TECSYS

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED APRIL 30, 2017

JULY 25, 2017

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ANNUAL INFORMATION FORM OF TECSYS INC.

In this Annual Information Form, "TECSYS" or the "Corporation" represents TECSYS Inc. Unless the context otherwise requires, reference to "TECSYS" or the "Corporation" includes the subsidiaries of TECSYS Inc.

Unless otherwise noted, all dollar references in this Annual Information Form are expressed in Canadian dollars and in accordance with generally accepted accounting principles in Canada ("GAAP") for publicly accountable enterprises which integrates International Financial Reporting Standards ("IFRS").

1. INCORPORATION AND SUBSIDIARIES

(A) Incorporation

TECSYS was incorporated under the *Canada Business Corporations Act* ("CBCA") on April 28, 1983. The Articles of Incorporation of TECSYS were amended on May 30, 1983 to change the name of the Corporation from 123293 Canada Inc. to TECSYS Inc.; on April 28, 1988 to create new classes of shares and add "private company" restrictions; on October 3, 1995 to subdivide the outstanding Class "A" shares; on December 12, 1996 to further subdivide the outstanding Class "A" shares; on March 18, 1998 to create a new class of shares; and on June 18, 1998, in connection with the initial public offering of TECSYS' common shares, to subdivide all the issued and outstanding Class "A" shares on a 2 for 1 basis, to create an unlimited number of common shares and Class A preferred shares issuable in series, to change all the issued and outstanding Class "A" shares into common shares on a 1 for 1 basis, to cancel all the authorized and unissued shares other than the common shares, to change the minimum number of directors from 1 to 3, to remove the "private company" restrictions on the transfer and issue of shares and the number of shareholders and to authorize the appointment of directors in compliance with Section 106(8) of the *Canada Business Corporations Act*.

The head and registered office of the Corporation is located at 1 Place Alexis Nihon, Suite 800, Montréal, Québec, Canada, H3Z 3B8.

(B) Subsidiaries

TECSYS owns all of the issued and outstanding shares of TECSYS U.S. Inc., a corporation incorporated under the laws of the State of Ohio. TECSYS owns all of the issued and outstanding shares of TECSYS Europe Limited, a corporation incorporated under the laws of England.

TECSYS also owns all of the issued and outstanding securities of Logi D Holding Inc. ("Logi D"), a corporation incorporated under the CBCA which owns all of the issued and outstanding shares of Logi D Inc., a corporation also incorporated under the CBCA, and Logi D Corp., a corporation incorporated under the laws of Delaware.

2. GENERAL DEVELOPMENT OF THE BUSINESS

(A) Overview

TECSYS provides transformative supply chain solutions that equip its customers to succeed in a rapidly-changing omnichannel world. TECSYS' solutions are built on an enterprise supply chain platform, and include warehouse management, distribution management, transportation management, supply management at point-of-use as well as complete financial management and analytics solutions. Customers running on TECSYS' supply chain platforms are confident knowing they can execute, day in and day out, regardless of business fluctuations or changes in technology, they can adapt and scale to any business needs or size, and they can expand and collaborate with customers, suppliers and partners as one borderless enterprise. From demand planning to demand fulfillment, TECSYS puts power into the hands of both front line workers and back office planners, and unshackles business leaders so they can see and manage their supply chains.

TECSYS is the market leader in supply chain solutions for health systems and hospitals. Over 600 mid-size and Fortune 1000 customers trust their supply chains to TECSYS in the healthcare, service parts, third-party logistics, and general wholesale high-volume distribution industries.

Supply Chain Management (SCM)is a business strategy to improve shareholder and customer value. SCM encompasses the processes of creating and fulfilling the market's demand for goods and services; it enhances distributor and customer value by optimizing the flow of products, services and related information from suppliers to customers, with a goal of enabling customer satisfaction. Within SCM is Supply Chain Execution (SCE), on which TECSYS has most of its focus, an execution-oriented set of solutions that enable the efficient procurement and supply of goods, services and information to meet customer-specific demand. SCE includes Warehouse Management Systems (WMS), Transportation Management Systems (TMS), and supply chain inventory visibility — to provide a single solution to manage the inbound and outbound logistics processes of a distribution operation.

According to one of the world's leading information technology research and advisory companies, businesses continued to invest heavily to modernize their supply chain technologies to drive greater decisions, efficiencies and customer engagement. The SCE market segment grew 10.5% in 2014, generating $3.1 billion, with expectations for similar near-term growth that forecasted to reach approximately $4 billion by 2017. Furthermore, in a recent report of Research & Markets, the Warehouse Management System (WMS) market is projected to reach USD 3.23 Billion by 2023, at a compound annual growth rate of 14.1% between 2017 and 2023[1]. Innovation continues across many SCE markets, including WMS, which is a mature and consolidated market segment. The broader SCE market is also seeing a number of new entrants touting cloud-based

[1] Research & Markets press release: DUBLIN, June 12, 2017 /PRNewswire

solutions targeted at the lower-end and that are typically less sophisticated environments within the market. Existing providers are also expanding their WMS capabilities beyond the historical core offerings. Businesses deploying SCE solutions are looking to achieve far greater visibility into product movements, cost containment and compliance. The “Internet of Things” drove more interest in 2014 and it’s a trend that is expected to continue for the next few years, driving greater demand for new technologies. TECSYS’ management (“Management”) believes that the Corporation’s supply chain platform is well suited to respond to these challenges.

Currently, TECSYS’ business development and sales efforts are focused on vertical markets within healthcare and complex supply chains where the Corporation has the highest winning opportunity and best financial returns. From research and development and customer services perspectives, this allows TECSYS to replicate its solutions, enabling the Corporation to reduce costs inherent in new development and adoption of technology. It also helps increase the depth of expertise in these market segments where the Corporation has developed a reputation as an expert by its customers.

TECSYS has been providing distribution and warehouse management solutions to the healthcare industry since 1995. These include major distributors, a number of health systems or IDNs (Integrated Delivery Networks), as well as third-party logistics providers (“3PLs”) in Canada and the United States. According to the American Hospital Association (“AHA”), there are over 5,500 hospitals in the United States, including about 550 health systems comprised of hospitals, nursing homes, clinics, home health agencies and school health centers.

According to Gartner, one of the world's leading information technology research and advisory companies, even though core WMS is approaching parity across offerings, some industries and businesses require very specialized solutions. Their fundamental needs reach well beyond the basic receive, store, count, pick, pack and ship capabilities of most WMSs. This is called extreme verticalization. For example, a company supporting project-based logistics needs a solution that drives logistics operations based on specific projects and not traditional orders and inventory. Similarly, a healthcare independent network needs to integrate warehouse operations with the hospital to streamline supply logistics to support patient care. Some vendors demonstrate leadership in demanding industries and offer unique solutions, as well as add-on capabilities, specifically built for these industries. Furthermore, users benefit from vendors with dedicated domain expertise that helps them understand how the WMS fits the needs of their industry”[2].

As part of its vertical market strategy, the Corporation has been on the lookout for other vertical market opportunities in the high-volume complex distribution area where it can profitably provide unique value and be able, over time, to capture market share and eventually dominate that industry. For the year ended April 30, 2017 (“Fiscal 2017”), TECSYS continued its initiative to explore additional opportunities using this strategy.

TECSYS’s partnership strategy is to build an ecosystem to advance the science of supply chains for customers in a demanding and dynamic era. Built on a foundation of relationships with key technology partners including International Business Machines Corporation, Oracle Corporation, Microsoft Corporation, and Honeywell International Inc., TECSYS is extending its

[2] Gartner “Magic Quadrant for Warehouse Management Systems” by C. Dwight Klappich & Simon Tunstall, 13 February 2017

integrated offering with strategic industry players like Zebra Technologies Corporation and Terso Solutions Inc. As well, TECSYS is extending its reach through value added resellers and service partners such as Sequoia Group Inc. and Avalon Corporate Solution Corporation.

In July 1998, TECSYS completed an initial public offering and listed its common shares on the Montréal and Toronto Stock Exchanges. TECSYS' common shares currently trade on the Toronto Stock Exchange (TSX) under the ticker symbol "TCS".

(B) Development of business during most recent three years

On May 31, 2014, TECSYS closed the acquisition of all of the shares of Logi-D, a leading provider of point-of-use technology for supply chain automation servicing hospitals and healthcare organizations based in Laval, Québec. TECSYS acquired the shares of Logi-D for $2,950,000 in cash, subject to adjustment, and $100,000 in common shares of TECSYS, being 15,625 common shares as calculated according to the formula under the share purchase agreement.

On October 29, 2014, TECSYS announced that it has been granted Patent No. 8,839,132 from the United States Patent and Trademark Office that covers the method and system for providing visual instructions to warehouse operators. This technology enables users to become more efficient and accurate at executing their task, while at the same time helping drive increased responsiveness to their customers. The technology has been on the market since 2010 and its benefits have already been proven in both healthcare operations and in complex high-volume distribution environments.

On April 14, 2015, TECSYS announced the closing of an offering of 674,157 of its common shares at a price of $8.90 per share, for gross proceeds of $5,999,997.30 (the "2015 Offering"). The offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by PI Financial Corp. and which included Laurentian Bank Securities Inc., Industrial Alliance Securities Inc., and Beacon Securities Limited (the "2015 Underwriters").

On April 24, 2015, TECSYS announced the exercise and closing of the over-allotment option granted to the 2015 Underwriters in connection with the 2015 Offering (the "Over-Allotment Option"). The 2015 Underwriters purchased an additional 101,123 common shares for $8.90 per share, and additional and total gross proceeds of $899,994.70 and $6,899,992, respectively.

On June 9, 2015, TECSYS announced the appointment of Jason McDermott to the position of Vice President of Sales to lead the complex distribution market.

On August 9, 2015, TECSYS announced that it would consolidate its healthcare market offering under the new designation of TECSYS Healthcare. Focused exclusively on hospitals, health systems and healthcare operations, TECSYS Healthcare reinforces the Corporation's commitment to supporting better patient care through continued development of end-to-end solutions designed specifically for the healthcare supply chain.

On September 22, 2015, TECSYS announced the opening of its European headquarters and the appointment of Mr. Mark Hawksley to Vice President Global Services and Strategic Initiatives for Europe. TECSYS has opened a UK-based Customer Care Support Center.

On November 12, 2015, TECSYS and Sisters of Mercy Health System announced a collaborative development partnership focused on improving perioperative inventory management in context of patient-centric clinical performance.

On May 17, 2016, TECSYS announced that it has been granted patented No. 2565934 from Canada Intellectual Property Office that covers the system and method for the replenishment of supplies.

On July 12, 2016, TECSYS announced that it has been granted Patent No. 2682561 from Canada Intellectual Property Office that covers the system and method for tracking medical products in a two bin per medical product replenishment system.

On November 17, 2016, Gartner, Inc. released its eight annual Healthcare Supply Chain Top 25 ranking[3]. The top four in Gartner's ranking for 2016 are TECSYS customers. Gartner's ranking recognizes companies across the healthcare value chain that demonstrate leadership in improving human life at sustainable costs.

On December 23, 2016, TECSYS renewed its credit facilities with NBC. The global net risk treasury line for derivatives increased to an amount of up to $5,400,000. The other credit facilities were renewed under the same terms consisting of a maximum of $1,500,000 for issuing letters of guarantee, a $5,000,000 five-year floating-rate term loan payable monthly, a $5,000,000 operating line of credit, and a $2,000,000 floating-rate term loan payable monthly over a five-year period. TECSYS' banking facilities are secured by two first-ranking general hypothecs in the amount of $6,000,000 and $10,000,000 on all present and future moveable property.On April 3, 2017, TECSYS pre-paid the entire principal amount outstanding of approximately $1,817,000 in aggregate under the two term loans with NBC.

On February 13, 2017, TECSYS was recognized as a "Visionary" in Gartner, Inc.'s Magic Quadrant for Warehouse Management Systems report, an annual publication[4]. Gartner is a leading information technology research and advisory company. TECSYS has now been positioned in Gartner's Visionary quadrant for six consecutive years.

On May 19, 2017, TECSYS announced the appointment of Brian Cosgrove, CPA, CA, as Chief Financial Officer designate to succeed Berty Ho-Wo-Cheong. Mr. Ho-Wo-Cheong will be stepping down on July 6, 2017 after almost 20 years as CFO to take on a new role within the business. Mr. Cosgrove will take over the role of CFO after the Corporation has released its annual financial results for Fiscal 2017.

On June 27, 2017, TECSYS announced the closing of an offering of 1,000,000 common shares of the Corporation as well as an additional 100,050 common shares issued as a result of the exercise in full by the underwriters of their over-allotment option (the "Offered Shares") at a price

[3] Gartner, "The Healthcare Supply Chain Top 25 for 2016", Eric O'Daff er et al., November 2016

[4] Gartner "Magic Quadrant for Warehouse Management Systems" by C. Dwight Klappich & Simon Tunstall, 13 February 2017

of $15.00 per share, for gross proceeds of $16,500,750 (the "2017 Offering"). The 2017 Offering includes a treasury offering of 767,050 Offered Shares by the Corporation for gross proceeds of $11,505,750 and a secondary offering of 333,000 Offered Shares by David Brereton, Executive Chairman of the Corporation, Dabre Inc., his holding company, and Kathryn Ensign-Brereton for gross proceeds of $4,995,000. The 2017 Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by Cormark Securities Inc. and which included Beacon Securities Limited and Laurentian Bank Securities Inc.

(C) Significant Acquisitions

TECSYS did not complete any acquisition during Fiscal 2017.

3. DESCRIPTION OF THE BUSINESS

The supply chain execution market, in which TECSYS is a player, is a diverse market. Supply chain execution solutions are composed of four groups: WMS, TMS, Collaborative Production Management applications and other real-time supply chain applications.

Since mid-fiscal 2007, the Corporation has streamlined its business operations with the objective of achieving improved margins and profitability. The strategy transformed the Corporation into an organization focused on specific vertical markets that has strengthened its expertise and product offerings.

Currently, vertical markets targeted by TECSYS include:

- Hospital supply networks and speciality drug distribution in healthcare;
- Warehouse-centric distribution operations such as heavy equipment dealers and auto-parts distributors;
- Giftware and import-to-retail distributors;
- Industrial distributors; and
- General high-volume distributors.

TECSYS' products are used by over 600 customers including: A. Lassonde Inc., Adidas-Salomon (Canada) Ltd., Adventis Health System, Bank of America, N.A., Basic Office Products Ltd., Beaumont Health System, Canon U.S.A., Inc., Cardinal Health Specialty Pharmaceutical Services, a division of Cardinal Health, Inc., Cecil I. Walker Machinery Co., Childrens Medical Center of Dallas, Cleveland Brothers Equipment Co Inc., Delmar Logistics Inc., Empire Southwest, Entertainment One Ltd., Ferreyros S.A.A., Geisinger System Services, Holt Texas Ltd., Honda Canada Inc., Humana Inc., Intermountain Healthcare, John Fabick Tractor Company, Leesar Inc., Loyalty One, Inc., Madden Communications, Mayo Regional Hospital, New York City Health and Mental Hygiene, North Mississipi Medical Center Inc., Nova Scotia Liquor Corporation, Orlando Regional Healthcare System Inc., Parkview Health Systems Inc., Rinchem Company Inc., Roche Diagnostics International Ltd., Rolf C. Hagen Inc., Sanford

Health, Saskatchewan Liquor and Gaming Authority, Schenker of Canada Ltd., Sisters of Mercy Health System, The Liquor Control Board of Ontario, The Quinn Group Inc., Toromont Industries Ltd., Trinity Health Corporation, United States Department of Agriculture, University of Washington, UNC Health Care Systems, and Wagner Equipment Co.

Approximately 66% and 71% of TECSYS' revenues in the fiscal year ended April 30, 2016 ("Fiscal 2016") and Fiscal 2017, respectively, were derived from the United States market, approximately 31% and 25% from the Canadian market and the remainder from outside of the United States and Canada.

TECSYS U.S. Inc., a wholly-owned subsidiary of TECSYS, acts as a sales, services and marketing agent for TECSYS in the United States, where a significant portion of TECSYS' revenues is generated. As at April 30, 2017, there were approximately 28 employees working for TECSYS U.S. Inc. All revenue generated in the United States is recognized in TECSYS' consolidated revenue.

In Fiscal 2016 and Fiscal 2017, respectively, 34% and 30% of TECSYS' revenue was derived from the sale of products, whereas 63% and 66% of its revenue was received in exchange for the provision of services. The following table shows the categories of products and services that accounted for 15% or more of TECSYS' total consolidated revenue in Fiscal 2016 and Fiscal 2017:

	Fiscal 2016	**Fiscal 2017**
Proprietary Products	20.2%	17.4%
Third Party Hardware and Software Products	14.0%	12.9%
Professional Services	38.6%	38.6%
Maintenance and Others	24.4%	27.5%

TECSYS' products combine best-of-breed supply chain functionalities to provide accurate and synchronized real-time information, to enable users to make rapid, proactive decisions. TECSYS' product line offers the following modules: Warehouse Management, Demand Planning, Order Management, Procurement, Financial Management, Requisition Management, Supply Management, Transportation Management, Mobile Delivery Management, Radio Frequency Identification, Electronic Commerce, Business Intelligence, and Value-added Services. TECSYS' current products run on an open systems platform and therefore support complementary software modules from third parties that enable TECSYS to offer a broader set of functionalities and interface to material handling systems to address the requirements of more clients.

(A) TECSYS' Products and Services

(i) ELITESERIES

TECSYS' flagship product, the ***Elite****Series* is an enterprise supply chain platform, and includes warehouse management, distribution management, transportation management, supply management at point-of-use, and analytics solutions.

The Elite*Series* Modules

***EliteSeries* Warehouse Management System**

The ***Elite**Series* Warehouse Management System (the ***Elite**Series* WMS) is a feature-rich and functionally robust software system that manages all warehouse activities of a distribution organization including: Receiving, Putaway, Cross Docking, Replenishment, Order Planning, Picking, Packing, Shipping, Cycle Counting, Freight Management, Labour Management and Warehouse Planning.

***EliteSeries* Distribution Management System**

TECSYS ***Elite**Series* Distribution Management System (the ***Elite**Series* DMS) is a market leading integrated distribution software system for mid-market and high-end distribution operations. The software is mature, functionally feature-rich and used in high-volume transaction processing environments. The ***Elite**Series* DMS has been installed across a wide variety of vertical market segments.

The ***Elite**Series* Distribution Management System is comprised of the following integrated components: Demand Planning & Forecsating, Procure-to-Pay, Inventory Management, Procurement, Order-to-Cash and Financial Accounting.

***EliteSeries* Transportation Management System incorporating Delivery Management**

The ***Elite**Series* Transportation Management System (the ***Elite**Series* TMS) provides a multi-carrier shipping manifesting system that optimizes carrier selection and shipping for outbound small parcels and less than truckload (LTL) freight on a number of major carriers in the United States, Canada and internationally. The ***Elite**Series* TMS permits the automation of many of the time-consuming, labour-intensive tasks in the shipping department and is designed to enable companies to generate savings and efficiencies if they process high volumes of shipping parcels.

***EliteSeries* Point of Use Management**

The ***Elite**Series* Point of Use Management System (the "***Elite**Series* SMS" or useIT) is a module that captures, manages and tracks the usage of supplies at the actual point-of-use, allowing the organization to value its inventory. In a hospital environment, ***Elite**Series* SMS could be used in nursing units, cath labs, operating rooms, pharmacies, and non-acute care facilities. ***Elite**Series* SMS is completely integrated within the ***Elite**Series* suite so that the usage of an item recorded by SMS will update the inventory levels recorded in the system and can trigger supply chain processes such as the replenishment of a supply location.

***EliteSeries* Business Intelligence**

The ***Elite**Series* Business Intelligence (the "***Elite**Series* BI") is a business analysis and reporting tool that provides access to the customer's corporate database to support easy information access and executive decision-making. The ***Elite**Series* BI offers powerful data extraction capabilities and can analyse data sets of millions of records. It can be used to generate presentation-quality reports, charts, graphs and spreadsheets. The ***Elite**Series* BI product design is based on IBM Cognos Business Intelligence Tools.

The ***Elite**Series* BI includes a full suite of pre-built views on key benchmark performance indicators specific to the information needs of value added distribution operations. Views include powerful trend analysis on inventory, customer service, warehouse productivity, sales/profits, procurement and financial performance.

iTopia for *EliteSeries*

iTopia for ***Elite**Series* leverages web technologies by transforming data from disparate systems into critical and timely information that can be easily accessed and shared by different users. Information can be securely published via the ***Elite**Series* portal or can be communicated between systems through web services.

iTopia provides the following capabilities to all ***Elite**Series* applications and their users:

- Security, auditing and data access control;
- Integration tools with a high-performance run-time engine and support for standards such as EDI and HL7;
- Personalization and configuration, without coding; and
- A software development environment adapted for supply chain applications.

One of the fundamental capabilities that differentiates the ***Elite**Series* Modules, are their tight integration into the TECSYS iTopia platform which enables communication between the different modules. This enables the distributor to directly achieve cost savings and more rapid deployment of the complete solution. In addition, the elimination of batch processing and update delays enables synchronized, real-time and accurate inventory information to be available across the entire enterprise, permitting significant competitive advantage in customer service.

***EliteSeries* Enterprise Radio Frequency Identification**

The ***Elite**Series* Enterprise Radio Frequency Identification (“RFID”) solution eliminates the line-of-sight requirements of current barcode systems and automatically provides basic yet critical information about products, such as item number, item location, serial number and expiry date. Within a distribution warehouse, this enables increased order and inventory accuracy.

***(ii) ELITESERIES* WMS for SYSTEM I**

***Elite**Series* WMS for IBM System i is designed to manage all activities within the warehouse including: Receiving, Putaway, Cross Docking, Replenishment, Order Planning, Load Building, Pallet Building, Picking, Packing, Kitting, Shipping, Cycle Counting, Returns Management, Quality Control, Freight Management, Labour Management and Warehouse Planning.

Hardware

TECSYS is a single-source solution provider for both the software and the hardware designed to make businesses a success. TECSYS' hardware expertise is fine-tuned for clients' needs. The data collection equipment TECSYS provides and supports includes: Mobile devices (radio frequency wireless devices), Radio frequency wireless backbones and infrastructure, Barcode scanners, Barcode printers, RFID readers, and high density storage equipments.

TECSYS' value-added hardware offerings include:

- Un-biased hardware equipment selection;
- Proven equipment selection process and implementation methodology;
- Service and repair contracts for new and used equipment;
- 24/7 WLAN managed network services; and
- Vendor-managed bar code labels and suppliers.

(iii) **LOGI-D**

Logi-D iD-SUITE of solutions consists of inventory management, clinical traceability, cost capture and patient charging capabilities through its CC-iD and PC-iD modules, as well as RFID-enabled two-bin replenishment concept known under the 2BIN-iD brand. The product line is primarily sold to hospitals and healthcare organizations seeking to reduce operating costs and improve revenue capture.

(iv) ***POINTFORCE*** **ENTERPRISE**

PointForce Enterprise is a comprehensive suite of integrated modules geared to enhance distribution management efficiencies of the small to mid-size distribution organization. With over 25 modules, PointForce Enterprise is a multi-company, multi-currency and multi-warehouse application developed specifically for wholesalers, importers and distributors who sell to retailers. Optional modules and products are also available to address the needs of today's distributors.

(iv) **STREAMLINE**

Streamline is a full suite of software for the industrial vertical distribution sector that includes: Sales Order Management, Inventory Management, Customer Service Inquiry, Job Costing, Financials, Price Book Integration, e-Commerce and Executive Management applications. TECSYS also provides specific, integration modules for buying groups such as IDI and large suppliers such as 3M, as well as an integrated handheld solution for vendor-managed inventory and remote order processing.

(B) Third-party Software Module Support

TECSYS' products run on an open systems platform and therefore support complementary software modules from third parties that enable TECSYS to offer a broader set of functions to address the requirements of clients.

(C) Services

TECSYS complements its product line with services that Management believes are essential to differentiate TECSYS in the marketplace and, at the same time, are major contributors to TECSYS' revenues and profitability. TECSYS' services include Customer Care, Professional Services, Enhance Business Solutions, Training, and Cloud Services.

(i) Customer Care

Once a system has been implemented, the customer care group is the main user contact at TECSYS. The customer care specialists at the TECSYS Helpdesk respond to customer calls, evaluate customer problems and answer routine, short-duration installation and usage questions. The specialists are able to access the customer's system, execute sophisticated remote diagnostics and take corrective measures as needed.

(ii) Professional Services

TECSYS' consultants work with clients mainly during project planning and the implementation of TECSYS' products. They have extensive experience organizing and executing the installation of TECSYS' products and in-depth knowledge in distribution operations across a wide range of industries. The professional service consultant's main role is to act as a project manager. The consultant coordinates the project between TECSYS and the customer and provides the continuity and accountability necessary to accomplish a seamless transition to a TECSYS solution.

(iii) Enhance Business Solutions

The Enhance Business Solutions group is made up of senior systems analysts, database administrators and programmers with substantial experience in the development of feature enhancements specific to a particular customer based on TECSYS' technology and architecture. This group is responsible for carrying out any new enhancements requested by customers that are not considered a generic feature of the TECSYS product line.

(iv) Training

TECSYS offers training at many different levels. TECSYS aims to transfer its knowledge in a way that best suits the particular business environment of the customer. End-user training is designed to accommodate both the scope of systems knowledge required by employees and their level of comfort with new technology. TECSYS also provides application development training that allows in-house developers to maintain and customize the software themselves and provides them with the tools to migrate their customization to new releases as these are delivered.

(v) Cloud Services

TECSYS' Cloud Services extend the expertise offered by TECSYS' support staff beyond the software application and database. In simple form, the server hardware and software are housed in a secure facility and managed and monitored by TECSYS' staff around the clock.

(D) Pricing

The Corporation generates revenue through the licensing of proprietary and third-party products and through providing related information technology services.

(i) Product

TECSYS' product licenses are generally priced based on the number of modules, sites and users who will be working on the system, as well as by site licensing. However, in the case of an enterprise license, the price is for an unlimited number of users for a particular major release of TECSYS' product line.

(ii) Services

TECSYS' services are priced as follows:

- an annual maintenance contract for Helpdesk support and feature releases is priced as a percentage of license fees, depending on the services included in the contract;
- consulting services including Custom Enhancements, Business Process Evaluation and Re-engineering, Project Management and Training are priced generally on an hourly rate, depending on the type of work that will be performed for the customer and the length of the project; and
- hosting services are priced on a monthly basis, depending on the extent of hardware and software included in the service.

(E) Intellectual Property, Other Proprietary Rights and Cyber Security

TECSYS relies primarily on a combination of copyright and trade secret laws and license agreements to establish and protect TECSYS' proprietary rights on its products and technology. The source codes for TECSYS' products and technology are protected both as trade secrets and as unpublished copyrighted works.

TECSYS also utilizes certain software technologies and other information that it licenses from third parties on a non-exclusive basis, including software that is integrated with internally developed software and used in TECSYS' products to perform key functions. These third-party license agreements generally require the payment of license fees based on sales of the product in which the technology is used.

Because the software development industry is characterized by rapid technological change, Management believes that factors such as the technological and creative skills of its personnel, new product developments, frequent product enhancements, name and brand recognition and reliable product maintenance are more important for establishing and maintaining a technology leadership position than the various legal protective measures for its technology.

With the increasing sophistication and persistence of cyber-threats, TECSYS is well aware of the need to manage the risks of data loss, malware and malicious attacks, whether originating internally or externally. TECSYS has implemented a continuously-evolving security program (including firewalls, intrusion detection software, network access control measures, antivirus software and regular back-ups to limit data losses) to keep pace with these threats. Independent checks reveal that TECSYS has not experienced material breaches in cyber security. TECSYS continues to both monitor these risks as well as to fortify its defenses against intrusion and refining its security governance plans and procedures.

Patent registrations owned by TECSYS include U.S. Patent No. 8,839,132 for its Method and System for Providing Visual Instructions to Warehouse Operators, U.S. Patent No. 8,461,962 for its System and Method for Provisioning Two Bins Replenishment Systems and U.S. Patent No. 8,113,424 for its System and Method for Tracking Medical Products in a Two Bin Per Medical Products Replenishment System. In Canada, TECSYS owns patent registrations for the System and Method for Items Replenishment (Registration No. 2565934) and for the System and Method for Tracking Medical Products in a Two Bin Per Medical Products Replenishment System (Registration No. 2682561). TECSYS also has trademark registrations in Canada, the United States and the European Union for TECSYS and ***Elite****Series*. The Corporation also has trademark resgistrations for Visual Logistics and Winsol in Canada and DI in the United States. TECSYS currently has a number of patent applications pending for different methods and systems in relation to its products. It has registered or applied to register certain trademarks and service marks with limited periods of protection, and will continue to evaluate the registration of additional trademarks and service marks as appropriate.

(F) Distribution Methods

TECSYS has a sales and marketing division that markets and sells its products and services, targeting key vertical markets and geographic regions. Currently, TECSYS sells most of its products and services through a direct sales team that is focused primarily on the North American market. As at April 30, 2017, TECSYS employed 52 individuals in sales and marketing. TECSYS has a partnership strategy in place with several technology and service providers, including software partners, such as International Business Machines Corporation, Oracle Corporation and Microsoft Corporation, as well as mobile computing technology providers, such as Intermec (now part of Honeywell International Inc.) and Psion Inc. (now part of Zebra Technologies Corporation). TECSYS also has a distributor in Latin America and generates revenue in Europe through direct sales. However, revenues derived from these geographical areas are minimal. TECSYS is headquartered in Montréal, Canada, with sales and marketing division members based in various parts of North America.

(G) Production Methods

TECSYS' suite of supply-chain software products is continually expanding as new products are developed and capabilities are added to existing products. TECSYS' research and development ("R&D") division produces a new version of the entire suite, with new major features, every six to ten months. In between these major releases, smaller enhancements are regularly produced, typically every three months.

TECSYS' R&D division achieves short development cycles and responsiveness to market opportunities and client needs by:

- using software methodologies based on the iterative process known as Scrum;
- continually validating and integrating software under development so that it is ready to release; and
- organizing itself in small, self-directed modules that have the skills to define, develop and test their software products.

TECSYS' software architecture has been modernized through a substantial investment in R&D over the past several years. It is now web-based, supporting multiple web browsers and devices (PCs, tablets and phones). The business logic is written in Java, which Management believes is the world's most popular programming language, and runs on the leading commercial databases.

With respect to hardware products, including mobile computing technology, TECSYS acquires these from various suppliers (including Intermec and Psion) and resells them to its customers.

(H) Description of Properties

TECSYS presently has five offices and one storage facility, as follows:

TECSYS' registered and executive offices are located in leased facilities of approximately 42,000 square feet located at 1 Place Alexis Nihon, Suite 800, Montréal, Québec. The original lease was signed on September 15, 2009, became effective May 1, 2010 and will expire on October 31, 2020. On April 21, 2017, the Corporation signed an amendment extending the current lease to November 30, 2025. Furthermore, TECSYS has agreed to lease additional premises of approximately 12,300 square feet commencing December 1, 2017 and terminating November 30, 2025. The other terms of the original lease were unaffected by the amendment.

On June 30, 2011, TECSYS signed a new lease for a facility of approximately 14,000 square feet at 15 Allstate Parkway, Markham, Ontario. The lease became effective on April 1, 2012 and will expire on July 31, 2022. However, occupancy began on December 1, 2011.

TECSYS leases a facility of approximately 2,300 square feet located at 240 Industrial Parkway South, Aurora, Ontario. The current lease became effective as of September 1, 2014 and expired on August 31, 2015. On May 20, 2015 and June 29, 2016, the lease was extended by one year under the same terms and conditions.

On December 3, 2015, TECSYS signed a new lease for a facility of approximately 14,000 square feet at 820 Boulevard St-Martin West, Laval, Quebec. This lease became effective March 1, 2016 and will expire February 28, 2026.

On January 6, 2016, TECSYS signed a new lease for a facility of approximately 350 square feet at 1 City Square, Leeds, UK. This lease became effective February 1, 2016 for a one year period. The lease has been renewed for another year on February 3, 2017 under the same terms and conditions.

TECSYS leases a facility of approximately 3,250 square feet located at 9629 Clément, Lasalle, Québec. The lease became effective November 1, 2013 and will expire on October 31, 2018.

(I) Competitive Conditions

The supply chain management software industry is highly competitive and fragmented, consisting of many rapidly changing competitors. Management believes that its integrated applications, which include all of the office and warehouse functions for the distribution center, are a unique solution at present, and it is not aware of any competitor that has equivalent integrated functionality, technology and unique industry-specific expertise to address the high-volume distribution organization. The principal competitive factors affecting the market for TECSYS' products include supplier competency, product functionality, performance and reliability of technology, depth and experience in distribution and operations, ease of implementation, rapidity of deployment and price.

Management believes that TECSYS' integrated product modules and respective features are more advanced than those of its competitors, particularly when it comes to the flexibility, scalability, ease-of-use and depth of functionality of the Order Management, Warehouse Management, Transportation Management, Supply Management System, Point of Use, Electronic Commerce and Business Intelligence. TECSYS' large-sized competitors include SAP AG and Oracle Corporation. The software packages of most of these competitors are either manufacturing or financial based and are not designed to perform the sophisticated distribution functionality required by wholesale distributors. The functionality of manufacturing or financial-based packages is not well suited to distribution operations and usually falls short in providing the specific features needed for distributors in the order entry cycle and warehouse management execution process. These packages are also very large, difficult to modify, and expensive and time consuming to implement, which makes them less attractive to the mid-range distribution operations.

Other companies that TECSYS competes with are Manhattan Associates, JDA Software, High Jump Software Inc., Infor Inc., Microsoft Corporation, Cardinal Health and Omnicell Inc.

(J) Net Research and Development

Net R&D expenditures of the Corporation (in thousands of dollars) for the five most recently completed financial years are set out in the table below:

	Years Ended April 30				
	2017 $000's	**2016 $000's**	**2015 $000's**	**2014 $000's**	**2013 $000's**
EXPENDITURES	**10,055**	10,218	8,842	7,338	7,430
LESS: TAX CREDITS	**(6,096)**	(1,411)	(1,582)	(1,344)	(1,288)
LESS: DEFERRED DEVELOPMENT COSTS	**(27)**	(887)	(1,551)	(1,816)	(1,687)
AMORTIZATION OF DEFERRED DEVELOPMENT COST	**1,319**	1,418	1,291	1,045	883
TOTAL	**5,251**	**9,338**	**7,000**	**5,223**	**5,338**

(K) Number of Employees

As at April 30, 2017, TECSYS had approximately 370 employees.

4. DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The authorized share capital of TECSYS consists of an unlimited number of common shares and an unlimited number of Class A preferred shares, issuable in series, of which 12,315,326 common shares were issued and outstanding and no Class A preferred shares were issued and outstanding as at April 30, 2017. As of July 25, 2017, giving effect to the 2017 Offering, the issued and outstanding capital of TECSYS consisted of 13,082,376 common shares and no Class A preferred shares.

Common Shares

Each common share entitles the holder thereof to one vote at meetings of shareholders of the Corporation and to receive dividends if, as and when declared by the Board and to participate upon liquidation or winding-up in the distribution of the assets of the Corporation, subject to the rights of holders of any class ranking prior to the common shares.

Class A Preferred Shares

The Class A preferred shares may be issued from time to time in one or more series as may be determined by the Board. The Class A preferred shares rank ahead of the common shares with respect to the payment of dividends and return of capital. The Class A preferred shares do not entitle the holder to vote at meetings of shareholders of the Corporation except as required pursuant to applicable law.

5. DIVIDEND POLICY

On February 26, 2008, the Board announced that it had approved a dividend policy whereby it intended to declare a cash dividend of $0.02 per common share to be distributed following the release of its financial results of the first and the third quarter of each financial year. On September 10, 2009, the Board announced that it had increased the semi-annual cash dividend from $0.02 per common share to $0.025 per common share. On March 3, 2011, the Board announced that it had increased the semi-annual cash dividend from $0.025 per common share to $0.03 per common share. On September 6, 2012, the Board announced that it had increased the semi-annual cash dividend from $0.03 per common share to $0.035 per common share. On February 27, 2014, the Board announced that it had increased the semi-annual cash dividend from $0.035 per common share to $0.04 per common share. On July 8, 2014, the Board announced that it had changed the dividend policy from a semi-annual basis to a quarterly basis. On the same date, the Board announced that it had increased the quarterly cash dividend by 12.5% to $0.0225 per common share. On July 8, 2015, TECSYS announced that the Board approved an increase of the quarterly dividend by 11% to $0.025 per share. On July 6, 2016, the Board announced that it had increased the quarterly cash dividend by 20.0% to $0.03 per common share. On December 1, 2016 the Board announced that it had increased the quarterly cash dividend by 50% to $0.045 per common share.

The decision of whether to declare a dividend is subject to the discretion of the Board and applicable law. In determining whether to declare, and the amount of, a dividend, the Board, among other criteria, takes into account the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board deems relevant.

The Corporation paid $0.15 per common share ($1,847,000 in aggregate) in dividends in Fiscal 2017, $0.10 per common share ($1,232,000 in aggregate) in dividends in Fiscal 2016, $0.09 per common share ($1,038,000 in aggregate) in dividends in Fiscal 2015, $0.075 per common share ($861,000 in the aggregate) in dividends in Fiscal 2014 and $0.07 per common share ($800,000 in the aggregate) in dividends in Fiscal 2013.

6. MARKET FOR SECURITIES

The common shares of TECSYS are listed under the symbol "TCS" on the TSX. The following table sets forth the market price range, in Canadian dollars, and trading volumes of the common shares on the TSX and combined with other alternative exchanges (including Alpha, Aeroquest, Aequitas, Chi-X, CX2, CSE Pure, Instinet, LiquidNet, Lynx and Omega) for each month of the most recently completed financial year:

	PRICE RANGE		TRADING VOLUMES	TRADING VOLUME TSX +
	HIGH	LOW	TSX	ALTERNATIVE EXCHANGES
May	$9.80	$7.45	359,600	406,800
June	$10.11	$9.10	167,600	221,900
July	$12.00	$9.15	372,400	601,400

August	$11.40	$10.12	143,700	165,800
September	$10.87	$8.27	211,000	264,700
October	$9.68	$9.43	98,000	120,100
November	$11.00	$9.51	83,600	148,500
December	$10.75	$8.99	316,000	343,200
January	$10.99	$9.55	174,700	235,500
February	$10.45	$9.96	45,200	97,700
March	$10.50	$10.10	135,200	225,100
April	$11.80	$10.40	177,000	203,300

7. OFFICERS & DIRECTORS

The following table sets forth, as of April 30, 2017, the name, province or state and country of residence, office with TECSYS and principal occupation during the past five years of each director and executive officer of TECSYS, as well as the number of common shares of TECSYS beneficially owned or over which control or direction is exercised by him. Directors are elected until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected by shareholders or appointed by the Board.

NAME & PLACE OF RESIDENCE	OFFICE HELD WITH TECSYS	PRINCIPAL OCCUPATIONS DURING THE PAST 5 YEARS	OFFICER/DIRECTOR SINCE	NUMBER OF COMMON SHARES HELD
Frank J. Bergandi California, USA	Director	Business Consultant	June 29, 1998	Nil
David Brereton[(1)] Québec, Canada	Executive Chairman of the Board and Director	Executive Chairman of the Board, TECSYS	September 17, 1997	3,876,740
Peter Brereton[(2)] Québec, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer, TECSYS	September 17, 1997	532,750
Berty Ho-Wo Cheong[(3)] Québec, Canada	Vice-President, Finance and Administration, Chief Financial Officer and Secretary	Vice-President, Finance & Administration, Chief Financial Officer and Secretary, TECSYS	February 2, 1998	45,009
Brian Cosgrove[(3)] Québec, Canada	Chief Financial Officer	Chief Financial Officer, Logibec Inc.	July 6, 2017	Nil
Vernon Lobo[(4)(5)(6)] Ontario, Canada	Director	Managing Director, Mosaic Venture Partners Inc.	October 17, 2006	67,400
Steve Sasser[(4)(5)(7)] Texas, USA	Director	Co-Founder and Managing Principal, Swordstone Partners	April 29, 2009	42,000

NAME & PLACE OF RESIDENCE	OFFICE HELD WITH TECSYS	PRINCIPAL OCCUPATIONS DURING THE PAST 5 YEARS	OFFICER/DIRECTOR SINCE	NUMBER OF COMMON SHARES HELD
David Wayland(4)(5) Québec, Canada	Director	Corporate Director	September 17, 1997	16,000
John Ensign Ohio, USA	Director	Executive Vice-President and General Counsel, MRI Software LLC	September 8, 2016	Nil
David Booth Virginia, USA	Director	President, Chairman and Chief Executive Officer, BackOffice Associates LLC	September 8, 2016	Nil

(1) Following the disposal of an aggregate of 100,000 common shares on March 31, 2017, David Brereton directly and through his holding company, Dabre Inc. ("Dabre") and his spouse, Kathryn Ensign-Brereton, hold respectively 2,769,338 and 1,107,402 common shares, which represent respectively 22.49% and 8.99% of the outstanding common shares of the Corporation as of April 30, 2017. Following the 2017 Offering, David Brereton, Dabre and Kathryn Ensign-Brereton collectively own 3,543,740 Common Shares representing approximately 27.09% of the total issued and outstanding common shares as of July 25, 2017. David Brereton disclaims beneficial ownership and control or direction over the common shares held by Kathryn Ensign-Brereton.

(2) Peter Brereton and his spouse, Sharon House, hold respectively 432,591 and 100,159 common shares. Peter Brereton disclaims beneficial ownership and control or direction over the common shares held by Sharon House.

(3) Brian Cosgrove was appointed Chief Financial Officer of the Corporation effective July 6, 2017 replacing Mr. Berty Ho-Wo-Cheong who assumed another role at the Corporation on that date.

(4) Member of Compensation Committee.

(5) Member of Audit Committee.

(6) Vernon Lobo and his spouse, Ingrid Lobo, hold respectively 67,400 and 84,300 common shares. Vernon Lobo disclaims beneficial ownership and control or direction over the common shares held by Ingrid Lobo.

(7) Steve Sasser co-founded Swordstone Partners in April 2016 and is currently the Managing Principal. Previously, Mr. Sasser was the Chief Executive Officer of Merlin Technologies Corporation from February 2007 until August 2015.

As of July 6, 2017, the directors and executive officers of TECSYS, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 25.9% of the outstanding common shares.

During the past five years, each of the directors and officers of TECSYS has been engaged in his present principal occupations or in other executive capacities with the companies indicated opposite his name or with related or affiliated companies.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation is, as at the date hereof, or has been within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (a) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, no director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten years before the date hereof, 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 its assets, except that John Ensign was the Chief Legal Officer of Domin-8 Enterprise Solutions, Inc. when that company filed for reorganization under chapter 11 of the US Bankruptcy Code in 2009. The assets of Domin-8 Enterprise Solutions, Inc. were eventually the subject of a court approved sale in early 2010.

Furthermore, to the knowledge of the Corporation, no director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Audit Committee

General

TECSYS has established an Audit Committee (the “Audit Committee”) comprised of three members: Steve Sasser, Vernon Lobo and David Wayland, each of whom is considered “independent” and “financially literate” within the meaning of Multilateral Instrument 52-110 - *Audit Committees*. David Wayland is the Chairman of the Audit Committee.

Mandate of the Audit Committee

The mandate of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. As such, it reviews the quality and integrity of TECSYS’ financial reporting, the independence, qualifications and performance of TECSYS’ external auditor, the adequacy of TECSYS’ internal systems of accounting and financial controls, the appropriateness of TECSYS’ accounting policies and compliance with applicable legal and regulatory requirements and internal corporate policies.

The Charter of the Audit Committee is attached hereto as Appendix A.

Relevant Education and Experience of the Audit Committee Members

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by TECSYS to prepare its annual and interim financial statements.

Name of Audit Committee Member	Relevant Education and Experience
David Wayland	Mr. Wayland holds a Bachelor's of Arts (Economics) from Loyola College. He is a Chartered Professional Accountant and is now a Corporate Director. Mr. Wayland was an auditor for over ten years at Campbell Sharp Nash and Field (now part of Raymond Chabot Grant Thornton). Mr. Wayland acquired significant financial and accounting knowledge related to the preparation, auditing, analysis and evaluation of financial statements during his tenure as Secretary-Treasurer and Chief Financial Officer of MRRM Inc. from June 2002 to June 2008, and as Corporate Secretary of MRRM Inc. until June 2011.
Vernon Lobo	Mr. Lobo holds a BASc in engineering from the University of Waterloo and a Master in Business Administration from Harvard University, School of Business where he was a Baker Scholar. Mr. Lobo is a member of the board of directors for several private companies and three public companies, AirIQ Inc., EQ Inc., of which he is also chairman, and Grenville Strategic Royalty Corp. Mr. Lobo is a Managing Director and founder of Mosaic Venture Partners, a private venture capital firm investing in early stage digital technology companies.
Steve Sasser	Mr. Sasser holds a Bachelor's of Business Administration and a Master's of Business Administration from Southern Methodist University, with a concentration in finance. Currently, Mr. Sasser is the Managing Principal of Swordstone Partners which he co-founded in April 2016. Previously, Mr. Sasser was the Chief Executive Officer of Merlin Technologies Corporation from February 2007 until August 2015. Prior to February 2007, Mr. Sasser was the Chief Executive Officer of Peopleclick Inc. Between 1995 and 2003, Mr. Sasser was the Chief Executive Officer of Frontstep Inc. (formerly Symix Systems Inc.), a public company, the shares of which were traded on NASDAQ.

External Auditor Service Fees

The following table shows the fees paid to TECSYS' auditors, KPMG LLP, in Fiscal 2017 and Fiscal 2016, respectively, for services provided:

	FISCAL 2017	FISCAL 2016
AUDIT FEES	$185,000	$177,500
AUDIT-RELATED FEES	$38,750	$46,500
TAX FEES	$69,940	$58,995
TOTAL	$293,690	$282,995

Audit Fees

These fees include professional services rendered by the external auditors for statutory audits of TECSYS' annual financial statements.

Audit-Related Fees

These fees include professional services that reasonably relate to the performance of the audit or review of TECSYS' financial statements, including translation, consultations and advice regarding financial accounting and reporting standards on interim financial statements.

Tax Fees

These fees include professional services for tax compliance, tax advice and tax planning.

Policies and Procedures for the Engagement of Audit and Non-Audit Services

The Audit Committee Charter outlines policies and procedures for the engagement of audit and non-audit services. Under these policies and procedures, all audit and non-audit services to be provided by TECSYS' external auditor (the "Auditors") must be pre-approved by the Audit Committee. A pre-approved range of services to be provided by the external auditors has been established in the policy.

If an engagement of the Auditors for a particular service that is not covered under the range of pre-approved services is contemplated, pre-approval by the Audit Committee must be received for the engagement to proceed.

Similarly, in the case of proposed engagements of the Auditors involving any of the services covered under the pre-approved range of services where the fees for any such engagement are expected to exceed $5,000, specific pre-approval must be obtained from the Audit Committee. In respect of any other pre-approved services to be provided by the Auditors, the Chairman of the Audit Committee shall be notified expeditiously of such services commenced by the Auditors.

8. MATERIAL CONTRACTS

TECSYS did not enter into any material agreement during Fiscal 2017 which is required to be disclosed pursuant to applicable securities laws.

9. LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to TECSYS to which TECSYS is a party or in respect of which any of its respective properties are subject, nor are any such proceedings known by TECSYS to be contemplated other than on March 18, 2014, United States Welding, Inc. ("**US Welding**") filed a civil action in the United States District Court for the District of Colorado claiming that TECSYS misrepresented the capabilities of its software and breached the Software License, Support and Services Agreement entered into between the parties ("**US Welding Contract**"). In the course of the jury trial that took place in September 2016, US Welding asserted punitive damages and approximately US$11 million in compensatory direct and indirect damages, plus attorneys' fees and costs, along with prejudgment and post-judgment interest. Ultimately, the jury returned a unanimous defense verdict in favor of the Corporation rejecting all of US Welding's claims. Two post-trial motions are currently being reviewed by the Court: (i) a motion for new trial filed by the plaintiff; and (ii) a motion for attorney's fees and expenses filed by the Corporation in a net amount of approximately US$2,270,000.

Although no assurance can be given with respect to the outcome of the plaintiff's motion for a new trial, TECSYS has and will vigorously defend the motion and believes that the Court will eventually confirm the jury's verdict. TECSYS' management has always been of the view that U.S. Welding's claims in the principal action were based on unfounded allegations and invalid or incorrectly applied legal theories. Accordingly, TECSYS has not established any related provision in its financial statements nor has any liability been recorded. In this regard, TECSYS' management also considered the fact that the contractual limitation of liability provision contained in the U.S. Welding Contract actually limits potential damages against the Corporation for any cause whether in contract, negligence or tort claims to an amount that would be immaterial to TECSYS' financial results. With respect to the Corporation's motion, TECSYS is expecting that the Court will eventually order reimbursement of its reasonable attorney's fees and expenses as provided in the US Welding Contract although no assurance can be given in this regard. A portion of any amount reimbursed to TECSYS will have to be remitted to the Corporation's insurer based on the percentage of attorney's fees and expenses already paid by the insurer. Once the two pending motions are decided and assuming the Court denies the motion for new trial, US Welding will have the opportunity to file an appeal.

10. TRANSFER AGENT AND REGISTRAR

TECSYS' transfer agent and registrar is Computershare Investor Services Inc. ("Computershare"). The register of transfers of the common shares of TECSYS maintained by Computershare is located at its offices in Montréal, Québec.

11. INTEREST OF EXPERTS

The Corporation's auditors are KPMG LLP, Chartered Professional Accountants. It has prepared an independent auditors' report dated July 6, 2017 in respect of the Corporation's consolidated financial statements with accompanying notes for Fiscal 2017 and has advised that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Québec.

KPMG LLP is the only person, company or partnership which is named as having prepared or certified a statement, report or valuation described, included or referred to in a filing made by the Corporation during or relating to the Corporation's most recently completed financial year and whose profession gives authority to the statement, report or valuation made.

12. RISK FACTORS

Special note regarding forward-looking statements

Certain statements contained under the captions "General Development of the Business", "Description of the Business" and "Risk-Factors" and elsewhere in this Annual Information Form constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "anticipate", "believe", "expect" and similar expressions, as they relate to TECSYS or Management, are intended to identify forward-looking statements. Such statements reflect TECSYS' current views with respect to future events, are based on information currently available to TECSYS and are subject to certain risks and uncertainties, including those discussed above. Such statements are also based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) competitive environment; (ii) operating risks; (iii) TECSYS' Management and employees; (iv) capital investment by TECSYS' customers; (v) customer project implementations; (vi) liquidity; (vii) current global financial conditions; (viii) implementation of TECSYS' commercial strategic plan; (ix) credit; (x) potential product liabilities and other lawsuits to which TECSYS may be subject; (xi) additional financing and dilution; (xii) market liquidity of TECSYS' common shares; (xiii) development of new products; (xiv) intellectual property and other proprietary rights; (xv) acquisition and expansion; (xvi) foreign currency; (xvii) interest rates; (xviii) technology and regulatory changes; (xix) internal information technology infrastructure and applications; and (xx) cyber security.

Many factors could cause TECSYS' actual results, performance or achievements to differ materially from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. These forward-looking statements are made as of the date of this Annual Information Form and TECSYS does not intend, and does not assume any obligation, to update or revise these forward-looking statements.

In addition to the other information in this Annual Information Form, the following risk factors should be carefully considered when evaluating an investment in TECSYS' common shares:

History of Losses; Uncertainty of Future Operating Results

The Corporation incurred net profits in the last ten financial years but incurred losses in the financial year ended April 30, 2007. The Corporation has continued to adjust its operating model to ensure ongoing profitability. However, there can be no assurance that the Corporation will achieve or sustain profitability in the future. As of April 30, 2017, the Corporation had retained earnings of $13.1 million. The limited operating history of the Corporation as a public company and its dependence on a market characterized by rapid technological change make the prediction of future results of operations difficult or impossible. There can be no assurance that the Corporation can generate substantial revenue growth on a quarterly or annual basis, or that any revenue growth that is achieved can be sustained. Revenue growth that the Corporation has achieved or may achieve may not be indicative of future operating results. In addition, the Corporation may increase its operating expenses in order to fund higher levels of R&D, increase its sales and marketing efforts, develop new distribution channels, broaden its customer support capabilities and expand its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Corporation's business, results of operations and financial condition would be materially adversely affected.

Fluctuations in Quarterly Results

The Corporation's quarterly operating results have in the past, and will in the future, fluctuate significantly, depending on factors such as the demand for the Corporation's products, the size and timing of orders, the number, timing and significance of new product announcements by the Corporation and its competitors, the ability of the Corporation to develop, introduce and market new and enhanced versions of its products on a timely basis, the level of product and price competition, changes in operating expenses, changes in average selling prices and product mix, sales personnel changes, the mix of direct and indirect sales, product returns and general economic factors, among others.

In particular, the Corporation's quarterly results are affected by the timing of new releases of its products and upgrades. The Corporation's operating expenses are based on anticipated revenue levels in the short term and are relatively fixed and incurred throughout the quarter. As a result, if the revenues are not realized in the expected quarter, the Corporation's operating results could be materially adversely affected. Quarterly results in the future will be influenced by these or other factors, including possible delays in the shipment of new products and purchasing delays of current products as customers anticipate new product releases. Accordingly, there will be significant variations in the Corporation's quarterly operating results.

Lengthy Sales and Implementation Cycle

The sale and implementation of the Corporation's products generally involves a significant commitment of resources by prospective customers. As a result, the Corporation's sales process is often subject to delays associated with lengthy approval processes attendant to significant capital expenditures. For these and other reasons, the sales cycle associated with the licensing of the Corporation's products varies substantially from customer to customer and typically lasts between six and twelve months. During this time, the Corporation may devote significant resources to a prospective customer, including costs associated with multiple site visits, product demonstrations and feasibility studies, and experience a number of significant delays over which it has no control. In addition, following license sales, the implementation period may involve six to twelve months for consulting services, customer training and integration with the customer's other existing systems.

Product Development and Technological Change

The software industry is characterized by rapid technological change and frequent new product introductions. Accordingly, the Corporation believes that its future success depends upon its ability to enhance current products or develop and introduce new products that enhance performance and functionality at competitive prices. The Corporation's inability, for technological or other reasons, to develop and introduce products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on its business, results of operations and financial condition.

The ability of the Corporation to compete successfully will depend in large measure on its ability to maintain a technically competent R&D staff and adapt to technological changes and advances in the industry, including providing for the continued compatibility of its software products with evolving computer hardware and software platforms and operating environments. There can be no assurance that the Corporation will be successful in these efforts.

Competition

The Corporation competes in many cases against companies with more established and larger sales and marketing organizations, larger technical staff and significantly greater financial resources. As the market for the Corporation's products continues to develop, additional competitors may enter the market and competition may intensify. Additionally, there can be no assurance that competitors will not develop products superior to the Corporation's products or achieve greater market acceptance due to pricing, sales channels or other factors.

Management of Growth and Dependence on Key Management and Personnel

The Corporation's dependence on key personnel to operate its business represents risk of loss of expertise if key personnel were to leave.

The Corporation depends on the experience and expertise of its executive management team. Competition for executives, as well as for skilled product development and technical personnel, in the software industry is intense and the Corporation may not be able to retain or recruit needed personnel. If the Corporation is not able to retain and attract existing and additional highly-qualified management, sales and technical personnel, it may not be able to successfully execute its business strategy.

The Corporation's ability to support the growth of its business will be substantially dependent upon having in place highly trained internal and third-party resources to conduct pre-sales activity, product implementation, training and other customer support services.

Risks Related to Acquisitions

The Corporation may continue to expand its operations or product line through the acquisition of additional businesses, products or technologies. Acquisitions may involve a number of special risks, including diversion of Management's attention, failure to retain key acquired personnel, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on the Corporation's business, results of operations and financial condition.

Risk of Software Defects

Software products as complex as those offered by the Corporation frequently contain errors or defects, especially when first introduced or when new versions or enhancements are released. Despite product testing, the Corporation has in the past released products with defects, discovered software errors in certain of its new versions after introduction and experienced delays or lost revenue during the period required to correct these errors. The Corporation regularly introduces new releases and periodically introduces new versions of its software. There can be no assurance that, despite testing by the Corporation and its customers, defects and errors will not be found in existing products or in new products, releases, versions or enhancements after commencement of commercial shipments.

Risk Related to Protection of Intellectual Property

The Corporation considers certain aspects of its internal operations, software and documentation to be proprietary, and relies on a combination of copyright, patents, trademark and trade secret laws; confidentiality agreements with employees and third parties; protective contractual provisions (such as those contained in its license agreements with consultants, vendors, partners and customers) and other measures to maintain its intellectual property rights. Any of the Corporation's intellectual property rights could be challenged, invalidated, circumvented or copied, causing a competitive disadvantage, lost opportunities or market share, and potential costly litigation to enforce or re-establish the Corporation's rights. This could materially and adversely affect the Corporation's business, operating results and financial condition.

Risk of Third-Party Claims for Infringement

The Corporation is not aware that any of its products infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Corporation or its licensees with respect to current or future products. The Corporation expects that software developers will increasingly be subject to such claims as the number of products and competitors in the Corporation's industry segment grows and as functionality of products in different industry segments overlaps.

Reliance on Third-Party Software

The Corporation relies on certain software that it sub-licenses from third parties. There can be no assurance that these third-party software companies will continue to permit the Corporation to sub-license on commercially reasonable terms.

Currency Risk

A significant part of the Corporation's revenues are realized in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies may have a material adverse effect on the margin the Corporation may realize from its products and services and may directly impact results of operations. From time to time, the Corporation may take steps to manage such risk by engaging in exchange rate hedging activities; however, there can be no assurance that the Corporation will be successful in such hedging activities.

Cyber Security

With the increasing sophistication and persistence of cyber-threats, TECSYS is well aware of the need to manage the risks of data loss, malware and malicious attacks, whether originating internally or externally. TECSYS has implemented a continuously-evolving security program to keep pace with these threats. Independent checks reveal that TECSYS has not experienced material breaches in cyber security. TECSYS continues to monitor these risks and is in the process of fortifying its defenses against intrusion and refining its security governance plans and procedures. Despite the Corporation's security measures, its information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise TECSYS' networks and the information stored there could be accessed, publicly disclosed, lost or stolen.

U.S. Health Systems Market

A portion of the revenues of the Corporation are derived from the U.S. market from which the health systems market constitutes an important portion. Upon taking office, President Trump signed an executive order directing federal agencies to avoid enforcement of any provision of the Patient Protection and Affordable Care Act (United Sates) (the "ACA"), commonly referred to as "Obamacare," that imposed fiscal or regulatory burdens on states, individuals and/or a number of types of entities. The House of Representatives recently passed a bill called the American Health Care Act of 2017 (the "AHCA") which is designed to undo the ACA, replace it with a curtailed system of tax credits and dissolve an expansion of the Medicaid program. As a result, there is growing uncertainty regarding the future of the current ACA framework. Due the uncertainty surrounding the ACA and other legislation changes, the Corporation may suffer some revenues losses or slowdowns in that sector.]

13. OTHER INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of TECSYS' securities and securities authorized for issuance under equity compensation plans is contained in TECSYS' management proxy circular for Fiscal 2017.

Additional financial information is provided in TECSYS' comparative financial statements and management's discussion and analysis for Fiscal 2017 contained in TECSYS' 2017 Annual Report.

Additional information relating to TECSYS may also be found on SEDAR at www.sedar.com.

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APPENDIX A
CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

1. PURPOSE

a) The primary functions of the Audit Committee are to oversee the accounting and financial reporting practices of the Company and the audits of the Company's financial statements and to exercise the responsibilities and duties set forth below, including, but not limited to, assisting the Board in fulfilling its responsibilities in its oversight of the following: the integrity of the Company's financial statements and related information; internal controls over financial reporting and risk management; the system of internal control; the Company's compliance with Applicable Requirements (as defined below); selecting the auditors for shareholder approval; reviewing the qualifications, independence and performance of the auditors; and reviewing the qualifications and performance of the Company's financial management.

2. MEMBERSHIP AND ORGANIZATION

a) ***Composition*** - The Audit Committee shall consist of not less than three independent members of the Board. At the invitation of the Audit Committee, members of the Company's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.

b) ***Appointment and Removal of Audit Committee Members*** - Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company's shareholders at which the member's term of office expires, (b) the death of the member, or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

c) ***Chair*** - At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work plan and meeting agendas to ensure that all business requiring the Audit Committee's approval is appropriately tabled and provide reports of the Audit Committee to the Board.

d) ***Independence*** - Each member of the Audit Committee shall meet the requirements promulgated by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "Applicable Requirements") related to independence and audit committee composition.

e) ***Financial Literacy*** - At the time of his or her appointment to the Audit Committee, each member of the Audit Committee shall be able to read and understand fundamental financial statements, including a balance sheet, cash flow statement and income statement and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years. At least one member of the Audit Committee shall have past employment experience in financing or accounting, requisite professional certificate in accounting, or other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

3. MEETINGS

a) ***Meetings*** - The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, in consultation with the Executive Chairman, Chief Executive Officer, Chief Financial Officer and the Corporate Secretary, determine the frequency, dates and locations of meetings of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

b) ***Corporate Secretary and Minutes*** - The Corporate Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

c) ***Quorum*** - A majority of the members of the Audit Committee shall constitute a quorum.

d) ***Access to Management and Outside Advisors*** - The Audit Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company, and, from time to time may hold unscheduled or regularly scheduled meetings or portions of regularly scheduled meetings with the auditor, the Chief Financial Officer, the Chief Executive Officer or the Executive Chairman. The Audit Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors. This is in line with regulations issued by the CSA. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

e) ***Meetings Without Management*** - The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present. The Audit Committee shall meet at least annually with the external auditor without management present.

4. FUNCTIONS AND RESPONSIBILITIES

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by the Applicable Requirements.

a) Financial Reports

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

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

iii. ***Review of Interim Financial Reports*** - The Audit Committee shall review the interim consolidated financial statements of the Company and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

iv. ***Review Considerations*** - In conducting its review of the annual financial statements, the Audit Committee shall:

- meet with management and the auditors to discuss the financial statements and MD&A;
- review the disclosures in the financial statements;
- review the audit report or other input prepared by the auditors;
- discuss with management, the auditors and legal counsel, as required, any litigation claim or other contingency that could have a material effect on the financial statements;
- review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;
- review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;
- review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- review management's report on the effectiveness of internal controls over financial reporting;
- review the factors identified by management as factors that may affect future financial results;
- review results of the Company's audit committee Procedure for Treatment of Complaints ("Whistle Blower") Policy; and

- review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

v. ***Approval of Other Financial Disclosures*** - The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing financial results of the Company and any other material financial disclosure, including financial guidance provided to analysts rating agencies or otherwise publicly disseminated.

b) **Auditors**

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

ii. ***Appointment and Compensation*** - The Audit Committee shall review, select and recommend for shareholder approval the appointment of, the auditors. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditor's audit plan.

iii. ***Resolution of Disagreements*** - The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

iv. ***Discussions with Auditors*** - At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee, including the matters required to be discussed by Statement on Auditing Standards 61, as it may be modified or supplemented.

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

vi. ***Interim Reporting*** - The Audit Committee shall review any comments or input provided by the auditors following the auditors' reading of the Company's interim unaudited financial statements.

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

viii. ***Evaluation and Rotation of Lead Partner*** - At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors. The Audit Committee shall obtain a report from the auditors annually verifying that the lead partner of the auditors has served in that capacity for no more than seven fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit. Obtain and review a report describing the auditor's internal quality control reporting and any material issues raised by most recent internal quality control review at least annually.

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

x. ***Approval of Hiring Policies*** - The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

c) **Internal Controls & Risk Management**

i. ***General*** - The Audit Committee shall review the Company’s internal controls and risk management systems.

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

- the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company’s internal controls (including computerized information system controls and security); the overall control environment for managing business risks, including major financial risk exposures, major security risks and business continuity risks; accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management’s conclusions;

- any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company’s periodic regulatory filings;

- any material issues raised by any inquiry or investigation by the Company’s regulators;

- the Company’s fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

- any related significant issues and recommendations of the auditors together with management’s responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

d) ***Compliance with Legal and Regulatory Requirements*** - The Audit Committee shall review reports from the Company's Corporate Secretary and other management members on: legal or compliance matters including any pending or threatened litigation that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific Applicable Requirements, and management's plans to remediate any deficiencies identified.

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

f) ***Audit Committee Disclosure*** - The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

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

5. REPORTING TO THE BOARD

The Chair shall report to the Board, as required by Applicable Requirements or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.

6. GENERAL

The Audit Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Audit Committee's discretion, to exercise its powers and fulfill the duties under this mandate.

7. CURRENCY OF THE AUDIT COMMITTEE CHARTER

This charter was last reviewed and approved by the Board on July 6, 2017.