit Committee’s approval, are appropriately tabled;
7. Ensure the proper flow of information to the Audit Committee and review, with the Executive Officers and the Corporate Secretary, the adequacy and timing of materials in support of management’s proposals;
8. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board following any meeting of the Audit Committee;
9. Setting forth the Audit Committee’s expectations with respect to information (e.g., nature, level of detail, timing, reports, etc.) and ensuring the information received is responsive to important performance measures and to the key risks the Audit Committee oversees; and
10. Carry out any special assignments or any functions as requested by the Board.

VII. TERM

The members of the Audit Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual meeting of the shareholders, or until their successors are so appointed.

VIII. PROCEDURES FOR MEETINGS

Meetings of the Audit Committee may be called by any member of the Audit Committee or by the External Auditor. The Audit Committee shall fix its own procedures at meetings and for the calling of meetings. The Audit Committee will meet at least each quarter and otherwise as frequently necessary. The Audit Committee shall meet separately in

an “in-camera” session, in the absence of management of the Corporation and the External Auditor, at each regularly scheduled meeting. The Audit Committee will also meet with the External Auditor without management being present.

The Audit Committee may invite any directors, officers or employees of the Corporation or any other person to attend meetings of the Audit Committee to assist in the discussion and examination of the matters under consideration by the Audit Committee. The External Auditor shall receive notice of and attend, at the expense of the Corporation, each meeting of the Audit Committee.

IX. QUORUM AND VOTING

Unless otherwise determined from time to time by resolution of the Board, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. SECRETARY

The Audit Committee will appoint a secretary to the Audit Committee who need not be a director or officer of the Corporation.

XI. VACANCIES

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. LIMITATION ON DUTIES

Notwithstanding the foregoing and subject to applicable law, nothing contained in the present charter is intended to require the Audit Committee to ensure the Corporation’s compliance with applicable laws or regulations.

In contributing to the Audit Committee’s discharge of its duties under this charter, each member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is intended or may be construed as imposing on any member a standard of care or diligence that is in any way more onerous or extensive than the standard to which the members of the Board are subject.

The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation’s shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. The terms contained herein are not intended to give rise to civil liability on the part of the Corporation or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

The Audit Committee shall discharge its responsibilities and shall assess the information provided by the Corporation’s management and any external advisors, including the External Auditor, in accordance with its business judgment. Audit Committee members are not full-time employees of the Corporation and are not, and do not represent themselves to be, professional accountants or auditors. The authority and responsibilities set forth in this Audit Committee Charter do not create any duty or obligation of the Audit Committee to (i) plan or conduct any audits, (ii) determine or certify that the Corporation’s financial statements are complete, accurate, fairly presented or in accordance with applicable accounting and audit standards and applicable laws, regulation, rules or stock exchange listing standards, (iii) guarantee the External Auditor’s reports, or (iv) provide any expert or special assurance as to internal controls or management of risk. Audit Committee members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons from whom they receive information, the accuracy and completeness of the information provided and management’s representations as to any audit or non-audit services provided by the External Auditor.

XIII. RECORDS

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

XIV. ACCESS TO INFORMATION AND AUTHORITY

The Audit Committee will be granted access to all information regarding the Corporation that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by the members of the Audit Committee. The Audit Committee also has the authority to communicate directly with the External Auditor, the CFO, the lead of the internal audit function, if applicable, as well as any other employee of the Corporation as it deems necessary. The Audit Committee shall have the authority to delegate to subcommittees of the Board, provided however that the Audit Committee shall not delegate any power or authority required by any law, regulation, rule or stock exchange listing requirement to be exercised by the Board, or the Audit Committee, as a whole.

XV. REVIEW OF CHARTER

The Audit Committee will review and assess the adequacy of this Audit Committee Charter at least every three years and recommend to the Board any proposed changes for consideration. The Board may amend this Audit Committee Charter, as required.