



2019

INFORMATION CIRCULAR

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting (the “Meeting”) of shareholders of Nanotech Security Corp. (the “Company”) will be held at the offices of the Company’s auditors, KPMG LLP, 11th Floor, 777 Dunsmuir Street, Vancouver, British Columbia on Tuesday April 9, 2019 at 11:00 a.m. PDT for the following purposes:

- 1) To receive and consider the audited consolidated financial statements of the Company for its financial year ended September 30, 2018, and the report of the auditor thereon;
- 2) To elect directors of the Company for the ensuing year;
- 3) To appoint auditors of the Company for the ensuing year;
- 4) To consider and if thought fit, pass a resolution of the disinterested shareholders to adopt an amendment to the Restricted Share Unit Plan component of the Company’s Share Incentive Plan to increase by 600,000 the number of Common Shares of the Company available for grant of Restricted Share Unit Plan awards, such amendment being described in detail in the accompanying information circular; and

- 5) To consider and if thought fit, authorize by ordinary resolution the annual continuation of the Company’s Share Incentive Plan, described in the accompanying information circular.

An information circular accompanies this notice. The information circular contains details of matters to be considered at the Meeting.

No other matters are contemplated, however any permitted amendment to or variation of any matter identified in this notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

DATED at Burnaby, British Columbia, March 1, 2019.

By Order of the Board of Directors

“Troy Bullock”

Troy Bullock
Director & Chief Executive Officer

A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder’s shares will be voted at the Meeting is requested to complete, date and execute the enclosed form of proxy and deliver it to Computershare Investor Services Inc. no later than 11:00 a.m. PDT on Friday, April 5, 2019, in accordance with the instructions set out in the form of proxy and in the information circular.

If you hold your shares in a brokerage account, you are not a registered shareholder. Unregistered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting.

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by the management of Nanotech Security Corp. (the "Company") for use at the annual general meeting (the "Meeting") of its shareholders to be held on Tuesday April 9, 2019 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Information Circular, references to the "Company", "we" and "our" refer to **Nanotech Security Corp.** "Common Shares" means common shares without par value in the capital of the Company. "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. Unless otherwise stated, the information herein is given as of March 1, 2019, the Record Date, as defined below. All amounts following are expressed in Canadian dollars unless otherwise indicated.

VOTING OF SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Board has fixed March 1, 2019 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares of the Company are listed for trading on the TSX Venture Exchange ("TSXV"). As of the Record Date, there were 68,959,002 Common Shares

issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares. The Company is also authorized to issue an unlimited number of preferred shares. There were no preferred shares issued and outstanding as at the Record Date.

To the knowledge of the directors and executive officers of the Company no person beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at the Record Date.

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy (the "Proxy") are officers and directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

VOTING BY PROXYHOLDER

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- b) any amendment to or variation of any matter identified therein, and
- c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

PROXY INFORMATION

REGISTERED SHAREHOLDERS

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a Proxy may do so if they:

- a) complete, date and sign the Proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; or
- b) use a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered

shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the proxy access number; or

- c) log on to Computershare's website at www.investorvote.com. Registered shareholders must follow the instructions provided on the website and refer to the Proxy for the holder's account number and the proxy access number.

Whatever method a registered shareholder chooses to submit their Proxy, they must ensure that the Proxy is received by Friday, April 5, 2019 at 11:00 am PDT, being at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof.

BENEFICIAL SHAREHOLDERS

The following information is of significant importance to shareholders who do not hold Common Shares in their own name.

Non-registered shareholders ("Beneficial Shareholders") should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker ("Intermediaries"). The vast majority of such Common Shares are registered in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not

object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

Non-Objecting Beneficial Owners

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. The Company has asked Broadridge Financial Services, Inc. ("Broadridge") to send the Meeting materials to NOBO holders. To each beneficial holder, Broadridge provides a Voting Instruction Form (the "VIF") instead of a proxy, which is similar to the Proxy provided to registered shareholders by the Company. Please return your VIF provided by Broadridge as specified in the request for voting instructions that was sent to you.

Objecting Beneficial Owners

The Company does not send Meeting materials to OBOs or beneficial holders declining to receive annual meeting documents. Beneficial Shareholders who are OBOs should carefully follow the instructions of your broker or their intermediary to ensure that your Common Shares are voted at the Meeting.

The VIF supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge in



Canada and in the United States. Broadridge mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired

representative (which may be you) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder's representative.

If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) ("Business Corporations Act"), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

REVOCATION OF PROXIES

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered

shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.



MATTERS TO BE ACTED UPON

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting. Director nominees may be considered to have a customary interest as participants in the resolution to approve the equity compensation plan amendment and extension resolutions set out herein.

Unless otherwise indicated on the form of Proxy received by the Company, the persons designated as proxyholders in the accompanying form of Proxy will vote the Common Shares represented by such properly executed form of Proxy in favour of the resolutions to be acted upon.

1 Review of Audited Financial Statements

The audited consolidated financial statements of the Company for the fiscal year ended September 30, 2018, and the auditor's report thereon, will be presented at the Meeting and have been filed along with the related Management's Discussion and Analysis ("MD&A") under

the Company's SEDAR profile at <http://www.sedar.com/>. Persons who do not have access to SEDAR may request a copy by contacting the Company.

2 Election of Directors

GENERAL

The size of the board of directors (the "Board") of the Company is currently set at eight. Pursuant to the Articles of the Company, the Board has decided that the number of directors to be elected to the Board at the Meeting should be seven (subject to the Board's prerogative to increase this figure by up to two people in the course of the ensuing year). The term of office of each of the current eight directors will end immediately prior to the election of directors at the Meeting.

Unless the director's office is vacated earlier, in accordance with the provisions of the *Business Corporations Act*, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or until a successor is appointed or elected.

ADVANCE NOTICE PROVISION

The Company's Articles allow for advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the board of directors of the

Company are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act*.

The purpose of the Advance Notice Provision is to ensure that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and



insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person’s term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision which is available under the Company’s SEDAR profile at <http://www.sedar.com/>.

As the date hereof the Company did not receive any notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board will not be included for voting at the Meeting.

3 Appointment of Auditors

At the Meeting shareholders will be asked to approve a resolution to appoint KPMG LLP, Chartered Professional Accountants (“KPMG LLP”), 777 Dunsmuir Street, Vancouver, British Columbia V7Y 1K3, as auditor of the Company. KPMG LLP was appointed auditor of the Company on September 25, 2014.

RELIANCE ON CERTAIN EXEMPTIONS

The Company’s auditor, KPMG LLP, has not provided any material non-audit services other than as disclosed in the table below.

EXTERNAL AUDITOR SERVICE FEES

The Audit Committee has reviewed the nature and amount of the non-audit services provided by the auditor, KPMG LLP, to ensure auditor independence. Fees incurred with KPMG LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

Nature of Services	September 30, 2018	September 30, 2017
Audit Fees ⁽¹⁾	\$181,000	\$171,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$43,005	\$26,840
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$220,005	\$197,840

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

4 Increase of Restricted Share Units Maximum

EMPLOYEE AND MANAGEMENT EQUITY-BASED INCENTIVE PLAN

On January 28, 2015 the Board approved the adoption of the Employee and Management Share Incentive Plan (the “Incentive Plan”), which has two components; the Share Option Plan (the “Option Plan”) and the Restricted Share

Unit (“RSU”) Plan (the “RSU Plan”). The Incentive Plan was adopted to attract, retain, and motivate employees and incentivize their contribution to the Company’s long-term growth and development. On April 8, 2015 adoption of the Incentive Plan was ratified and approved by the Company’s disinterested shareholders.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information at the September 30, 2018 financial year end.

		Number of securities to be issued upon exercise of outstanding options and RSUs	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	Total
Plan Category		(a)	(b)	(c)	
Equity compensation plans approved by security holders (the Incentive Plan)	Stock Options	2,607,500	\$1.35	3,309,597	5,917,097
	RSUs	370,606	N/A	589,447	960,053
Equity compensation plans not approved by security holders		Nil	Nil	Nil	
Total		2,978,106	--	3,899,044	6,877,150

When initially adopted, the Incentive Plan was approved to reserve 1,500,000 Shares on a fixed basis for RSU awards. The maximum number of Shares available for reserve under the RSU Plan was increased in 2017 by 600,000 Shares to a maximum of 2,100,000 by disinterested shareholders.

281,020 RSUs were granted subsequent to September 30, 2018, leaving 308,427 RSUs available to be granted as of the Record Date:

Total Shares approved	2,100,000
Shares issued since inception	(1,327,447)
RSUs granted but not converted	(464,126)
RSUs available to grant	308,427

PROPOSED INCREASE IN RSU PLAN MAXIMUM

On February 20, 2019 the Board approved an increase of an additional 600,000 RSUs to the fixed maximum number available for grant under the RSU Plan. If approved by disinterested shareholders, the new maximum number of RSUs will be 2,700,000.

Pursuant to TSXV policies, the following resolution concerning the amendment to the Incentive Plan will be presented at the Meeting for approval.

Disinterested shareholder approval for an increase of 600,000 in the maximum number of Common Shares available for reserve for issuance on award of RSUs, under the RSU Plan component of the Share Incentive Plan.

The above resolution will be presented at the Meeting and the text of such resolution is set out in the disclosure below.

Material Terms of the Incentive Plan

The material terms of the Incentive Plan are as follows:

- a) The Incentive Plan reserves an aggregate maximum of 10% of outstanding Shares on a rolling basis for Options, less any Shares reserved for issuance under the RSU Plan (772,553 Shares is currently the remaining fixed number reserved for RSUs representing 464,126 granted but not yet converted and 308,427 not yet granted).
- b) The Incentive Plan is administered by the Compensation Committee of the Board.
- c) Maximum limits to Option and RSUs granted:
 - i. No participant can be granted an Option if that Option together with any grants made under all other share compensation arrangements in the previous 12 months would exceed 5% of the outstanding Shares of the Company (2% in the case of consultants);
 - ii. The aggregate number of Options granted to anyone primarily conducting investor relations activities cannot exceed in any 12-month period 2% of outstanding Shares of the Company; and
 - iii. No additional RSUs or Options will be granted if the issued RSUs and Options granted would together exceed 10% of issued Shares at any time or, the number of Options granted (and exercised) by insiders over the previous 12 months exceed 10%, as of the date of any proposed grant to an insider.
- d) Options and RSUs are issued to the eligible recipient and are non-assignable.
- e) The Board may not, without disinterested shareholder approval, amend the Incentive Plan or a granted Option to:
 - i. make any amendment that would reduce the exercise price of an Option held by an insider;
 - ii. amend or delete the amending provisions of the Incentive Plan;
 - iii. vest an option granted under an amendment to the Option Plan before the amendment receives shareholder approval; or
 - iv. change the grant limitations in paragraph (c) above.
- f) The Board must obtain shareholder approval:
 - i. annually to extend the rolling Option Plan;
 - ii. before increasing the fixed number of RSUs; or

- iii. before amending any material term of either the Incentive Plan described herein including eligibility, minimum exercise pricing, or maximum term.
- g) The Board may amend an Option or the Incentive Plan without shareholder approval but subject to TSXV approval to:
 - i. amend an option, other than for term, previously granted to a non-insider provided six months have elapsed;
 - ii. extend the term of a previously granted Option provided it has been outstanding for 12 months and provided the extended Option exercise price is the current Market Price;
 - iii. make any amendment to the terms and conditions of the Incentive Plan which are considered necessary to ensure the Incentive Plan complies with applicable regulatory requirements; and
 - iv. make any amendment to the Incentive Plan that is in the nature of an administrative, housekeeping or clerical error correction.

Option Plan

- h) Options may be granted to employees, directors, management company employees and certain permitted consultants of the Company.
- i) The exercise price under the Option Plan is set by the Board at the time an Option is granted and cannot be less than Market Price (as defined by TSXV) and cannot be lower than any prospectus offering price of Shares within the previous 90 days nor may Options be priced until allocated to a specific recipient;
- j) The exercise term of an Option may not exceed ten years and Options will be subject to vesting terms as determined by the Board, usually over a minimum of 18 months. If the expiry date for an Option occurs during a Company-imposed blackout period (share trading not permitted), the expiry date for such Option will automatically be extended for ten days after the expiry date of the blackout period.
- k) Options may be exercised after an Optionee’s term of service to the Company has been terminated as follows:
 - i. in the case of death, up to one year from the date of death or the expiry date of the Option, whichever occurs first; or



MATTERS TO BE ACTED UPON

- ii. in the case of voluntary termination of services or termination without cause, 30 days from the date of termination unless extended in writing by the Board by up to one year in its sole discretion.
- l) Options may not be exercised in the case of termination for cause, all unvested Option rights will thereupon terminate immediately.
- m) In the event of a change of control of the Company or a take-over bid being made for outstanding Shares, Options may be immediately exercised in whole or in part by the Optionee.

RSU Plan

- n) RSUs may only be granted to directors, management company employees, and employees.
- o) RSUs will vest and become issuable as fully paid Shares pro rata over three years of continued employment of the recipient from the grant date. RSUs will vest immediately in the event of a take-over, change of control or death or incapacity of the recipient.
- p) For participants who retire, RSUs granted to the date of retirement will continue to vest over their three-year term notwithstanding the recipient has retired.

If the disinterested shareholder resolution to increase the fixed number maximum of the RSU Plan, as set out below is approved, the maximum RSUs available to grant as at the Record Date will be 908,427. The new totals of RSUs and Options under the Incentive Plan as at the Record Date would be:

RSUs granted but not converted	464,126	0.7%
RSUs available to grant	908,427	1.3%
Total RSUs	1,372,553	2.0%
Options granted but unexercised	3,935,000	5.7%
Options available to grant	1,588,347	2.3%
Total Options	5,523,347	8.0%
TOTAL	6,895,900	10%

A copy of the Incentive Plan, highlighted to show amendments, has been filed at www.sedar.com concurrently with the filing of this Information Circular.

RESOLUTION TO APPROVE INCREASE IN MAXIMUM RSUs

The text of the disinterested shareholder resolution to ratify and approve the increase in the maximum number of Common Shares set out in the RSU Plan component of the Share Incentive Plan, which will be submitted to disinterested shareholders for approval at the Meeting is set forth below:

“Be it RESOLVED as a resolution of the disinterested shareholders of the Company, that the increase approved by the Board of directors on February 20, 2019, being an increase of 600,000 Common Shares of the Company that may be reserved for issuance pursuant to Restricted Share Units under the Restricted Share Unit Plan component of the Company’s Employee and Management Share Incentive Plan, be and is hereby ratified and approved.”

The Board unanimously recommends that the disinterested shareholders vote to ratify and approve the resolution. Common Shares voted by insiders of the Company will be withheld from voting. A simple majority of disinterested shareholder votes cast on the resolution will be required to pass this resolution.

The term “disinterested shareholder approval” means approval by a majority of the votes cast at the Meeting other than votes attaching to Common Shares beneficially owned by insiders of the Company to whom RSUs may be granted under the proposed RSU Plan amendment, and associates of such persons. The terms “insiders” and “associates” are defined in the policies of the TSXV and generally include directors and senior officers of the Company and its subsidiaries and holders of greater than 10% of the voting securities of the Company and include certain related parties such as partners and family members.



5 Continuation of Share Incentive Plan

SHAREHOLDERS RESOLUTION TO RATIFY AND APPROVE INCENTIVE PLAN FOR CONTINUATION

The text of the ordinary resolution to ratify and approve the Incentive Plan to be submitted to the shareholders for approval at the Meeting is set forth as follows:

“Be it RESOLVED that the Employee and Management Share Incentive Plan, approved by the disinterested

shareholders of the Company on April 8, 2015, as it may be amended from time to time, is hereby ratified and approved for continuation until the next annual general meeting of the Company.”

The Board unanimously recommends that the shareholders vote to ratify and approve the continuation of the Incentive Plan for the ensuing year.


ANY OTHER MATTERS


The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Information Circular.

About Our Board of Directors


DIRECTOR PROFILES

This section provides information on each person nominated for election as director. The market value of Common Shares each director nominee holds was determined by multiplying the number of Common Shares held by the closing price of the Common Shares on September 30, 2018, which was \$0.93.


Doug Blakeway				
British Columbia, Canada	<p>Doug Blakeway is the Company's Chairman. Mr. Blakeway founded the Company and was the Chief Executive Officer of Nanotech until January 2019. He has over 40 years of experience in executive management in technology business development. From September 2006 until June 2012 he was a consultant providing product manufacturing management services to G4S Justice Services (Canada) Inc., which purchased the Company's previous business in 2006.</p>			
Age: 71				
Director Since: 1984				
Non-independent	<p>Attendance Record – 100% Board – 7 of 7</p>	<p>Current Directorships: Wireless Industry Partnership Connector Inc.</p> <p>Past Directorships: Legend Power Systems Inc. QHR Corporation E Reservations Systems Inc. Geyser Brands Inc. (formerly Kanzen Capital Corp.)</p>		
<p>Nanotech Committees: Not eligible</p> <p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Industry knowledge ▪ Technology knowledge 				
No compensation received for services as director while CEO				
Common Shares held and market value as at September 30, 2018:				
	Shares	Total Market Value of Shares		
	6,120,000	\$5,691,600		
Voting Results of 2018 Annual Meeting:				
		Votes for	Votes withheld	Total votes cast
Number of votes		18,985,006	2,267	18,987,273
Percentage of votes		99.99%	0.01%	100%

Troy Bullock			
British Columbia, Canada	<p>Troy Bullock is the Company's President (since 2016) and became the Chief Executive Officer January 2, 2019. He was Chief Financial Officer of Nanotech from June 2014 to January 2019. Prior to Nanotech, Mr. Bullock was the CEO of Stormtech Performance Apparel Ltd. Mr. Bullock is a senior executive with more than 20 years of international experience who has a strong track record in both public and private companies with public accounting, restructuring and corporate finance duties at KPMG and Deloitte.</p>		
Age: 50			
Director Since: January 2019			
Non-independent	<p>Attendance Record – N/A Joined the Board January 2, 2019</p>	<p>Past Directorships: Norsat International Inc. Ascalade Communications Inc. Stormtech Performance Apparel Ltd.</p>	
<p>Nanotech Committees: Not eligible</p> <p>Areas of expertise:</p> <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Commercializing technology ▪ Finance and accounting 			
<p>Total Compensation for 2018: Joined the Board January 2, 2019</p>			
Common Shares held and market value as at September 30, 2018:			
	Shares	Total Market Value of Shares	
	292,083	\$271,637	


ABOUT OUR BOARD OF DIRECTORS


Hyonmyong (Hoch) Cho			
California, USA	<p>Hoch Cho is the Chairman of the Board of Destiny Media Technologies Inc. since March 2017. He is the managing member, since 2007, of Greenlaw International Management Company LLC, which manages Greenlaw International LP, a fund which invests in microcap stocks. From 2002 to 2008, Mr. Cho was a Managing Director of Forum Partners which managed several real estate private equity funds in Europe and Asia. At Forum Partners, Mr. Cho managed a worldwide team tasked with private equity deal structuring, analysis and negotiation.</p>		
Age: 47			
Nominee			
Independent			
Nanotech Committees: N/A	Attendance Record – N/A	Current Directorships: Destiny Media Technologies, Inc.	
Areas of expertise: <ul style="list-style-type: none"> ▪ Strategic marketing ▪ Capital markets 			
Total Compensation for 2018: N/A			
Common Shares held and market value as at September 30, 2018:			
Shares	Total Market Value of Shares		
2,198,680 ⁽¹⁾	\$2,044,772		

(1) Mr. Cho personally owns 2,000 shares and controls 2,196,680 shares through his management of Greenlaw International LP.


Bozena Kaminska			
British Columbia, Canada	<p>Bozena Kaminska is a prolific inventor with major contributions to science and innovation. She is currently a Professor at Simon Fraser University's School of Engineering Science, and a Canada Research Chair (Tier 1). She holds multiple patents and has authored hundreds of peer-reviewed publications in top scientific journals. Throughout her thirty-year research career, Dr. Kaminska has actively worked on the commercialization of her laboratory research and has successfully developed five ventures from her scientific work.</p>		
Age: 67			
Director Since: 2011			
Independent			
Nanotech Committees: <ul style="list-style-type: none"> ▪ Audit 	Attendance Record – 92% Board – 7 of 7 Audit – 4 of 5	Current Directorships: NanoMedia Solutions Ltd. Canadian Microelectronics Corporation Spectral Devices Inc.	
Areas of expertise: <ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Technology knowledge 			
Total Compensation for 2018: \$23,000			
Common Shares held and market value as at September 30, 2018:			
Shares	Total Market Value of Shares		
2,877,244	\$2,675,837		
Voting Results of 2018 Annual Meeting:			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,987,273	0	18,987,273
Percentage of votes	100%	0%	100%

ABOUT OUR BOARD OF DIRECTORS

D. Neil McDonnell		
British Columbia, Canada	<p>D. Neil McDonnell has been President and CEO at Javini Holdings Co. since June 2010. He is currently chair of Agreement Express, ResponseTek, edp Software and a director of Symbility Solutions. A recognized leader in the Canadian technology space, he was a director of QHR Technologies Inc. from June 2015 to October 2016 (acquired by George Weston) and CEO of Wurldtech Security Technologies Inc. from July 2011 to May 2015 (acquired by GE). Mr. McDonnell holds an MBA from the University of British Columbia and a Bachelor of Commerce from the University of Toronto.</p>	
Age: 60		
Nominee		
Independent		
Nanotech Committees: N/A	Attendance Record – N/A	Current Directorships: Photon Control Inc. Espial Group Inc.
Areas of expertise:	<p>Past Directorships: Symbility Solutions Inc. QHR Corporation TitanStar Properties Inc.</p>	
<ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Finance and accounting 		
Total Compensation for 2018: N/A		
Common Shares held and market value as at September 30, 2018:		
	Shares	Total Market Value of Shares
	Nil	\$Nil

Ronan McGrath		
Ontario, Canada	<p>Ronan McGrath is an investor, corporate director and the Principal of Ronan McGrath + Associates Inc. since January 2009. He also consults on strategic issues to major technology companies. He is the lead director of Photon Control Inc. since July 2016 and chairs the Audit Committee. He was the lead director and Audit Committee chair of Symbility Solutions Inc. from November 2017 to December 2018. He is the former Chief Information Officer of Rogers Communications Inc., and President of Rogers Shared Operations. Mr. McGrath, a Chartered Accountant, is a graduate in Business Administration at Trinity College, Dublin.</p>	
Age: 70		
Nominee		
Independent		
Nanotech Committees: N/A	Attendance Record – N/A	Current Directorships: Photon Control Inc.
Areas of expertise:	<p>Past Directorships: Symbility Solutions Inc.</p>	
<ul style="list-style-type: none"> ▪ Senior executive/strategic leadership ▪ Finance and accounting 		
Total Compensation for 2018: N/A		
Common Shares held and market value as at September 30, 2018:		
	Shares	Total Market Value of Shares
	Nil	\$Nil



Bernhard Zinkhofer			
British Columbia, Canada	<p>Bernhard Zinkhofer is a semi-retired partner in the Vancouver office of McMillan LLP lawyers. He holds a BComm (Calgary, 1977) an LL.B. (Victoria, 1983) and is an accredited Chartered Professional Accountant. Mr. Zinkhofer has served as a director of Nanotech and its predecessors for the preceding 12 years and has in the past served as a director of a number of public and private companies. His extensive legal experience is recognized in Chambers and Lexpert peer review directories.</p>		
Age: 63			
Director Since: 1994 to 2004 and since 2007			
Non-independent to March 31, 2019 Independent from and after March 31, 2019 Nanotech Committees: None Areas of expertise: <ul style="list-style-type: none"> ▪ Legal and regulatory ▪ Finance and accounting No direct compensation received for services as director	Attendance Record – 100% Board – 7 of 7	Past Directorships: Austral-Pacific Energy Ltd.	
Common Shares held and market value as at September 30, 2018:			
	Shares	Total Market Value of Shares	
	801,771	\$745,647	
Voting Results of 2018 Annual Meeting:			
	Votes for	Votes withheld	Total votes cast
Number of votes	18,987,273	0	18,987,273
Percentage of votes	100%	0%	100%

CEASE TRADE ORDERS AND BANKRUPTCIES

Except as set out below, and within the last 10 years before the date of this Information Circular, no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- c) 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 has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Mr. Zinkhofer served as a director of Austral-Pacific Energy Ltd., an oil and gas company, which went into receivership and ceased operations in 2009 on account of loans and oil hedging agreements entered into prior to the time when Mr. Zinkhofer was a director. Two companies in which Mr. Zinkhofer served as a non-executive corporate secretary as part of his legal services also ceased operations due to insolvency; Inviro Medical Inc. (2010) and Great Basin Gold Inc. (2012).

Penalties and Sanctions

No nominated director of the Company has been subject to any penalties or sanctions.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and officers' liability insurance in the amount of \$10,000,000 is in place. Total premiums expensed during fiscal 2018 were \$21,817.

DIRECTOR COMPENSATION

Non-executive directors are eligible for the following standard compensation arrangements.

- a) Base director fees comprise an annual cash fee of \$20,000 as well as RSUs and Options. RSU and Option grants are at the discretion of the Board;
- b) An additional \$5,000 per calendar year for each committee chair; and
- c) An additional \$3,000 per calendar year for committee members.

Under the current compensation plan each independent director shall receive stock options (at market value) upon joining the Board.

The Company also reimburses its directors for expenses incurred on behalf of the Company as well as for travel and other reasonable expenses incurred in attending Board meetings.

There were no arrangements under which directors were compensated by the Company during the most recently completed financial year for their services in their capacity as directors or consultants other than as set out herein.

Director Compensation Tables

The compensation provided to directors, who were not a named executive officer (“NEO”) (see the Executive Compensation section on page 28), for the Company’s fiscal year ended September 30, 2018 is:

Name	Fees earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Ron Barbaro	23,000	6,850	5,300	Nil	Nil	Nil	35,150
Brian Causey	23,000	6,850	5,300	Nil	Nil	Nil	35,150
Dickson Hall	23,000	6,850	5,300	Nil	Nil	Nil	35,150
Bozena Kaminska	23,000	6,850	5,300	Nil	Nil	Nil	35,150
Ken Tolmie	30,000	6,850	5,300	Nil	Nil	Nil	42,150
Bernhard Zinkhofer ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Amounts represent the grant date fair value of RSUs based on the assumption of 100% vesting. The fair value is determined by multiplying the Company’s share price by the number of RSUs granted.
- (2) Amounts represent the grant date fair value of Options based on the assumption of 100% vesting. The fair value is determined under the Black-Scholes Options Pricing Model.
- (3) Mr. Zinkhofer does not receive director’s fees per se, however, his time is charged as part of the legal services of his firm at regular rates. McMillan LLP, the law firm from which Mr. Zinkhofer is now retiring, invoiced \$81,776 for legal fees, disbursements and taxes, (2017: \$160,664) for services rendered during the fiscal year ended September 30, 2018.

ABOUT OUR BOARD OF DIRECTORS

Outstanding Share-based and Option-based Awards

The following table sets out all share-based and option-based awards, outstanding as at September 30, 2018, for each director who was not a NEO for the Company's fiscal year ended September 30, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ron Barbaro	50,000	1.28	March 30, 2021	Nil	5,750	5,348	Nil
	5,000	1.48	December 21, 2021	Nil			
	10,000	1.40	January 4, 2023	Nil			
Brian Causey	100,000	1.65	April 16, 2019	Nil	5,750	5,348	Nil
	15,000	1.15	January 28, 2020	Nil			
	15,000	1.23	January 6, 2021	Nil			
	5,000	1.48	December 21, 2021	Nil			
	10,000	1.40	January 4, 2023	Nil			
Dickson Hall	50,000	1.15	July 14, 2020	Nil	5,750	5,348	Nil
	15,000	1.23	January 6, 2021	Nil			
	5,000	1.48	December 21, 2021	Nil			
	10,000	1.40	January 4, 2023	Nil			
Bozena Kaminska	15,000	1.15	January 28, 2020	Nil	5,750	5,348	Nil
	15,000	1.23	January 6, 2021	Nil			
	5,000	1.48	December 21, 2021	Nil			
	10,000	1.40	January 4, 2023	Nil			
Ken Tolmie	100,000	1.65	April 16, 2019	Nil	5,750	5,348	Nil
	15,000	1.15	January 28, 2020	Nil			
	15,000	1.23	January 6, 2021	Nil			
	5,000	1.48	December 21, 2021	Nil			
	10,000	1.40	January 4, 2023	Nil			
Bernhard Zinkhofer	100,000	1.65	April 16, 2019	Nil	Nil	Nil	Nil

Notes:

(1) Calculated using the TSXV closing share price on September 30, 2018; \$0.93, less the exercise price of the Option(s).

(2) Calculated using the TSXV closing share price on September 30, 2018; \$0.93.



Value Vested or Earned During the Year

The following table sets forth details of the aggregate dollar value that would have been realized if awards had been exercised on the vesting date during the year ended September 30, 2018, for each director of the Company that is not a NEO.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾
Ron Barbaro	Nil	2,940
Brian Causey	Nil	4,900
Dickson Hall	Nil	4,900
Bozena Kaminska	Nil	4,900
Ken Tolmie	Nil	4,900
Bernhard Zinkhofer	Nil	Nil

Notes:

- (1) Calculated using the TSXV closing share price on the date of vesting, less the exercise price of the Option(s).
- (2) Calculated using the TSXV closing share price on the date the awards were vested and released.

MANDATE AND REPORT OF THE BOARD OF DIRECTORS

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as such practices are in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board Mandate

The Board has not adopted a formal mandate but understands that its role is (i) to assume responsibility for the overall stewardship and development of the Company and monitoring of its business decisions, (ii) identification of the principal risks and opportunities of the Company's business and ensuring the implementation of appropriate systems to manage these risks, (iii) ethical management and succession planning, including appointing, training and monitoring of senior management and directors, (iv) implementation of a communication policy for the Company, and (v) the integrity of the Company's internal financial controls and management information systems. There are two primary Canadian regulatory policies which deal with corporate governance and its disclosure namely National Instrument 58-101 and National Policy 58-201 (the "Policies"). The Policies suggest that the Company should maximize the number of independent directors generally and especially on committees of the Board and to formalize its governance practices with written charters and mandates which allow verification that they are being observed.

The Company is pursuing development and commercialization of a novel nano-optic image technology used for authentication and branding. The Board is of the view that the strategic planning process for the Company consists primarily of identifying and pursuing enhancements to and marketable applications for this technology, while maintaining sufficient capital reserves. The Company also conducts contract development work in the field of optical security features. The principal risks to the Company are the loss of a key contract development customer, that the Company's products will not ultimately achieve market acceptance, or that the Company's intellectual property claims will not be sufficiently broad or enforceable.

The Board monitors the activities of the senior management mainly through quarterly meetings between the Board and senior management. The Board is of the view that its communication policy between senior management, Board members and shareholders is good. The Company's high technology nature and early stage of commercialization of the Company's business makes the Board significantly reliant on its executive team to chart the Company's intellectual property and product development strategies.

The Board understands it has overall responsibility for the stewardship of the Company, which includes:

- a) responsibility for advancement of a strategic plan for the Company in consultation with the senior officers;
- b) responsibility for the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- c) responsibility for appointing, monitoring, and terminating senior management;
- d) responsibility for implementation of a communication policy for the Company regarding disclosure of corporate information; and
- e) responsibility for developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company.

Stewardship of the Company

The Company's Board is empowered by the *Business Corporations Act*, the Company's Articles, and by common and other statutory law to manage, or supervise the management of, the affairs and business of the Company. The Board is now proceeding to develop a formal mandate which, once completed following the date of the shareholders meeting, will be placed on the Company's website.

The Board reviews business developments through quarterly meetings. It has established two committees; the Audit Committee and the Compensation Committee. A policy with respect to transaction thresholds ensures management does not engage in material transactions without the involvement of the Board. Long-term strategies and annual operating and capital plans with respect to the Company's operations are developed by senior management and confirmed by the Board.

The Board has delegated responsibility for the integrity of internal controls and management information systems to the Audit Committee. The Company's external auditors report directly to the Audit Committee. In its annual meetings with the external auditors, the Audit Committee discusses, among other things, the Company's financial statements and the adequacy and effectiveness of the Company's internal controls and management information systems. The auditors also meet *in camera* (without management present) with the Audit Committee.

Orientation and Continuing Education

The Company has no formal education process for new directors. However, all proposed directors have extensive experience as directors of public and private corporations. Board meetings generally include presentations and reports by the Company's executives to give the directors additional insight into the Company's business. The Board has not adopted a formal Directors' education policy or requirement.

At this time the Board has not established a formal process for assessing its effectiveness or the contribution of individual members. Board compensation is considered from time to time by the Compensation Committee which will be reconstituted after the shareholders meeting. The directors expect to be primarily compensated from their equity holdings in the Company which the directors believe more closely align their interests with those of other shareholders.

Ethical Business Conduct

The Board relies on the reputation and integrity of its members to conduct themselves and the business of the Company ethically. The Board believes it is justified in doing so. The Company has never received a complaint or allegation of unethical behaviour by a Board member or senior officer. The Company's governance manual, once completed, will include a whistleblower policy where people can confidentially and even anonymously report any concerns or allegations of improper behaviour by any member of management.

Nominations by the Board

The Board annually considers the appropriate size and make-up of the Board when it resolves the number and names of the persons to recommend as director nominees to the shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board's duties effectively and the types of backgrounds and skills

necessary to maintain a diversity of views and experience.

The Board does not have a nominating committee. These functions are currently performed by the Board as a whole.

Committees

The Board has two committees namely the Compensation Committee and Audit Committee described in their respective reports.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management, and the strategic direction and processes of the Board and its committees. These evaluations and assessments are used in connection with its duty of evaluating and recommending persons as nominees for the position of director of the Company.

Board of Directors

The Company has five independent directors and three non-independent directors as at the Record Date. Messrs. Barbaro, Hall, Tolmie, Causey, and Dr. Kaminska are considered independent. Mr. Blakeway was the CEO until January 2, 2019, Mr. Bullock is now the President & CEO (and was previously the President & CFO), and Mr. Zinkhofer’s law firm provided legal services to the Company, so these three persons are considered non-independent directors. Directors are considered to be

independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The following table outlines the Company’s independent and non-independent directors, as proposed for the forthcoming year, and the basis for a determination that a director is non-independent.

Name	Independent/Non-independent
Doug Blakeway	Non-independent Basis for determination: Served as Chief Executive Officer of the Company until January 2019.
Troy Bullock	Non-independent Basis for determination: Serves as President and Chief Executive Officer of the Company and was President & Chief Financial Officer during 2018.
Hyonmyong (Hoch) Cho	Independent
Bozena Kaminska	Independent
D. Neil McDonnell	Independent
Ronan McGrath	Independent
Bernhard Zinkhofer	Non-independent – 2018 to March 31, 2019 Independent – From and after March 31, 2019 Basis for determination: During 2018 the law firm of which Mr. Zinkhofer is a semi-retired partner provided legal services to the Company. In order to ensure his independence going forward the Company will retain another law firm with effect from March 31, 2019.

Other Directorships

As of the Record Date, directors of the Company currently serving on a board of another publicly traded company are Dickson Hall; Kona Bay Technologies Inc. (KBY:TSXV) and Bunker Hill Mining Corp. (BNKR:CSE), and Ron Barbaro; Smart Employee Benefits Inc. (SEB:TSXV).



Meeting Attendance

The attendance record of directors of the Company during the period from October 1, 2017 to September 30, 2018 is as follows:

Name	Board Meetings Attended ⁽¹⁾	Committee Meetings Attended ⁽¹⁾	Total Meetings Attended	Percentage of Meetings Attended
Ron Barbaro	6	1	7	88%
Doug Blakeway	7	N/A	7	100%
Brian Causey	6	5	11	92%
Dickson Hall	6	1	7	88%
Bozena Kaminska	7	4	11	92%
Ken Tolmie	7	6	13	100%
Bernhard Zinkhofer	7	N/A	7	100%

Notes:

(1) The above does not include ad hoc teleconferences with some corporate legal matters completed by written consent resolution.

The full Board generally meets in person at least five times annually. Directors otherwise communicate via email and teleconference generally at the time of finalization of the quarterly financial statements and in

connection with business developments and transactions. Individual directors are free to engage personal advisors at the expense of the Company in appropriate circumstances.

Signed, the members of the Board of Directors

"Douglas H. Blakeway"

Douglas H. Blakeway (Chair)

"Bernhard J. Zinkhofer"

Bernhard J. Zinkhofer

"Brian Causey"

Brian Causey

"Ron Barbaro"

Ron Barbaro

"Bozena Kaminska"

Bozena Kaminska

"Kenneth R. Tolmie"

Kenneth R. Tolmie

"Dickson Hall"

Dickson Hall

Audit Committee Report

National Instrument 52-110 *Audit Committees* (“NI 52-110”) of the Canadian Securities Administrators requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following disclosure.

AUDIT COMMITTEE MANDATE

The Board, through the Audit Committee, is responsible for the integrity of the internal control and management information systems of the Company. The Audit Committee meets at least quarterly to review quarterly financial statements and management’s discussion and analysis and meets at least twice annually with the Company’s external auditor. The Audit Committee discusses, among other things, the annual audit, the adequacy and effectiveness of the Company’s internal control and management information systems and management’s discussion and analysis and reviews the annual financial statements with the external auditor.

The Audit Committee’s mandate and responsibilities are detailed in its Audit Committee Charter, and include:

- a) assisting in the identification of the principal risks of the Company’s business and, with the assistance of management, establishing procedures to ensure that these risks are monitored;
- b) overseeing the work of external auditors engaged for the purpose of preparing or issuing an audit report or related work;
- c) recommending to the Board the nomination and compensation of the external auditors;
- d) approving all non-audit services to be provided by the external auditors; and
- e) reviewing the Company’s financial statements, MD&A and earnings press releases before the Company publicly discloses this information and satisfying itself that all regulatory compliance matters have been considered in the preparation of the financial statements of the Company.

A copy of the Audit Committee Charter is attached as Schedule “A” to this Information Circular.

COMPOSITION OF THE AUDIT COMMITTEE

During fiscal 2018, Ken Tolmie (Chair), Bozena Kaminska, and Brian Causey served on the Audit Committee. All members are considered independent.

Relevant Education and Experience of Audit Committee

The current members of the Audit Committee either have post-secondary education or extensive business and financial experience. One member holds professional accounting accreditation. In particular, each of the recent and proposed members of the Audit Committee has:

- a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- c) an understanding of internal controls and procedures for financial reporting.

The Board has determined that each member of the Audit Committee is and will be “financially literate”, has “accounting or related financial management expertise”. Mr. Causey, who is retiring, and Mr. McGrath, who is nominated for 2019, have accounting designations, and each represent an “audit committee financial expert” as defined by applicable securities laws.

AUDIT COMMITTEE OVERSIGHT

During 2018, the Audit Committee engaged KPMG LLP to perform the additional services of reviewing the first, second and third quarter interim financial statements. The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than KPMG LLP.

Pre-approval Policies and Procedures

The specific policies and procedures for the engagement of material non-audit services are described in the Company’s Audit Committee Charter.



EXEMPTIONS

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemptions in section 6.1 of NI 52-110 relating to Part 5 (*Reporting Obligations*).

In accordance with the *Business Corporations Act*, the shareholders appoint the Company’s Auditor. In carrying out its responsibilities, the Audit Committee has reviewed the qualification and performance of the auditor and recommends to the Board and to the shareholders that KPMG LLP, Chartered Accountants be appointed as auditor of the Company at the Meeting.

Signed, the members of the Audit Committee

“Kenneth R. Tolmie”

Kenneth R. Tolmie (Chair)

“Bozena Kaminska”

Bozena Kaminska

“Brian Causey”

Brian Causey

Compensation Committee Report

The Compensation Committee assists the Board in developing the compensation philosophy and guidelines on executive compensation, overseeing succession planning for the executive leadership team, determining the CEO's goals and objectives relative to compensation and performance, determining the CEO's compensation based on evaluation, and reviewing the CEO's recommendations for compensation for other senior management.

The Committee reviews and reports at least annually to the Board on the executive organizational structure, management's succession plans for the executive team including specific development plans and career planning for potential successors for both normal career progression and emergency replacement situations. The Committee also makes recommendations to the Board about grants under, and any suggested changes to, the Company's equity-based incentive plans and executive services agreements.

On January 2, 2019 as part of a restructuring, Chief Executive Officer and Chairman of the Board Doug Blakeway agreed to retire as CEO and terminate his executive services consulting agreement before its July 1, 2021 expiry. Former President & Chief Financial Officer, Troy Bullock was appointed by the Board as CEO (and remains President) to succeed Mr. Blakeway. Mr. Blakeway remains as the Chairman of the Board.

Under the terms of Mr. Blakeway's executive services consulting agreement, he was entitled to receive severance consisting of two years base salary, the vesting of all RSUs, and will participate in the 2019 bonus program on a pro-rated basis, which will be detailed in the 2020 shareholders meeting circular.

COMPOSITION OF THE COMPENSATION COMMITTEE

During fiscal 2018, Ken Tolmie (Chair), Ron Barbaro, and Dickson Hall served on the Compensation Committee.

REPORT ON EXECUTIVE COMPENSATION

In January 2015, the Company introduced a "results oriented" executive compensation plan creating a significant variable component to compensation that is linked to key operating metrics. This compensation plan is comprised of a combination of base salary and benefits, annual incentive compensation and long-term equity participation through the Company's Incentive Plan.

The Company's executive compensation program is designed to compensate executives in ways that promote

outstanding performance and create long-term value, as well as attract and retain talented executives. The Committee believes the Company's compensation objectives are consistent with compensation practices in the marketplace in which we compete for talent and does so in a way that does not promote undue risk-taking. It is the Committee's belief that NEO compensation should be tied to the creation of long-term value in the best interest of the shareholders, and that incentives should reward performance without encouraging undue risk-taking. A significant portion of the NEOs' total direct compensation is "at risk" and tied closely to the success of meeting or exceeding the Company's minimum short and long-term objectives. "At risk" means that the executive will not realize value unless specified goals, which are directly tied to the Company's overall performance, are achieved. In 2018, these performance goals, and resulting compensation awards, were largely focused on the Company's key business drivers.

The objectives regarding compensation are:

- a) to attract and retain experienced, qualified, capable executives by paying compensation packages that are competitive in the markets in which we compete for executive talent;
- b) to motivate short and more importantly long-term executive performance with cash and equity incentives tied to the achievement of corporate goals set in the Board approved business plan. In 2018, these goals included growing revenue, Adjusted EBITDA, and net income, and discretionary strategic improvements; and
- c) to align the Company's executives' interest with those of the shareholders by providing the Company's executives with equity-based compensation.

Compensation Discussion and Analysis

The Compensation Committee is of the view that compensation arrangements of its executive officers do not incentivize any risk-taking behaviour.

Compensation Mix

Targets for each element of compensation are based on compensation data for comparable positions at comparable companies, the individual's level of responsibility and experience, and the individual's influence on the immediate and sustained performance of the Company. Actual compensation awards are determined by personal and corporate performance.



COMPENSATION COMMITTEE REPORT

For 2018, the mix of base salary and incentives that was available to the NEOs assuming they achieved 100% of the corporate goals was as follows:

	Annual Base Salary	Short-term Incentives	Long-term Incentives	Total Direct Compensation
Doug Blakeway	45%	33%	22%	100%
Troy Bullock	45%	33%	22%	100%
Iginatius LeRoux	47%	34%	19%	100%
Clint Landrock	77%	19%	4%	100%

Short-term Incentives

Short-term incentives include cash and RSUs and are an integral component of compensation that directly link executive decision making, business execution and performance with goals of the Company as set out in the Board-approved business plan and strategy. The following table outlines, as a percentage of base salary, the On-target cash and RSU levels for the NEOs.

NEOs	Cash Incentive (On-target)	RSU Incentive (On-target)	Total (On-target)
Doug Blakeway ⁽¹⁾	50%	25%	75%
Troy Bullock ⁽¹⁾	50%	25%	75%
Iginatius LeRoux ⁽²⁾	40%	50%	90%
Clint Landrock	20%	5%	25%

Notes:

- (1) The cash and RSU incentives are based on “Threshold”, “On-target” and “Stretch” categories that entitle the cash portion to amount to 25%, 50%, or 100% and the RSU portion to amount to 12.5%, 25%, and 50% of the base salary respectively.
- (2) The Cash and RSU incentives are calculated based on a \$200,000 Canadian dollar base salary.

For NEOs in 2018, short-term incentives were based on the achievement of the established annual corporate goals and personal performance.

NEOs	Corporate Weighting	Personal Weighting	Total
Doug Blakeway	100%	0%	100%
Troy Bullock	100%	0%	100%
Iginatius LeRoux	50%	50%	100%
Clint Landrock	40%	60%	100%

The 2018 Corporate Scorecard outlines the Goals and Achievements as follows:

2018 CORPORATE SCORECARD		
Summarized Corporate Goals	Weighting	Achievement
Revenue Growth	20%	20%
Adjusted EBITDA Growth ⁽¹⁾	20%	27%
Net Income Growth	20%	26%
Discretionary Strategic Improvements	40%	2%
	100%	75%

Note:

- (1) Adjusted EBITDA is a non-IFRS measure as described in the Non-IFRS Financial Measures section of the 2018 Management Discussion & Analysis available on SEDAR.



COMPENSATION COMMITTEE REPORT

Revenue Growth - In 2018 the Company achieved revenue growth of 25%, which represents a revenue growth achievement at the “On-target” level, calculated at 20% on the corporate scorecard.

Adjusted EBITDA Growth - In 2018 the Company achieved Adjusted EBITDA growth of 71%, which represents achievement above the “On-target” level, calculated at 27% on the corporate scorecard.

Net Income Growth - In 2018 the Company achieved net income growth of 99%, which represents achievement above the “On-target” level, calculated at 26% on the corporate scorecard.

Discretionary Strategic Improvements - The 2018 discretionary goals for the Company focused on developing a business plan and products, licensing revenue growth, effecting strategic hires and developing new business opportunities. Stock price performance, while not within the control of management, is also taken into discretionary account. During the year the Company prepared a business plan focused on the banknote market, launched the M2 banknote product and

Long-term Incentives

Long-term incentives are equity-based incentives consisting of Options. The incentives are used to align executives’ interests with those of the shareholders by providing the executives with equity-based compensation. Options granted are not tied to specific scorecard achievements.

2019 Corporate Goals

2019 is a transitional year for the Company. Further to the proposed changes at the Board level and the transition of Mr. Bullock to the CEO position, the Company expects to implement a number of transformational initiatives to commercialize the Company’s technology.

As a result, the Committee concluded it is more appropriate to evaluate executive performance for 2019 based more on specified qualitative criteria and less on specified quantitative criteria. These criteria include

Signed, the members of the Compensation Committee

“Kenneth R. Tolmie”

Kenneth R. Tolmie

“Ron Barbaro”

Ron Barbaro

“Dickson Hall”

Dickson Hall

recruited Vice Presidents in Marketing and Finance. However, management’s efforts to develop new business opportunities did not result in significant new sales opportunities, and the Company recently forecasted that 2019 revenues could decline by 10-20% compared to 2018. Despite the operational achievements in 2018, the Company saw a significant decline in its share price which was likely linked to the revenue forecast. Taking all factors into account, a discretionary achievement of 2% (of a possible 25%) was decided upon by the Compensation Committee.

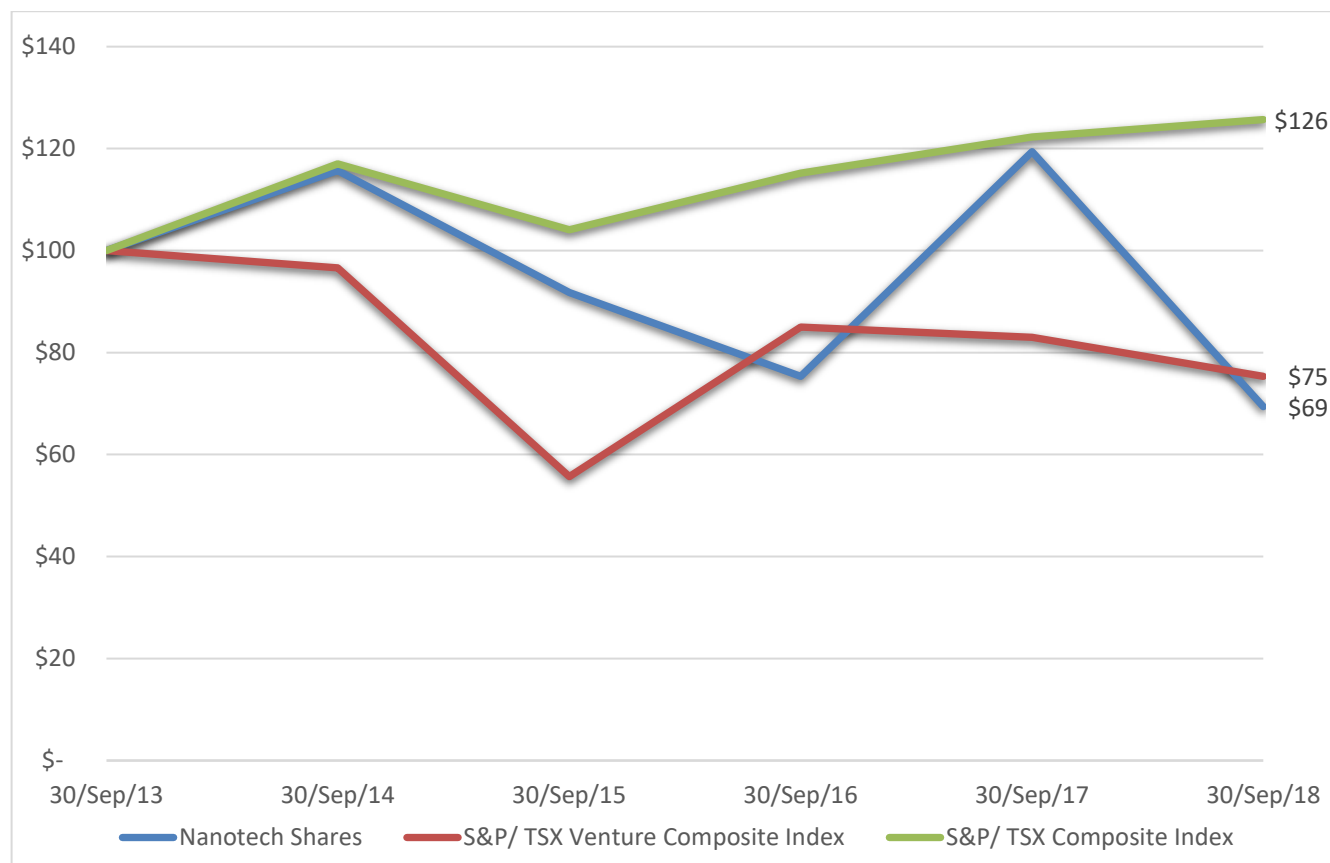
The overall corporate achievement score was assessed at 75%, which translated to a cash bonus of 38% and an RSU bonus of 19% of base salary for Mr. Blakeway and Mr. Bullock. Mr. LeRoux’s combined corporate and personal achievement score was 60%, which translated to a 24% cash bonus and a 5% RSU bonus (calculated at the discretion of the Board on a \$200,000 Canadian dollar base salary). Mr. Landrock’s combined corporate and personal achievement score was 84%, which translated to a 17% cash bonus and a 5% RSU bonus.

creating a direct sales force, developing and executing a sales strategy, diversifying the customer base, expanding marketing activities (including product launches for the banknote and commercial markets), enhancing operational capabilities, establishing repeatable and scalable order fulfillment processes, and meeting certain operational and financial expectations. The interpretation of the specified performance criterion will be in the hands of the Compensation Committee members who will be appointed after the Meeting given that all current members will be retiring this year.



Stock Performance Chart

The following graph compares the yearly change in the cumulative total shareholder return on Nanotech's Common Shares with the cumulative total return on the TSX Venture Exchange. The calculations done over five years, assume an investment of \$100 on September 30, 2013.



Investment	30/Sep/13	30/Sep/14	30/Sep/15	30/Sep/16	30/Sep/17	30/Sep/18
Nanotech Shares	\$ 100	\$ 116	\$ 92	\$ 75	\$ 119	\$ 69
S&P/ TSX Venture Composite Index	\$ 100	\$ 97	\$ 56	\$ 85	\$ 83	\$ 75
S&P/ TSX Composite Index	\$ 100	\$ 117	\$ 104	\$ 115	\$ 122	\$ 126

Executive Compensation

NAMED EXECUTIVE OFFICER

In this section “Named Executive Officer” means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year, September 30, 2018, and whose total compensation exceeds \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

Doug Blakeway, CEO, Troy Bullock, President and CFO, Iginatius LeRoux, Chief Business Development Officer (“CBDO”), and Clint Landrock, Chief Technology Officer (“CTO”) are NEOs for the purposes of the following disclosure.

SUMMARY COMPENSATION TABLE

The compensation related to the NEOs during the Company’s three most recently completed financial years ended September 30th is as set out below and expressed in Canadian dollars unless otherwise noted.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Pension value (\$) ⁽³⁾	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans			
Doug Blakeway, CEO & Director ⁽⁴⁾	2018	300,000	95,900	Nil	112,500	6,000	10,200	524,600
	2017	300,000	222,000	87,000	210,000	6,000	10,200	835,200
	2016	300,000	153,750	67,500	Nil	6,000	94,104 ⁽⁵⁾	621,354
Troy Bullock, President & CFO ⁽⁶⁾	2018	250,000	79,916	111,300	93,750	5,000	7,800	547,766
	2017	250,000	185,000	72,500	175,000	5,000	7,800	695,300
	2016	200,000	104,550	127,900	37,500	4,000	7,800	481,750
Iginatius LeRoux, CBDO	2018	251,252	36,534	71,550	48,000	5,025	Nil	412,361
	2017	257,363	148,000	58,000	80,000	5,147	Nil	548,510
	2016	259,805	104,550	45,900	30,000	5,196	Nil	445,451
Clint Landrock, CTO	2018	119,000	5,251	5,300	20,000	2,380	Nil	151,931
	2017	107,500	7,400	2,700	25,000	2,150	Nil	144,750
	2016	100,000	6,216	2,268	14,560	2,000	Nil	125,044

Notes:

- (1) Amounts represent the grant date fair value of RSUs based on the assumption of 100% vesting. The fair value is determined by multiplying the Company’s share price by the number of RSUs granted.
- (2) Amounts represent the grant date fair value of Options based on the assumption of 100% vesting. The fair value is determined under the Black-Scholes Options Pricing Model.
- (3) Mr. Blakeway, Mr. Bullock, and Mr. Landrock participate in the Company’s group RRSP program that is an RRSP matching contribution up to 2% of base salary. Mr. LeRoux receives 2% of his base salary for self-directed retirement savings.
- (4) All funds except pension and equity-based awards were paid to Geni D Ventures Inc., a company controlled by Mr. Blakeway. Mr. Blakeway does not receive any compensation for his services as a director.
- (5) Mr. Blakeway received one-time compensation reflecting a retroactive adjustment related to past salary, car allowance, and holiday pay.
- (6) On October 1, 2016 Mr. Bullock was appointed President of the Company in addition to his on-going role as CFO.



Share-based and Option-based Awards

On January 28, 2015, the directors adopted, and on April 8, 2015 the shareholders approved, the Option Plan and RSU Plan for management and employees, being the Incentive Plan. The purpose of the Incentive Plan is to attract, retain, and motivate employees and compensate them competitively for their contribution to the Company's long-term growth and development. As at

September 30, 2018, there were Options outstanding to purchase an aggregate of 2,607,500 Common Shares.

Outstanding Share-based and Option-based Awards

The following table sets out all share-based and option-based awards outstanding as at September 30, 2018 for each NEO:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾
Doug Blakeway ⁽³⁾	Nil	N/A	N/A	Nil	112,500	104,625	Nil
Troy Bullock	300,000	1.58	August 5, 2019	Nil	93,750	87,188	Nil
	90,000	1.15	January 28, 2020	Nil			
	85,000	1.23	January 6, 2021	Nil			
	200,000	1.02	Sept. 22, 2021	Nil			
	125,000	1.48	Dec. 21, 2021	Nil			
	210,000	1.40	January 4, 2023	Nil			
Iginatius LeRoux	90,000	1.15	January 28, 2020	Nil	60,000	55,800	Nil
	85,000	1.23	January 6, 2021	Nil			
	100,000	1.48	Dec. 21, 2021	Nil			
	135,000	1.40	January 4, 2023	Nil			
Clint Landrock	5,000	1.15	January 28, 2020	Nil	4,875	4,534	Nil
	4,200	1.23	January 6, 2021	Nil			
	5,000	1.48	Dec. 21, 2021	Nil			
	10,000	1.40	January 4, 2023	Nil			

Notes:

- (1) Calculated using the TSXV closing share price on September 30, 2018, \$0.93, less the Option exercise price.
- (2) Amounts are determined by multiplying the Company's TSXV closing share price on September 30, 2018 by the number of RSUs granted.
- (3) On February 20, 2017 Mr. Blakeway agreed to cancel for \$1 all his vested and unvested outstanding Options.

EXECUTIVE COMPENSATION

Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended September 30, 2018, for each NEO:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Doug Blakeway	Nil ⁽³⁾	117,600	112,500
Troy Bullock	12,000	90,486	93,750
Iginatius LeRoux	Nil	74,154	48,000
Clint Landrock	Nil	4,300	20,000

Notes:

(1) Calculated using the TSXV closing share price on the date of vesting, less the Option exercise price.

(2) Calculated using the TSXV closing price on the date the awards were vested and released.

(3) On February 20, 2017 Mr. Blakeway agreed to cancel for \$1 all his vested and unvested outstanding Options.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Option Plan and the RSU Plan contain change of control provisions applicable to all Nanotech team members, including the NEOs. See page 8 for a description of these provisions. The terms and conditions of the employment agreement or arrangement between the Company and a NEO are as follows:

- a) On July 1, 2017, the Company signed an agreement with Mr. Blakeway through his company, Geni D Ventures Inc., for a term of four years. The agreement includes a base fee of \$300,000 and a performance fee payable in cash and RSUs that is based on threshold, on-target and stretch categories that will entitle the cash portion to amount to 25%, 50% or 100% and the RSU portion to amount to 12.5% 25% and 50% of the base fee respectively. The agreement also allows for Options which are not tied to performance goals, but to be awarded at the discretion of the Board. The agreement can be terminated by the Company with written notice by paying the lesser of two years base salary or base salary to the end of the term and a pro-rated performance bonus to the date of termination. As part of the January 2, 2019 restructuring, under the terms of Mr. Blakeway's agreement, he received remuneration consisting of two years base salary, the vesting of all RSUs, and will participate in the 2019 bonus program on a pro-rated basis.
- b) On July 1, 2017, the Company signed an employment agreement with Mr. Bullock for an indefinite term. The agreement includes a base salary of \$250,000 and a performance bonus payable in cash and RSUs that is based on threshold, on-target and stretch categories

that will entitle the cash portion to amount to 25%, 50% or 100% and the RSU portion to amount to 12.5% 25% and 50% of the base salary respectively. The agreement also allows for Options which are not tied to performance goals, but to be awarded at the discretion of the Board. With Mr. Bullock's appointment to Chief Executive Officer the agreement was amended effective January 2, 2019. Subsequent to the amendment, Mr. Bullock's base salary and performance was unchanged. He will receive \$25,000 per year for self-directed retirement savings in lieu of participating in the Company RRSP program and the Company can terminate the agreement with written notice by paying a lump sum severance equal to 18 months base salary and a pro-rated performance bonus to the date of termination.

- c) The Company has an employment agreement with Mr. LeRoux which includes a base salary of USD \$196,000 and a CDN \$80,000 bonus up to 100% performance contingent cash bonus (see Compensation Committee Report) plus RSUs tied to performance goals and incentive Options which are not expressly tied to performance goals, but the value of the incentive Options is inherently tied to overall company performance. The agreement may be terminated by the Company by paying a lump sum severance equal to six months base salary.
- d) The Company has an employment agreement with Mr. Landrock which includes a base salary of \$127,500, a performance bonus up to 20%, RSUs equal to 5% of base salary, and incentive Options tied to overall company performance. The agreement can be terminated by the Company by paying a lump sum severance equal to three-months base salary.



INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended September 30, 2018, there were no directors or executive officers indebted to the Company.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.



INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company during the year ended September 30, 2018, or has any interest in any material transaction in the current year.

ADDITIONAL INFORMATION

Additional information relating to the Company, including financial information provided in the

Company's consolidated, comparative financial statements and MD&A for the most recently completed financial year, is available on SEDAR at www.sedar.com.

The Company will provide to any person or company, upon request to the Secretary of the Company (by telephone (604) 678-5775 or fax (604) 678-5780), a copy of the Company's consolidated, comparative financial statements for its most recently completed financial year, together with the accompanying report of the auditor, MD&A, and any interim financial statements of the Company subsequent to the financial statements of the Company's most recently completed financial year that have been filed together with the relevant MD&A.

APPROVAL OF CIRCULAR

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

DATED at Burnaby, British Columbia March 1, 2019

By Order of the Board of Directors

"Troy Bullock"

Troy Bullock
Director & Chief Executive Officer

AUDIT COMMITTEE CHARTER NANOTECH SECURITY CORP. (the “Company”)

Mandate

The audit committee will assist the board of directors (the “Board”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company’s business, operations and risks.

Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors. A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

1. External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors’ assertion of their independence in accordance with professional standards.

2. Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management’s system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

3. Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4. Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

5. Other Responsibilities

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

6. Reporting Responsibilities

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

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